CONFERENCE ON THE BLUE ECONOMY OF THE BLACK SEA

TOWARDS BETTER INTEGRATION

Odessa, Ukraine, 14 June 2016

SUMMARY[1]

Welcome by the host region

The Conference was opened by **Mr Mikheil Saakashvili**, the **Governor of Odessa Oblast**. He warmly welcomed the participants and introduced them with the multicultural city of Odessa, with its entrepreneurial spirit, which would boost its economy, as soon as legislative and institutional reforms in Ukraine liberalise and indeed free the market forces. The Governor praised the importance of transhipment potential of Odessa, but also its historic and cultural attractiveness and touristic potential, and its people. Odessa was characterised as one of the trade hubs for the Black Sea region, wider Europe, and even globally. Attention was paid to road and railway links as well, in the context of the Silk Road, stretching towards the Black Sea through Central Asia and Caucasus, although railway of Ukraine needs to be modernized, and airport of Odessa needs upgrade as well. Removal of barriers are needed for further development of maritime port facilities of Odessa region as well. To facilitate needed coordination, the Council of Economic Development of Odessa Region was established. As good examples, the Governor informed, that with USAID support ASYCUDA system is under implementation for streamlining customs operations in the port area. Agreement is being reached with Romania to build the bridge over the Danube and to proceed with the autobahn from Odessa to Bucharest, considered essential as transportation link with the EU and as part of the Silk Road corridor. Particularly praised was the tourism potential of Odessa. Comparison was made with the case of Batumi in Georgia, success of which can be replicated in Odessa to much greater scale, provided the reforms are in place for liberalisation of the business climate. Reference was made to tens of kilometres of undeveloped beaches with fantastic marine climate, such as the Zmiany Island. Hotel developments, casinos and croupiers, and thousands of tourists are the solution for many things, including the national security. In 6-7 years with proper legislative and institutional adjustments and reforms one can achieve such developments in Odessa. The Governor thanked all participants, wishing them a very successful meeting.

The case for Blue Growth: Leadership exchange

The next speaker, **Mr Volodymyr Kistion**, the **Vice Prime Minister of Ukraine,** also welcomed the participants of the conference in Odessa, which is truly a pearl of the Ukrainian Black Sea coast. Great positive potential of the Black Sea region is unfortunately hindered by ongoing threats to international order and security, mentioning in this context the annexation of important parts of Ukraine, such as the Crimea, the Black Sea treasure of Ukraine. As a result, the Ukraine is still experiencing significant economic downturn. Respect for law and good neighbourhood in international relations therefore remains the necessary condition for economic development of the

[1] **Disclaimer:** Every effort has been applied by the rapporteurs of these Minutes to summarise the conference proceedings in most precise terms, but it is disclaimed hereby that the reporting is not meant to match all the remarks made by respective speakers. The users of this document are therefore advised to refer to the publicly available video recordings of the presentations to satisfy their interest with regard to factual statements. Responsibility for the preparation of these Minutes rests with the rapporteurs and its contents do not represent the official opinion of the European Commission.

Black Sea region. The Speaker praised the concept of Blue Economy, integrated governance of maritime economic sectors and marine environmental protection. Ukraine is indeed eager to apply EU's experiences in this regard, and thrives to achieving the full compatibly with the best European policies and practices. Support and assistance from EU is naturally expected in this endeavour, as well as win-win cooperation with the partner littoral countries. Support of funding institutions, as well as the participation in European programs, such as those in support of SMEs development and maritime research and innovation under Horizon 2020 can be key to success. The Black Sea is becoming the European sea and the European principles can indeed be applied in the governance of the natural resources, while preserving the unique environment, special character, traditions and culture of the Black Sea region.

After greeting the dignitaries and all participants and after thanking hosts for excellent organisation, **Mr Karmenu Vella**, **EU Commissioner for Environment, Maritime Affairs and Fisheries**, started his speech by referring to Odessa as truly a pearl of the Black Sea in an entire string of pearls, such as Istanbul, Varna, Sochi, Batumi and Constanta. EU is willing to support with its technical assistance instruments the Black Sea region, to further preserve and dynamically develop its maritime pearls, by sharing its experience with the Sustainable Blue Growth. The Blue Economy generates in EU gross added value of €500 billion a year, maintains 5 million jobs (160,000 in Bulgaria and Romania) in maritime sectors such as shipping, shipbuilding, coastal tourism. But there is more maritime potential in the Black Sea region, in tourism and cruise business, but lack of required port infrastructure hinders the progress in this particular cruise business. Blue Economy needs business climate certainty, skills development, boosting research and innovation, and preserving the marine environment of course. The Commissioner briefed the participants what EU is doing in support. Special programs mentioned for the Black Sea included the ongoing digital marine seabed mapping; recent launch of calls on maritime partnerships/clusters; pan-European dialog on cruise business which could include Ukraine and Turkey; Maritime spatial planning (MSP) pilot for Bulgaria and Romania; creating Fisheries Advisory Council for the Black Sea; a very recent support to Ukraine and Georgia by mobilising marine research vessel from Odessa; as well as the commitment of European Union's structural funds and Horizon 2020 research programme in support of maritime agenda. Such cooperation could further be stimulated by boosting European through cooperation initiatives with organisations such as the Black Sea Economic Cooperation (BSEC) and programs such as the Black Sea Synergy, active since 2008. Cooperation and integration is key in maritime domain, EU experience is that it works in the Baltic, in the Atlantic, in the Adriatic and in the Ionian seas. It would work in the Black Sea as well, attracting investments, creating jobs and fostering economic development. Bulgaria and Romania are already set to receive 250 million euros under the new European Maritime and Fisheries Fund alone. EU already committed 49 million euros for new CBC program in the Black Sea for 2014-2000. Taken together, the European Fund for Strategic Investments mobilise up to 315 billion euros, including for the EU's neighbouring countries. Still, participatory support of the Black Sea region is essential to make these plans the success and the Black Sea pearls to shine.

Mr Claudiu Vrinceanu, State Secretary, Ministry of Economy, Trade and Business Environment of Romania thanked and addressed the Governor of Odessa Regional, all other high level official and the conference participants and thanked the hosts and EC on behalf of the Romanian delegation. 1st and 2nd Stakeholder Meeting in Bucharest and Sofia were recalled positively. Romania gives a particular importance to the stability and prosperity of the Black Sea

Region. Regional cooperation is an essential pillar of the Romanian foreign policy. The Black Sea regional partners were encouraged to actively engage in the EU technical assistance project, announced by the Commissioner Vella, mentioning as an example the Romanian and Bulgarian project on MSP. EU's financial framework offers many opportunities such as Black Sea Basin CBC 2014-2020 which is to be launched next month in Constanta, Romania, which is great tool for cooperation in tourism and environmental sectors. Development the national maritime strategies and applying integrated management of coastal zones is the priority for Romania and the Black Sea partner countries are encouraged to set similar priorities as well. On a more concrete note, Romania is currently implementing the large maritime infrastructure project of total value 970 million euros, from which the EU finances 170 million. Over 42 actors and stakeholders participate in beach nourishment schemes in the first phase, committed to be extended south till the border with Bulgaria in the subsequent phase. As for the regional cooperation, the Black Sea Synergy could be a trigger of significant growth potential within the framework of the Blue Economy.

