

ESP Newsletter - Summer 2023



Dear EUSAIR colleagues,

We invite you to take a look at the Summer Newsletter on Pillar 2: Transport and Energy in the Adriatic and Ionian region.

Yours,
EUSAIR Stakeholders Platform

I. CONNECTING THE ADRIATIC AND IONIAN REGION

EUSAIR Pillar 2 stakeholders gathered in Rome last 6 July at the Open Conference on “Connecting the Adriatic and Ionian region: Transport and Energy”. The event aimed at elaborating on the achievements of the macroregional strategy during its first working programme 2015-2023, besides introducing its objectives for the second term that will last until 2027.

In his opening remarks, Andrea Cascone, Italy’s National Coordinator of EUSAIR, underlined the importance of drawing lessons from this first period of implementation and maturity of the macroregional strategy. Since EUSAIR’s launch, several crises have taken place, from the pandemic to the Russian aggression against Ukraine, leading to a reshaping of the geopolitical order and consequently of the priorities that EUSAIR is pursuing in terms of territorial cooperation. “EUSAIR has also changed, we have now two new member states that have joined, North Macedonia and San Marino, which confirms the attractiveness of this strategy for the region”, noted Cascone.

In her address, Federica Polce from the Ministry of Infrastructures and Transport of Italy focused on the need to counteract the infrastructural fragmentation in the region, particularly in the railway sector, in order to contribute to the transition towards decarbonisation and sustainable mobility. In this light, she mentioned the TEN-T revision process and the importance of introducing a new corridor that includes the Western Balkan countries. “The extension of TEN-T in the Balkans is fully part of the vision of the future corridors [...] and represents a real junction of the key axis of connection between the Mediterranean and the Baltic Sea on the one side, and the Western Balkans Eastern Mediterranean and Black Sea on the other,” stated Polce.

The importance of connecting the region in a sustainable way was underlined also by Georgios Emmanouil from DG Regio. “Through EUSAIR, the partner countries have the opportunity to build their relations and networks with member states in the region and learn about the functioning of the EU institutions”, stressed Emmanouil. “Capacity building is an important area where EUSAIR can contribute to the enlargement process of its non-EU members”. Moreover, the territorial approach adopted by EUSAIR contributes to a strong involvement of the interested stakeholders as well as the participatory policy-making process. “This increases the accountability of the actors involved and provides real learning by doing for the accession process of the WB countries”, concluded him.

In her intervention Jolanta Navickaite from DG Energy noted that the region faces many common challenges from the energy perspective, and in this regard the macroregional strategy can play a significant role in their tackling as well as fostering regional cooperation. “It is our shared objective to integrate the Western Balkans into the Union’s energy market [...] [and] the acceleration of clean energy transition is the only solution to ensure our collective resilience and affordability of the energy”, stated Navickaite.

The conference proceeded with the remarks of Dino Latini from the Presidency of Marche Region and Daniele Silvetti, Mayor of Ancona, who reaffirmed their respective commitment to EUSAIR and to the furthering of relations and cooperation across the Adriatic and Ionian region.

During the multiple conference sessions, the participants had the opportunity to discuss on the evolution of the macroregional strategy, which represents a milestone for the enlargement process of the Western Balkan countries as well as for the promotion of sustainable economic and social developments.

The EUSAIR Pillar 2 “Connecting the region” is coordinated by Italy, Serbia, and North Macedonia. In the next sections you will find an overview of the main topics tackled during of the conference.

II. PROSPECTS FOR EUSAIR TRANSPORT SECTOR



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Transport sector plays a crucial role for the achievement of long-term stability and sustainable development in the Adriatic and Ionian region, but also in the European space. EUSAIR includes diversified geographical areas, with different infrastructure investment needs and challenges, therefore bridging the current gaps is an immediate necessity in order to further stimulate growth, prosperity, and connectivity. “Better transport connections are a compelling need for the macro region”, highlighted Pierluigi Coppola, Coordinator of Pillar 2.

In this perspective, the EUSAIR Pillar 2 transport subgroup nurtured the idea of investing towards the elaboration of a transport masterplan aiming at sharing a common vision of the transportation system in the region and providing strategic orientation to the participating countries. Moreover, it is considered functional to the identification of projects with a macroregional relevance, along with the mobilisation of resources for their realization.