The dignitaries and all participants of the conference were next welcomed and then addressed by **Mr Georgi Pirinski, Member of the European Parliament (S&D)**, invited by the Commissioner to share some thoughts on how European Parliament supports sustainable development and cooperation in the Black Sea region. He concentrated on a single theme - new strategic importance of the Black sea Region for the EU in wider transcontinental Eurasian security context. The Black Sea Synergy, started in 2008, was praised as well as new forthcoming instrument for regional cooperation. But one should not stop there, but think about the Black Sea Region as a full-fledged European macro-region, similar to Baltic, Danube and recently launched Adriatic-Ionian micro-regions. Three precursor instruments, European Parliament resolutions, were recalled and quoted: (i) Black Sea regional policy approach resolution of 2008, initiating the Synergy and first mentioning the Black See Euro Region as such; (ii) a resolution of 2011, pointing out the Black Sea Region as a strategic bridge, connecting Europe with the Caspian Sea area and further beyond; and (iii) recent June 11, 2015 resolution on military situation in the Black Sea basin. Nevertheless of troubled reason for that resolution, in paragraph 25 it reiterates for the Commission to engage in developing comprehensive EU strategy for the Black Sea Region. The lesson learnt by the EC from the initial Black Sea Synergy implementation is that there is the need to bridge the gap between the political level and operational level engagements. Technical assistance measures announced by the Commissioner, as well as the enhancing the role of the BSEC, could indeed be the valuable formats for bridging this gap. The Black Sea Region is a very special region of extremely high importance and should be treated as such by the EU.

Mr. Andrei GALBUR, Minister of Foreign Affairs and European Integration of the Republic of Moldova welcomed the 3rd stakeholder conference as a testimony to this initiative becoming long term platform for the Black Sea Basin, where numerous challenges include climate change, socio-economic hardships and now even regrettable deterioration of relations between neighbours. Development has no alternative, transport network development is considered as integrative vehicle, with eventual goal of integrating with the EU's transportation framework. Credit should be given where credit is due: EU is an uncontested leader in promoting interconnectivity, widening and extending map of the TEN-T network. To this end, maritime ports are an integral part of the connectivity agenda and initiative such as the Motorways of the Sea could contribute to increased volumes of trade through Black Sea ports. Simultaneously, the concepts of Blue Economy and Blue Growth gradually become familiar in the Black Sea area. It is hoped, that Black Sea Synergy could

be reenergized as well. Some practical suggestions made to concentrate efforts within the Blue Economy and Blue Growth concept included the suggestion (i) to support the tourism, given the rich cultural heritage in the region; and (ii) to support cultural and educational exchanges in order to promote people-to-people contacts between the populations of our countries, in spite of the recent centrifugal tendencies, visible in the region. The Black Sea Basin partner states have to remain unabated in the drive towards greater cooperation and constructive interaction and continue to work ceaselessly to achieve desired stability and prosperity of the whole region, concluded the Minister.

Ambassador Michael Christides, Secretary-General, Organisation of the Black Sea Economic Cooperation (BSEC) concluded the leadership exchange session. After welcoming the persistence of the EU in promoting IMP for the Black Sea by conducting this annual forum of maritime stakeholders since its inception in January 2014, in Bucharest. The concept of Blue Growth sets integrative and strategic framework for the development of sectors such as the fisheries and aquaculture, coastal tourism, maritime spatial planning, marine knowledge, seabed mining and marine biotechnology. In this context it seems natural that BSEC, as representative and mature economic organization in the wider Black Sea area, is deemed to actively participate in these developments, taking the lead role. BSEC contributed in elaboration of the report, outlining the need for the Integrated Maritime Policy in this region. Together with BSEC's affiliate and partner International Centre for Black Sea Studies, institutional partnership relations were established recently with the Conference of Peripheral Maritime Regions (CPMR) to foster IMP and to formulate the joint initiatives in support of maritime tourism in the Black Sea region. BSEC believes, that concrete projects have a significant impact even today, despite new risks and tensions, threatened the progress in the region. This is the way, through concrete project, the BSEC would like to be approached by its vast network of related bodies and associates and member states. As two of the pet projects promoted by the BSEC were mentioned the Black Sea Ring Highway and of course the Motorways of the Seas. Latter means the improvement of infrastructure in almost 40 ports of our member states. BSEC is indeed willing to actively participate in this endeavour.

Panel 1: Coast to coast

Mr Ivan Liptuga, Head of Tourism Development Department, Ministry of Economic Development and Trade of Ukraine was invited to **moderate** this session, considering as the main theme naval tourism and coastal tourism (coast to coast) under the Blue Economy framework. Session started with demonstration of international promotional video for Tourism in Ukraine. Efforts are underway to convert the tourism into a leading sector of Ukraine's economy. Tourism is major sector worldwide. WTO figures and forecasts were provided by the moderator, demonstrating that tourism is one of the leading and fastest growing sector globally in terms of economic output and employment. European continent enjoys majority of global visitations, while Chinese are fast becoming driving force for global tourism. Therefore, countries of the Black Sea basin, Ukraine, Romania, Bulgaria, Turkey, Georgia, Russia, must take account of these trends and must do to attract these tourists by developing maritime, as well as coastal tourism products, capitalizing on their niche location within the European space and by fostering green and blue economies. Moderator reminded that audience that the UN declared 2017 as the year of tourism, and that at least 3 MDGs refer to importance of tourism as contributing into sustainable development.

The first speaker of the session, **Mr Michael Emerson, Associate Senior Research Fellow, Centre for European Policy Studies (CEPS)**, highlighted more of a political aspects of the processes taking place in the Black Sea region to define the externalities which could influence the prospects of economic development such as in tourism. He compared his current viewpoints, as the author of the ongoing explanatory handbook preparation for the interpretation of Association Agreement of with Ukraine, Moldova and Georgia, with analytical viewpoints on Europe's Black Sea dimension, expressed some 15 years ago in the study report commissioned by EU in 2001-2002. Firstly, since then Romania and Bulgaria became EU member states, so the Black Sea became an EU region. Secondly, three association agreement of Ukraine, Moldova and Georgia with EU and entered into force. Thirdly, the new Chinese dimension, the New Silk Road comes into play. Finally, and indeed tragically, Russia has branded itself through its 2008 war in Georgia, 2014, 2015 and 2016 conflict in eastern Ukraine and even Russia-Turkey relations are at most tense. This is for politics, but as for other relations, retrospectively analysing BSEC agenda, following conclusions can be drawn. Energy: Baku-Tbilisi-Ceyhan oil pipeline (under planning in 15 years ago) and Baku-Tbilisi-Erzurum gas pipeline (not even planned then) are operational, while Blue Stream proved to be a bluff. Georgia with huge hydroelectric potential and Turkey joined with synchronous grid connection scheme around the south of the Black Sea. Transport: Chinese New Silk Road proposals and Georgia positioning in terms of road, rail and port infrastructure. Environment: fisheries collapse and ecological had not moved very much over the last 15 years. Trade: BSEC papers talked about free trade, in which nobody believed due to lack of competence. But Romania and Bulgaria are in the EU, Turkey is in the customs union, Ukraine, Moldova and Georgia are in the EU effective free trade area with that DCFTA-s. Moldova and Ukraine plan for and Georgia already has a free trade agreement with Turkey. In concluding remarks of the Mr Emerson praised the interesting suggestion by Mr Pirinski on strategic re-branding of the EU-Black Sea relationship into the Black See Euro-Region, as existing Black Sea Synergy certainly needs operational upgrade. Easiest would be to invite Turkey into attend six-partite Eastern Partnership, to bring in the BSEC as observer, as well as the EU to become observer into BSEC, though the process might be stymied by the Russian problem for the time being. Alternatively, 3 DCFTA States Ukraine, Georgia and Moldova, plus Turkey, which is in the customs union, can integrate around Black Sea agenda through implementation of DCFTA alongside with Eastern Partnership mechanisms.

Session moderator, **Mr Liptuga,** thanked the first speaker for comprehensive presentation and for supporting the new European macro-regional branding of the Black Sea Basin and alerted the audience on forthcoming conference on 20-21 June in Kyiv the European conference on the destination branding, announcing the personal participation of the WTO Secretary General. Upon this intervention the moderator invited the next speaker to present.

Mrs Maia Koshman, Director of International Cooperation Department, the Minister of Infrastructure of Ukraine, provided detailed presentation on recent developments in the maritime sector of Ukraine. The Ukraine-EU Association Agreement sets out a wide range of goals, therefore in April, 2016, the Ministry of Infrastructure of Ukraine developed the respective roadmap for transposition sector and maritime legislation. Latter includes the mandatory IMO audit scheduled for 2016; accession to the ILO's maritime labour convention; establishing the Ukrainian vessel traffic system according to European standards and the implementing the requirements of Memorandum of Understanding of Port State Control in the Black Sea Region. The Ministry developed and approved strategic plan of the sea transport for the period till 2020. The strategic

direction goals and tasks are identified in this document. The realisation of the strategy is expected to strengthening maritime capacities of Ukraine; increase the transit capacity and cargo traffic; improve commercial attractiveness of port for their users; establish client data base; and importantly improve the navigation safety and security. Several European projects in maritime domain were listed, such as the second maritime security and safety project; ongoing project in support of the implementation of an Association Agreement and the national strategy for transport. Among forthcoming projects were mentioned the European project on maritime safety, security and marine environmental protection in the Black Sea and Caspian region, as well as the JICA support for the national system of search and rescue at the sea. All these are in support of the Ukraine's maritime sector, which consists of 13 sea ports, capable of handling 230 million tons of cargo per year. It is expected in the short term the European Commission to upgrade its comprehensive and core TNT-T network maps of European Union, including there Mariupol, Mykolaiv, Yuzhny and Odessa as core ports. The speaker expanded on four main directions for maritime and inland cruise tourism of Ukraine, the Black Sea direction; the Danube cruse river journeys; Yachting tourism; and Dnipro cruises. The speaker also elaborated briefly needs of promotional campaign for maritime tourism, harmonization of Ukrainian and EU legislation and increasing the economic attractiveness of Ukrainian ports by reducing the cost of ship entering, which is critical for the revitalisation of marine cruises across the Black Sea area. The presentation was concluded with the announcement of the forthcoming General Assembly of the Association of Cruise Ports, which will take place in Odessa on the 22-24 June.

In the introduction of his speech, **Mr Marco Digioia, Director, Government Affairs, Cruise Lines International Association (CLIA) Europe**, compared the etymology of *Blue* economy in the *Black* sea to fascinating *oxymoronic* concept, similar to ancient Greek modification of *inhospitable* to *hospitable* in relation to the Black Sea, which is indeed very hospitable place. Hospitality applies to the cruise tourism, which is attracted by culturally reach places and this is important key message for stakeholders of the region from CLIA. CLIA is the world's largest trade association representing cruise operators worldwide. CLIA Europe is the European section of CLIA, based in Brussels with 62 member lines operating worldwide. Cruise industry generated in 2015 up to 40 billion euros to the EU you economy, contributing 360 thousand direct and indirect jobs, with tremendous 6.6 million passengers cruising to Europe. Alas, in the Black Sea, due to political instability in the past two years rapid decrease is registered in call numbers. It is important to realise, that this is truly Pan-European industry, with operating scope beyond the scale of the individual regional seas, like Baltic, Med or Black Seas. But there is large potential to unlock in the Black (Blue) Sea, due to intangible values such as food, history, heritage, traditions, mix of Greek, Byzantine, Ottoman, Russian and other civilisations, to be presented to tourists. Moreover that key European destinations are getting congested and there is a desire for niche destinations, like the Black Sea. This is industry with very good value for time and money (in 7-10 days' time one can easily visit 4-5 culturally different regions). Competence and knowledge is fundamental, as skilled and happy crew means happy guests. Shore excursions are also fundamental and can spillover into repeated visitation through other tourism modality. Challenges include current geopolitical situation in the Mediterranean, leaving viable only Western Med and the Baltic. But what can we do in the Black Sea? Improve connectivity (roads, airports); develop infrastructure by stimulating PPP investment; improve port facilities (e.g. sewage delivery and treatment); decrease and harmonise fees (Odessa initiative is welcome news); continuous dialogue between industry and public stakeholders is extremely important (Black Sea can follow European cruise dialogue initiatives for Med and Baltic,

why not?); and last but not least, promoting the product of the Black Sea and even holistically the product of the European Seas as a single destination, benefiting from redistributing the congestion.

Mrs Elvira Leschinskaya, Head of Tourism and Eurointegration, Administration of Odessa Sea Port, Member of the Board of Directors, Association of Cruise Ports MedCruise presentation was concerned with cruise tourism in Ukraine. Odessa port can receive lines with draft of 12 m and max length of 330 m. Terminal location is central (in walking distance). Global cruise business is dynamic, growing, stable against market fluctuations, new and individualised destinations emerging, port call and vessel capacities are on increase (22 new vessels planned in 2017 with 50,000 capacity). Average passenger spends 50-100 euros a day, generating 2 billion euros in Europe. E.g. Dubrovnik, Croatia hosts annually 1 million tourist arrivals by sea. In Odessa two initial port call fees are 28 thousand euros and on third call 4 thousand (discounts for cruise ships were introduced in 2010). One cup of coffee of 3 thousand tourists per cruise call generates 60 thousand euros. But cruise lines are very sensitive to instability, such as conflicts, disasters and piracy. Instability of Ukraine (Crimea and eastern parts) resulted in drastic reduction of calls. Turkish instability is another contributing factor, as Istanbul is special start/termination destination on the way to calls into the Black Sea ports. High fees for passage through Bosporus and Dardanelles (in the order 150 thousand USD) makes call to single port (such as Odessa) unviable. Negative media coverage is seriously affecting calls. Mitigating this will take years. Intense media and marketing campaigns and presence on exhibition is required, in addition to development of the port infrastructure. At the end of the speech, participants were alerted that on 22-25 June MedCruise General Assembly will be held in Odessa, with 120 global participants.

In his speech **Mr Theofil Gherca, Head of Unit, Ministry of Regional Development, Romania** concentrated on the issue of what the national administrations in the Black Sea can do to contribute to the Blue Growth, and the role of planning and smart specialisation in this. There are following specificities in the Black Sea region, it is: the gateway between EU, Central Asia and Middle East; largest semi-enclosed anoxic basin globally; of significant economic importance & interconnections; place with several conflicts affecting the cooperation. ESPON maps on typology of European maritime regions were explained with regard to the Black Sea, which appears showing, that lands are having strong ecological impact on the sea here and not much impact of the sea on land activities, and this needs to be reversed. Project on MSP in Bulgaria and Romania was presented as an example. Issues are lack of integrated maritime planning in both countries, but some good experience in common cross-border planning. Project started in August, 2015, with 10 partners, funded by European Maritime and Fisheries Fund. Since 2014 there is a MSP Directive, but few progress made in two Black Sea EU countries so far. Objectives are to (i) support MSP directive implementation; create institutional framework for cross-border MSP cooperation; consolidate cross-border cooperation; set strategic vision for MSP and take account of land-sea interactions; elaborate cross-border MSP and implement cross-border activities (such as for Mangalia-Shabla area etc.); cooperate with other states on MSP in the Black Sea. Two examples of early results presented were: elaboration of a new ship routing system in territorial seas of Bulgaria and Romania; and case study on fisheries and aquaculture for maritime spaces of the two countries. Last theme addressed was the enhancement of tourism potential of Romania through better integration of the Danube Delta (DD). Envisaged here is the establishment of 1.1 billion investment fund for 2015-2022 period, to cover investment projects (bridge over Danube, port rehabilitation) and small scale investments (biodiversity, heritage, health, education, tourism). Area addressed

covers 38 municipalities with <200,000 inhabitants. Vision in DD is to preserve natural heritage and support sustainable economy. Tourism developments would include smaller high quality facilities, while correlating the coastal tourism & developments with the sustainable offers in DD wetlands.

Dr Adrian Stanica, Scientific Director, Romanian National Institute of Marine Geology and GeoEcology (GeoEcoMar), Romania tried to contribute beyond legislation, politics, policies, business opportunities and infrastructure, covered by other speakers, by addressing the common history and common values of the Black Sea, as part of the wider Mediterranean heritage, which starts much earlier, but in historic terms, this civilisation began with Greek colonisation and cohabitation with local cultures some 3,000 years ago. From these ancient times the political boundaries, populations changed, but common heritage continued from the Greeks to the Roman Empire, and then to the Byzantines about the thousand years ago. Belonging to the Mediterranean culture manifests in thriving communication and commerce with Italian Republics, with Genoese and Venetians, even the Vikings, and then comes the birth of the Kievan Rus after the Tartars. Marco Polo passed her on his travel to China, bringing back the change to Europe. Times changed and the Ottomans took over, boundaries changed, but common cultural heritage grew further and despite of a very complicated modern period for some countries, we are still here with our common heritage in the Black Sea Basin. We need not to forget and need to promote our common rich and long lasting cultural heritage, stretching from ancient Greek period, starting with the legend of the Golden Fleece from the nowadays Georgia, the Colchis, where the Argonauts went more than 2,500 years ago. We can build on the sciences of archaeology and history and need to give people these values to build on and attract them to come over for tourism. Well, tourism has been a major destination for at least the last hundred years, and mass tourism has been one of the important sources of revenue, but times change. It's time to ask ourselves, is mass tourism, which were so popular in the recent past, still important, or are people willing to find something else? In the Black Sea we have enough cultural heritage and we can generate enough stories, so that we can launch a new type of tourism. This is where the science feeds in. The results of the Romania-Bulgaria CBC project, coordinated by GeoEcoMar, started to search for submarine wrecks, planning with NGOs for adventure tourism, scuba diving. It works amazingly! For future we need infrastructure, but we need to come back to and restore our Black Sea cultural identity, remembering that as a community we are part of the World of the Mediterranean. Mass tourism, and not only that, had a huge negative impact on the coastal environments, so we need shape to plans in harmony with nature, looking at true sustainability. And the science is the driving force that can fulfil these needs, that may provide answers to all the questions and discussions that we had before.

Question and Answer session

Moderator **Mr Liptuga** facilitated the discussion by asking the CLIA Europe representative what concrete steps can be done by the Black Sea countries to bring cruise lines back to the region after a decline of recent years. **Mr Digioia** explained, that cruisers plan their itineraries two-three years in advance, therefore proactive action is to reverse the trend and this can not happen fast. But stable environment is the key, from an operational, legal, political standpoint, in order to make sure that the cruise companies deploy their itineraries in the region in the years to come.

Mr Mamuka Gvilava, ICZM National Focal Point for Georgia asked for the opinion of Mr Emerson and Dr Stanica, what could be the mechanisms to safeguard fragile coastal resources of the Black

Sea from impacts and externalities of economic developments, taking place at global scale, such as transportation corridors and infrastructures, ports, etc. **Mr Emerson** directed this question to other members of the panel. **Dr Adrian Stanica** responded that that's where science such as MSP must be involved, to integrate coastal activities, cargo transport, aquaculture, fisheries, coastal tourism, adventure tourism and many other maritime and coastal activities. We should integrated these into the same spatial plan, analysing and modelling environmental impacts of each activity and elaborating worst case scenarios, not to risk multiplying them by 10 at the end. We need to look not only to environment, but to cultural aspects, as well as provide support to local coastal communities. **Mr Digioia** stressed, that cruise industry is at the forefront of environmental compliance track record and this is demanded by customers. Human pressures have much more impact on marine environment, e.g. agriculture is responsible for 80%-90% percent of damage, compared to shipping industry, which is just 0.8%-1.0%. Holistic approach is therefore required, as we need also to provide solutions, important for the future also development of this maritime region.

Mr Liptuga recalled his former personal experience as Vice-President of FIATA (the global voice of logistics and freight forwarders). Environment was primary subject one every FIATA conference. One interesting presentation was that largest pollution comes from cows, while all transport sector makes only 17%. He concurred with the previous opinion that much more pollution used to come from heavy industry, than we can expect from tourism and transport and transit sectors altogether. The green and blue vector of our development gives us nice environmental perspective for future. On this note and thanking the panellists and the audience the **moderator** closed the Panel 1.

Panel 2: Fostering Marine Research and Innovation Cooperation in the Black Sea

Mr Jacques Fuchs, Deputy Head, Marine Research Unit, Mediterranean and the Black Sea, DG RTD, European Commission set the scene by **moderating** this session discussing marine research and innovation which is important to boost Blue Growth in the Black Sea. Marine Resources Unit at DG RTD is in charge of maritime research under Horizon 2020, which is major 80 billion euro 7 years European research programme, around 300 million a year to support maritime research, including 40 million for fishery / aquaculture research and 60 million for marine cross-cutting subjects (climate, marine technology). Coverage is global, including Black Sea. Three pillars of Horizon 2020 are research and innovation, link with the society, and the regional sea basin strategies. Both FP7 and H2020 support specifically Med and Black Sea, presenting two examples today (PERSEUS and COCONUT). The aim of this session to explore, how the science can support Blue Growth through innovation; how we the scientific community can improve cooperation. The session starts with keynote policy analysis by EU European External Action Service representative, followed by five speakers, prominent scientists from the region.

The session **Key Note** was delivered by **Mr Boris Iarochevitch, Head of Division, Eastern Partnership, Regional Cooperation and OSCE, European External Action Service**, trying to connect the wider policies with operational issues. EEAS is dealing with Black Sea policy issues, but also with the Baltic Sea and the Arctic. The advantage of the Black Sea region is in its gateway function and connections with the Central Asia, the Caspian, and the Mediterranean, as well as the New Silk Road developed by China. But there are geopolitical militarisation challenges here: conflict in Georgia, illegal annexation of Crimea, Donbas, Transdnistria. But this should not prevent EU to work in the Black Sea area. There is a Black Sea Synergy initiative (which is inherently slow,

but steady process), it helped to develop cooperation within the Black Sea region. Interesting ideas were expressed by the Commission Vella, and BSEC, with regard to prospects for the new Black Sea Euro Region. We should build on small steps approach of the Black Sea Synergy, which achieved some progress in maritime domain, environmental area, civil society and cross-border programming. Report was issued last year on lessons of the Black Sea Synergy implementation. Lessons include need for stakeholder participation, stronger commitment from the littoral states, coherence across the existing and planned initiatives, need for the framework for more cross-sectoral activities, like this stakeholder conference is doing. Issues to continue addressing include the monitoring capacity of the Black Sea environment. Integrated Maritime Policy and the Blue Growth initiative, as well as Black Sea CBC are important tools to stimulate entrepreneurship and businesses in the tourism and cultural sectors. Important element is the support of the civil society through Black Sea NGO forum (9 annual meetings, Tbilisi was the last one, Istanbul forthcoming). Horizon 2020 is another strong instrument. We have two member states involved, Romania and Bulgaria, three associated countries Moldova, Georgia and Ukraine, and Turkey as the candidate. We can therefore use instruments internal to EU. But needed are more concrete projects, designed bottom up, and implemented in small steps. Stakeholder engagement process appears slow, but it is progressing. Still, we need more inclusive process to reach the general public, to communicate better the policies of the European Union to citizens in countries, like Ukraine, Georgia, Moldova, but also within the European Union. We will have for that purpose the second implementation report of the Black Sea Synergy, demonstrating our continued efforts to engage with the region.

Dr Violin Raykov, Deputy Director, International Cooperation, Institute Oceanology, Bulgarian Academy of Science Bulgaria introduced the Institute of Oceanology and other institutions he represents as the Vice-Coordinator of the GFCM, as well the Advisory Group Environment Aspects of Fisheries to the Black Sea Commission. Bulgaria, Romania and Turkey are full members of GFCM, Ukraine in Georgia are a non-contracting but well cooperating parties. Main purpose of the speaker was to present the Black Sea Basin Checkpoints (lot 4) initiative, which is implemented similar to Mediterranean experience. Project started in July 2015, duration is 3 years, budget is around 1 million euros, 8 partners from 7 countries, 8 subcontractors, 11 Med and Black Sea countries represented (Bulgaria, Ukraine, Greece, Cyprus, UK, Italy, France, Turkey, Russia, Georgia, Romania), 75 participants. The objectives of Black Sea Checkpoints is to carry out a literature survey on existing marine programs in the Black Sea, identifying quality marine data sources to produce indicators, identify the gaps in the monitoring system, review the challenges, assess data adequacy and finally develop operational EMODnet Black Sea portal. Considered 11 challenges include wind farm siting, MPA, oil platform leaks, the climate, the coast, fisheries management, fisheries impact, eutrophication, riverine inputs, bathymetry and alien pieces of course. Project work packages include management, workshops, data adequacy reports production, organization of the panels, website development, and literature review.

Main purpose of the presentation by **Dr Cristina Sandu, Senior Researcher, Institute of Biology Bucharest, Romanian Academy; Coordinator - "Sturgeon 2020 - a program fostering research and cooperation in the NW Black Sea"** was to explain maritime stakeholders the need for the integration with riverine ecology to safeguard the surgeon in the Danube and in the Black Sea. Sturgeon 2020 program was established in 2012 within the framework of the EU Strategy for the Danube Region. As all other macro-region strategies, this is the integrative governance instrument, encompassing all stakeholders under common vision. Danubian strategy has 4 pillars

and 11 priority areas. Sturgeon 2020 is built around the priority area 6 - biodiversity, to ensure the revival of the sturgeon and other indigenous species by 2020. The full revival can not be achieved by this date, but foundations can be laid. Important aspect of the strategy is that environment was given the equal weight with other blue growth economic sectors. First achievement was when the International Commission for the Protection of the Danube River (ICPDR) declared the sturgeon as its flagship species, supportive measures were included in the River Basin Management Plan and subject was mentioned in the recent declaration, signed by the Ministers of the Environment of Danubian countries. But sturgeon needs also support from Black Sea stakeholders: they spent most of their lifetime in the Black Sea, migrating upstream the Danube River only for reproduction and returning back into the sea. Danube Delta National Institute in Talca tagged and mapped their migrations after the release in the Danube. Another project in 2015 has shown that the sturgeon restocked in the Danube spread as far as Georgia and Turkey, not only Ukraine and Bulgaria, they travel all along the Black Sea. That is why joint effort is needed between Danube and Black Sea stakeholders. National fisheries agencies of Ukraine, Bulgaria and Romania agreed this year to extend the sturgeon commercial catch ban for another five years! Danube countries also agreed to support sturgeon migration across large dams (such as at Iron Gate and at Gabčíkovo on Hungary-Slovakia border). What is still needed? Streamlined implementation of all three EU directives: WFD, Habitats and MSFD. What if instead of having three monitoring programs, have only one joint trans-boundary monitoring program from the Black Sea to the upper point, where sturgeon can migrate? And funding opportunities are needed for EU and non-EU countries. A second point, where lot of cooperation is needed is the coordination of measures taken by Danubian and Black Sea countries. Following was proposed as key priority measures: (i) trans-national sturgeon monitoring program for Danube and Black Sea (assess habitats, by-catch, evaluate restocking efforts); (ii) support sturgeon fishery farms and alternative fisheries along the Black Sea coast; and (ii) establish a touristic Danube Sturgeon Route to experience, visualise and taste the farmed sturgeon.

Dr Vangelis Papathanassiou, Research Director, Hellenic Centre for Marine Research, PERSEUS elaborated on PERSEUS project, as well as the BLUEMED initiative. PERSEUS was a FP7 project, completed in December 2015, with funding 13 million euros, 53 partners and 65 institutes from both Med and Black Sea basins. Aims were: to address MSFD and ecosystem approach for these basins; to develop smart monitoring; building awareness and capacity in non-EU countries; design an innovative small R/V for shallow area, generate science based recommendations. Results include (i) 5 Tools developed, including the AMP[2] Toolbox for Stakeholders & Policy makers; (ii) plastic is the main issue in floating and sea bottom litter (Med>80%, BS>60%); (iii) increasing trend of non-indigenous species after year 2000 at all coastal areas of Med (probably due to increasing temperatures); (iv) decreasing trend in nutrients and phytoplankton biomass in most areas; (v) common eutrophication assessment methodology was developed (Black Sea + Med). Scientific outputs include 225 papers, 284 conference presentations, 29 PhDs, 82 deliverables, 4 tools on-line to be used by stakeholders (Ecoregions-Med, TEAP,[3] VMS,[4] oil spills) + AMP[2] Toolbox; 11 policy fact sheets, 7 national stakeholder conferences (final one in the European Parliament!) and 4 MSFD workshops. Lessons learned were: need to work with stakeholders in two basins; need in transnational

[2] Adaptive Marine Policy
[3] Tool for Environmental Assessment of Ports.
[4] Vessel Monitoring System

cooperation; many gaps in policies; actions should happen at regional, national, local level; capacity needs to increase; scientists should ultimately transfer 'wisdom' to policy makers; need for Blue Growth. The Speaker also presented BLUEMED Research and Innovation Initiative for Blue Jobs & Growth in the Mediterranean (ratified in Oct, 2015), which includes 9 Med States and Romania. It started with mapping 900 projects; active participation of experts; identification of knowledge gaps; input from SEAS ERANET project; and resulted in key challenges. BLUEMED matters, because: involves citizens (e.g. PERSEUS marine litter watch portal had 40,000 hits); integrated long-term approach; valuable for EU and national authorities to avoid duplication; countries play major role; stable R&I strategy. All projects end, but strategies continue, so we should not be asking for projects, we should be asking for strategies to sustain the efforts. BLUEMED concept can guide actions in the future for the Black Sea.

FP7 COCONET project was presented by **Prof Dr Bayram Ozturk, President of the Turkish Marine Research Foundation (TUDAV)**. Participants are from 22 countries (including Morocco and Tunisia from Africa), 39 partners from 4 regional seas, including the Black Sea, from which all littoral countries are represented. Budget is around 9 million euros, duration was 4 years. Novel approach was to deal with MPAs as networks, not to treat only charismatic species as it is usually the case. Key in the network is to consider ecosystem functioning, not species only. COCONET developed special methodology entitled "Cells of Ecosystem Functioning". Key deliverables are the (i) guideline for the establishment of the network of MPAs in the Mediterranean Sea and Black Sea, produced jointly by the entire consortium; (ii) smart wind chart for both sea basins (coverage Adriatic, NE Mediterranean, Marmara and Black Sea), overlaid over the areas of high protection value; (iii) more than 200 publications produced and available on the project webpage at http://www.coconet-fp7.eu; (iv) video documentary "From Hotspots to Nets"; (iv) COCONET for Kids education portal for youngsters. Dissemination efforts included presentations at GFCM, Medcoast, MedPan, International Black Sea Day, Regional Sees, ICCAT, CIESM, Barcelona Convention, World MPA Congress, RAC/SPA, GFCM and ACCOBAMS. Stakeholder network was created in support of MPAs in the Black Sea. Recommendations include: observation system must be upgraded; network of MPAs are urgently needed in the Black Sea and this is task of the national authorities; there is a strong mutual reinforcements between fisheries management and MPAs.

Mr Kostiantyn Demianenko, Deputy Director on Science, Institute of Fisheries and Marine Ecology (IFME), State Agency of Fisheries of Ukraine. The Black Sea is extremely important for Ukraine as a source of biological resources, such as fisheries, which in Ukraine are mainly developed in Odessa, Mykolaiv, Kherson regions and Crimea. Major is the impact of freshwater streams flowing into the Black Sea, such as Dnieper, Southern Bug, Dniester, and Danube. Most important are species of surgeon family, as well as kalkan, anchovy, sprat, kale, barabolya, mullet, mackerel, herring and others. The provided and explained were distribution and migration maps, visualising spawning, feeding and wintering areas in the Black and Azov Seas for sprat, horse mackerel, red mullet, whiting and anchovy, prepared for Scientific, Technical and Economic Committee for Fisheries (STECF) in 2012-2014. It demonstrates the link between the ecology of these species in the North and North-Eastern parts of the Black Sea. There is an important seasonal fish migration between the Azov and the Black Seas as well (e.g. anchovy). Stocks therefore need management at basin level, sturgeon in particular. But major stock assessments are not happening in Ukraine due to severe lack of funds. Ukraine participates in the GFCM and as well

as the fisheries advisory group to the Black Sea Commission. GFCM advises annual pelagic and bottom fish assessments, but latter has not happened in Ukraine for last 10 years. Some monitoring is taking place, but at insufficient level. Example was shown on area covered in NW shelf last year (2015), which can not be considered as comprehensive coverage. There are hopes that with EU leverage and support multinational assessment program can be feasible in the region. Another issue mentioned was the lack of educational facilities in fisheries sector. International programs are needed to supplement national efforts both in fisheries, as well as aquaculture and mariculture.

Question and Answer session

Question of **Mr Emerson** was directed to **Dr Sandu** inquiring what the state of sturgeon in the Danube is now. Response was provided that some data available is on restocked offsprings, and some natural reproduction is still happening in the river, but status is not known. Attempts are underway to establish joint monitoring program, but so far countries did not cooperate to establish trans-boundary monitoring along the whole Danube. *Acipenser gueldenstaedtii*, or the Russian sturgeon is in a very poor status. Definitely our efforts in the next 2-3 years will be to restock intensively with these species, otherwise we will lose it. This is one of the reasons, why it is need researchers to work with policy makers, because researchers can raise the alarm signal, what is a problem, but policy level needs to provide funding so that researchers can work in the direction.

Prof Sergei Stepanenko, Rector of Odessa State Environmental University and President of the Council of Rectors of Odessa Universities explained, that Ukraine is facing a serious problems in marine research after the annexation of Crimea. Ukrainian scientists initiated establishment of the national centre for marine research. Question was to the European Commission if there is an opportunity for financially this newly initiated national centre, and what mechanisms we would be relevant in this case. **Mr Fuchs** responded that there are many instruments available, but specifics are important when reinforcing the research infrastructure. Horizon 2020 addresses research and innovation at large scale, so it doesn't fit very well. One really needs to look which other fund could provide such support. Regional corporation framework is very important to have. **Dr Stanica** also intervened, that Blue Med could be a source of inspiration for the Black Sea. Also reminded about SEAS ERANET process and that in FP7 there was also the Black Sea ERANET, which came up with very interesting suggestions. We can capitalise on this as a region seek for not only EC but also other sources such as the World Bank and UNDP. Another intervention was by **Dr Sandu**, macro-regional strategy for the Black Sea region could provide for solution in support of joint monitoring, and also recalled for potential revival of EU DABLAS initiative. **Dr Papathanassiou** clarified that Blue Med initiative we could accommodate additional countries, provided they have one voice.

Prof Dr Ozturk also contributed into the discussion session, stating that simple truth is that there is not enough fish in Turkey, or anywhere else along the Black Sea coast, therefore aquaculture is very much needed in the Black Sea, in combination with MSP.

Moderator of the session **Mr Fuchs** thanked the panel, summarising session with the key message: *speak one voice*, to tell the EU what is considered the most challenging and priority area for research in the Black Sea, so that these opinions are cover during the last three years of the

Horizon 2020, strategic programing of which was just launched. The societal challenge 2, which is food and fishery, is to be targeted.

Panel 3: Investing in Blue Growth

Mr Christos Economou, Head of Unit, Integrated Maritime Policy in the Mediterranean and the Black Sea, DG MARE, European Commission provided the **moderation** and started the session by mentioning, that DG MARE allocated single unit to deal with IMPs in both Med and Black Sea, which is symptomatic in term of mutual enrichment and exchanges between these two marine regions. After briefly outlining the main subject of the session – investments, as not just the financing aspects of it, but also as the investment in the human capital and the investment in innovation, both key to Blue Growth aside the finance – invited the first panel speaker.

Mr Ivane Abashidze, Head of Division, International Econ. Development, LEPL "Maritime Transport Agency", Ministry of Economy and Sustainable Development of Georgia communicated the importance of transit and logistic hub functions of Georgia in trade flows from China to Europe through Trans-Caspian corridor. Government of Georgia is an active participant of all kinds of international transport corridors, such as TRACECA, Lapis Lazuli, Baltic Sea-Black Sea international transport corridor, and the New Silk Road. On October 15-16 of 2015, under the patronage of the Prime Minister of Georgia and with the support of the People's Republic of China, Tbilisi Silk Road Forum 2015 was held, attended by public and private actors from 34 countries. In November 2016, the Government of Georgia plans to conduct a 2nd Tbilisi Silk Road Forum. Speaker also announced, that the Government of Georgia plans in Batumi on 13 September 2016 the first ever International Maritime Forum 2016, plus two seminar days following the forum, organised with support of IMO Secretariat and focusing on IMP and the environmental protection themes. Government attaches high importance to intermodal transportation via Georgian corridor, integrating the needs of marine environment and economic developments along the Black Sea coast. The Speaker informed the audience that in 2015 and 2016 several runs of railway freight transportation from China in the direction of Georgia were performed as the proof of concept. In cooperation with Azerbaijan, Kazakhstan and Chinese railways tariffs were introduced for this corridor. Transit times can now be reduced from 40-45 days to 7-9 days, compared to the carriage by the sea routes, potentially bringing goods from China to Europe much faster than by sea routes. Everything then goes back to the sea through Georgian ports, where the Government of Georgia is carrying out major construction of Anaklia new deep sea port, attracting the investment of the selected Anaklia Development Consortium, consisting of Georgian TBC Holding and US Conti Group. The Government contributes by providing 1000 ha of coastal land for the port and free industrial zone and by constructing railway & road connections, worth of 100 million USD. Project is considered to create thousands of new jobs. As for east-west highway corridor, part of the transit route between Europe and Central Asia, 30% is completed with World Bank, ADB, JICA and EIB support (total cost 3.2 billion USD, 1 billion USD already disbursed). Feasibility study is underway with the World Bank support for the creation of logistics centres all along this highway. Noteworthy is also Baku-Tbilisi-Kars new railway project, which would open another window to Europe. Total cost of the project is 775 million USD. Georgia Railways is also implementing modernization of main railway lines, project worth of 260 million Swiss Francs. Last but not least, Georgia is a strong supporter of the reestablishment of cruise line calls into the Black Sea area.

Mr Guido Prud'homme, Acting Head, EIB Permanent Representation for Ukraine explained to the audience difference in the operational modality of the European Commission and its European External Action Service, mainly providing grant support to beneficiaries, and the European Investment Bank, which is lending money for financially viable and technically sound projects on a cost recovery basis, investing in big infrastructure projects with decades of maturity. Last year EIB was involved in 450 projects all over the world on quite favourable interest rates. Usually projects are co-funded up to 50%, alongside with other IFIs. EIB has 33 local offices, such as in Kyiv, but operations are rather centralised due to quality of best international technical expertise offered. Technical assistance is also offered, but technical assistance of upstream nature, such as the research, is provided by the European Commission, not EIB, while sometimes such upstream interventions are provided by EC to support EIB investments. Project specialisations include employment generation, health, education, transport and energy, going into urban and digital projects, while environment is becoming important as well, with increasing emphasis in climate change, and innovation. SMEs are covered indirectly, via on-landing through financial intermediaries. As for Blue Economy, EIB could support boosting the tourism, could work on fisheries, on agriculture and agro-industry. In 2006 EIB got mandate to operate in the Eastern Neighbourhood. It is striking, that already in 2015 amount of new commitments was higher in the east, than in the south, 1.5 against 1.4. What can EIB do in the maritime sector? Most likely big projects can be related to existing port expansion or rehabilitation, implemented together with public authorities, but with private port operators as well, based on the results of the demand forecast. EIB works on inland waterways as well, but not yet in Eastern Neighbourhood, where Danube looks interesting. As far as new terminals are concerned, such as the interest Georgia has in, development of new ports is somewhat lower in our portfolio, the bulk of our activity being major port expansions. EIB is indeed keen in providing enabling environment, for which clear vision and strategy is expected at national and regional level to avoid overcapacity. Regulations are important as well (concession laws, PPP) and some countries of Eastern Neighbourhood are working actively on that. It is surprising, that other IFIs are not represented on this conference. Equally important is the strong local banking sector to co-finance our long-term investments and to provide financing in local currency. Blue growth requires qualified labour, thus education and training should be a priority for qualified people to have a future and to stay in the country. We also have high environmental and social standards and sometimes project cannot be taken forward due to issues with due diligence. Maritime infrastructure requires good connections with roads and railways and these are important to be in place when the project becomes operational, otherwise there will be delays in operational revenues. And important last point: to develop the region, ports, inland waterways, you need international private investors and for them independent court system and transparent international tendering procedures are extremely important, and these two conditions are decisive to get attention from reputable international investors.

Mr Ahmet Bilici, CEO, Promatech, Professional Maritime Technologies, Turkey introduced his company first. SME Promatech was established in 2010 in Istanbul to engage in R&D spin-offs. Involved in 3 projects funded by the European Commission, 2 projects under FP7 one in Horizon 2020. Presentation is concerned with Cloud-VAS project, which is cloud based vessel allocation decision support tool for vessel charting. Company applied in 2014 to Horizon 2020 call under SME Instrument Phase 2. The solution was proposed for oil and gas companies, who want to charter vessels using Could-VAS to speed up decisions-making and enhance efficiency of their operations in the harbour. In addition, once project is complete, operational costs can be minimized, CO_2

emissions and hence environmental impacts reduced. The SME Instrument under Horizon 2020 is run by "Executing Agency for SMEs". SME Instrument Phase 1 screens viable ideas and selected projects are supported with up to 50,000 euros. In Phase 2 ideas are to become more solid, with proof of concept. Phase 3 is meant for dissemination of R&D product. Idea Promatech had did not fit with any other program, but SME Instrument, and its transportation innovation subcomponent was applied. In general, partners are not required under this instrument, therefore Brunel University from London was involved through subcontracting model. Could-VAS was developed under Phase 2, but company applied for Phase 3 for dissemination and other activities as well. This Horizon 2020 instrument is a good opportunity in support of SMEs instead of them dealing with angel investors or venture capital companies to get SME funding. SMEs like Promatech, with the help of the Horizon 2020 and its SME Instrument can contribute into the Blue Economy by developing innovative solutions and creating more jobs.

Mrs Laura Bobarnac, Deputy Head, Joint Managing Authority, Ministry of Regional Development, Romania thanked organisers for the invitation to present important the European Cross-Border Cooperation (CBC) financing instrument for the Black Sea Basin (BSB), which is currently on crossroad from successful 2007-2013 program to new 2014-2020, now with increased budget. Specific objectives of the EU CBC BSB have been developed based on socio-economic analysis and participatory consultations with the stakeholders, mapping of the past 2007-2013 projects, and the results of the survey of future needs. Outcome of this analysis is to select limited number of priorities, but with more potential for cooperation in the region. Only one of the two specific objectives were presented in detail, under which the Blue Growth and maritime and marine partnerships can be better addressed, considering the thematic of the meeting. This specific objective is the promotion of business and entrepreneurship in BSB region, including (i) under priority 1 promotion of diversification and integration of coastal and inland tourism, tourism strategies, historical heritage, improvement of tourism services and skills (18 million euros) and (ii) under priority 2 cross-border trade opportunities, cross-sectoral cooperation, modernization of agriculture including fisheries and aquaculture, support of innovation, research and cooperation (8 million euros). The budget allocated for this specific objective is 25 million euros, or 60% out of total 44 million euros for the entire program. Another specific objective is dealing with the protection of the environment (19 million euros) with two priorities for BSB (a) joint environmental monitoring and (b) marine litter. Priority for participation is given to local and regional administrations and CSOs. National administrations are also welcome, especially in Moldova, Armenia and Georgia, provided substantial added value is demonstrated in the proposal. Quality selection requirement include the following criteria (will be included in the call guidelines): project relevance and joint regional problem solving; most relevant and capable partners involved; sustainability beyond the project (financial, institutional, political). Stakeholders were alerted and invited to the upcoming conference on 14 July in Constanta, Romania, launching the preliminary version of the application pack for the first call for proposals under the new BSB Cooperation Program of 2014-2020.

Mr Patrick Anvroin, Director, Balkans and Black Sea Regional Commission, CPMR. The CPMR has longstanding partnership with DG MARE including a certain role in emergence and implementation of EU Integrated Maritime Policy (IMP) in 2005-2006. Odessa Region is the member of this network. I'm very happy to be here in Odessa. CPMR invests in Blue Growth through training and human resources development. CPMR has around 150 maritime regional authority members and are present around the Black Sea, but not yet sufficient. Decentralised

structure of 6 geographical commissions includes Balkan and Black Sea Commission. CPMR proposes maritime policies; makes regions aware of international strategies (such as the Danube Strategy, Black Sea Synergy etc.); prepare projects and implement partnerships, such as the convention to be finalised between BSEC (with representation at national level) and CPMR (with expertise at regions level). CPMR has good contacts with Black Sea NGO Forum. Balkan and Black Sea Commission has members from Turkey, Greece, Moldova, Romania, Bulgaria and Ukraine. IMP domain of regional authorities include issues like tourism, MSP, coastal zone management, fisheries, etc. Most recent initiative includes the development of the 'Vasco da Gama for the Black Sea', which is continuation of similar imitative of 2011 supported by DG MARE, incubating now into Black Sea domain. This project entails to create and launch maritime training and education facility for the region, a future maritime human resources tool for Blue Growth and IMP in the Black Sea. Topic would include MSP, maritime security/safety, greening maritime transport, etc. Partners proposed include Naval Academies from Varna (lead) and Constanta, two naval universities from Odessa and one from Batumi, as well as Piri Reis University of Istanbul. Institution is to present the project to CBC BSB.

Mr Nelko Yordanov, FARNET Flag manager, Shabla-Kavarna-Balchik, Bulgaria introduced the Flag Shabla-Kavarna-Balchik, which represents a PPP, established as a non-profit organization in 2010. Members include three municipalities, NGOs, tourism and fishing businesses, individuals. The Flag operates in north-east Bulgaria, municipalities of Shabla-Kavarna and Balchik, with combined coastline 100 km. Key sectors are agriculture, tourism, fisheries. Flag is directly involved in implementing priority axis 2007-2013 operational program fisheries, co-financed by the European Fisheries Fund (EFF). Flag's 4 key strategic areas are: improve quality of life in fisheries area; maintaining and creating new sustainable jobs; innovation in local economy; acquisition of new skills. Allocated budget under the program is 3.6 million euros (2.7 million euros from EFF). Bottom up approach was applied through Community Led Local Development (CLLD) methodology. Flag supported 73 projects (out of 95 proposals received), 80 sustainable full-time jobs created, 100 persons trained to seek new carriers in sectors other than fisheries. In addition to exhibits and festivals to promote of aquaculture, guesthouse tourism and establishing 3 marketplaces for aquaculture, many projects were supported within the Flag strategy, including following as examples: building a factory for processing seaweed Rapana (267,000 euros); training courses in small vessel qualification and CMAS 1 and 2 star level diving (19,000 euros); promotion of tradition of fishing and aquaculture together with 2 Flags from Poland, a project which aims at promoting the Bulgarian and Polish flags as tourism destination and to represent products produced from black muscle in Bulgaria (18,000 euros). The Speaker concluded by thanking sincerely the European network of fisheries group and the managing authority of the program in Bulgaria.

Question and Answer session

Mr Michael Emerson addressed the question to Mr. Prud'homme and also to Mr. Abashidze, concerning the link between the European transport corridors and the Chinese New Silk Road initiative. Question to Mr. Prud'homme was how far or in what ways EIB and the EBRD are aligned with the relevant Chinese interests. Question to Mr Abashidze was to express the opinion of Georgia how adequately the process is proceeding. **Mr Prud'homme** responded that there are no official consultations going on, but that EBRD and EIB in general are always cooperating and coming up with the common strategy in such cases. At this stage there is no 'green light' appraisal

of any project and there are no official consultations. **Mr Abashidze** completely agree with the statement, and added from Georgian side .transit corridor in the Caucasus initiatives are entirely European ideas, but also it coincides with the interests of the One Road One Belt initiative by the Peoples' Republic of China, therefore Georgia as a country is ready to host investments from both EIB and EBRD and others such as ADB and JICA all are welcome.

Mr Mamuka Gvilava, ICZM National Focal Point for Georgia, asked the questions to same panel members. In a question to Mr. Abashidze it was reminded, that Georgia is currently developing new legislation on EIA and SEA and in light of the multi-phase nature of the Anaklia port and hinterland development program the speaker and panel member was asked whether Georgia would proactively consider applying SEA instrument to this new development plan, to be proactive while legislation is under development. Similar question was asked to Mr. Prud'homme, whether EIB likewise other IFIs would advise the Government of Georgia to apply SEA toward this major plan. **Mr Abashidze** kindly declined to answer on the grounds of insufficient available information, while **Mr Prud'homme** responded that this requires 'upstream' type of technical assistance and this normally would be done by the European Commission through External Action Service. As for environmental impact of a specific project, EIB could provide such technical assistance.

Discussion session continued with the intervention of the **Amb. Christides** of BSEC regarding the modern Silk Road, as there is not supra-national entity leading this initiative, driven mostly by the dynamism of China, and that can speak about more than one route: northern trans-Siberian route (Mongolia, Russia); Central Asian route, which includes Caucasus/Georgia (credit was given to 1st and forthcoming 2nd Silk Road Tbilisi forum) and southern maritime route. In this regard BSEC considers that 'there is no Silk Road without BSEC', because, BSEC Member States are covering the very vital geographic region, uniting Asia to Europe. **Mr Economou**, the session **moderator**, thanked the Ambassador and concurred with the comment highlighting the importance of the cooperation as these east-west links are meant to work linking several countries.

Mrs Alla Kobylianska from NGO Promotion of Intercultural Cooperation (PIC), Odessa, Ukraine asked Mr Prud'homme's point of view, what are the main current challenges for the development of SMEs in Ukraine and his opinion on what would be their primary areas of growth. In his response **Mr Prud'homme** like for infrastructure project highlighted the need for enabling environment, such as, independence and transparency of courts, and development and growth of the local banks for on-landing to small and mediums size enterprises of fund if provided by IFIs. As for areas of growth for SMEs, any good idea can work. EIB can not advise on this, but interesting in Ukraine seem agricultural and agro-industry and EIB is actually preparing a facility for refinancing SMES in that sector, but there is also more general SME on-landing facility. Good ideas matter.

Concluding the discussion session **Mr Christos Economou** invited EIB to certainly invest in a Blue Economy, the subject of the conference, as lot of food for thought on possible maritime sectors in the region were given. Next day of the conference is foreseen as information day specifically for SMEs. With this reminder the **moderator** concluded the last Panel 3 of the conference.

Way forward & Closing remarks

Mr Christos Economou, Head of Unit, Integrated Maritime Policy in the Mediterranean and the Black Sea, DG MARE, European Commission provided the closing remarks, as Director Hubert Gambs had to fly back with the Commissioner to attend some urgent business in Brussels. EU has a major role to play in promoting and boosting Blue Growth, supporting the countries at the national level. National priorities and plans should be based on long term plans. Sustainability of solutions is a key: if you do not care for the sea, then the sea will not bring you the benefits expected in the long term. But it is not enough to have national plans. Inter-regional cooperation and looking for potential outside the specific sectors is very important. Example of this was the MSP between two Black Sea countries, piloted between two European neighbours. In this regard, DG MARE will support Medcoast, a knowledge centre from Turkey, to organise seminar on MSP later this year to build capacities of public administration in charge of maritime affairs. Strategic research agenda is important so that Horizon 2020 can support research, but also innovation, good example of which was demonstrated by Promatech. Possibilities are also offered by EU Horizon 2020, such as COSME program and Erasmus for young entrepreneurs, to be discussed on the information event, forthcoming tomorrow. To bring businesses into Blue Growth, administrations need to create proper conditions, infrastructure in particular, like in the example of Georgia. Concluding the remarks, it was stated, that important is not only what is happening on a conference like this, but what happens after the conference. DG MARE promises to elaborate on specific programming for the region, but stakeholders should also cooperate and build partnerships. On this note, sincerely thanking participants, colleagues from the European Commission and also from the Ukrainian administration, the Odessa Region, the 3rd Black Sea Stakeholder Conference was closed.

Notetakers:
Mr Mamuka Gvilava (external consultant)
Mr Olena Nevmerzhytska (external consultant)

Organisation: GOPACOM event management