Based on EUSAIR participating countries' national plans as well as EU strategies, the masterplan has identified transport scenarios for two different time horizons, 2030 and 2050, and projects to be prioritized in order to cope with the transport and mobility needs of the region. The masterplan delineates that there exists significant potential for quality improvement and better integration of the infrastructural systems in place in the region. It is in the common interest of all EUSAIR participating countries to embrace this macroregional perspective in order to overcome the existing bottlenecks – which non always can be sufficiently addressed at a bilateral level - and strengthen European cooperation and connectivity.



58 projects have been identified as owing a macroregional relevance, out of which 27 are infrastructural projects that can improve the accessibility to the TEN-T networks. They have different degree of maturity and prospects of accessing IPA funding. Moreover, there have been identified 31 soft measures referring to small scale pilot actions, feasibility studies, etc. aiming at strengthening cross-border connectivity, improving quality and safety of transport and overcoming structural gaps.

In his intervention, Roberto Zani from TPLAN offered an overview of the masterplan, focusing on the current widespread needs and the vision towards the EUSAIR multimodal transport model. In illustrative terms, the maritime transport sector currently demands for the development of basic infrastructure and upgrading of the capacity, optimizing procedures via digitalization process, besides building links in the connections between ports and intermodal terminals and the network. Whereas, in terms of road networks, there is a need for upgrading interventions, by reconstructing road sections that provide higher accessibility throughout the Western Balkans, investing in higher safety standards and improving of cross-border networks and facilities.

Particular attention is paid by the masterplan to the rail sector, which demands for essential interventions in terms of electrified tracks, construction of new links, etc. In this regard, the masterplan scenario provides for few projects that need to be developed, namely the interconnection Bosnia and Herzegovina-Montenegro-Albania, Sarajevo-Ploce and the interconnection between Greece and Turkey and the link to the port of Igoumenitsa.

III. DRAFT REVISED EUSAIR ACTION PLAN FOR PILLAR 2 - TRANSPORT SUBGROUP

Based on the outcomes of the masterplan, the Pillar 2 transport subgroup has identified **three topics and related priority actions** for the revised EUSAIR Action Plan, 2023-2027. As in the previous action plan, **maritime transport** remains a priority. The experience built over the first programming period has served to enhance knowledge and invest on the improvement of multimodal connections to the transport nodes. The second priority is constituted by the **multimodal connectivity** -present in the previous action plan- that has been enriched with a list of actions that will contribute to furthering connectivity.

Topic 1: Maritime transport

- Improving and harmonising traffic monitoring and management
- Developing ports, optimising port interfaces, infrastructure and procedures/operations

Topic 2: Multimodal connectivity

- Developing the Western Balkans' comprehensive network
- Developing motorways of the sea
- Cross-border facilitation

Topic 3: Urban nodes

- Improvement of local public transit networks and services
- Development of cycling solutions for local and tourist mobility
- Uptake technological and sustainable urban mobility solutions

The third priority is called **urban nodes**, a new topic for the revised action plan. The novelty stands in shifting the intervention focus from the interconnection between countries to the transport nodes, i. e. the cities where a considerable percentage of the population lives. The need to focus on this priority stems from multiple factors, such as the growing urbanisation and related effects -such as traffic congestion, road safety, pollution, etc.-, along with other global trends in the field of urban mobility like demographic change, new lifestyles and new demand patterns.

“The objective of this new topic is to promote urban mobility solutions and sustainable transport systems coping with existing criticalities deriving from growing urbanisation and from some socio-economic and demographic changes (ex. ageing population) and environmental challenges, calling for a reduction of the impacts of passengers and goods mobility in the cities.”

This development is in line with recent developments at the EU level, as recently the urban dimension is achieving a particular attention in multiple policy areas and especially in the frame of the cohesion policy.

IV. PROSPECTS FOR EUSAIR ENERGY SECTOR



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The recent energy crisis has put in the spotlight the countries' interdependency in the energy sector and the need to speed up the transition towards cleaner and more sustainable energy sources. From now on, the energy infrastructure investments should be oriented towards the decarbonisation of the economy and delivery of clean and security energy to the citizens.

The ambitious European Green Deal objectives and particularly reaching climate neutrality is long-term commitment of the EU member states. On the same line of action stand also the Green Agenda for the Western Balkans, adopted by enlargement countries part of EUSAIR. In this perspective, the integration of the Western Balkans in the EU energy market is reiterated objective.

Building on the work done during EUSAIR's first working programme, the Pillar 2 energy subgroup has prepared a masterplan delineating the strategic vision for the development of the sector in a macroregional perspective. The masterplan is addressed to national administrations of the participating countries and energy institutions. It defines three future scenarios for 2030 and 2050, namely: (i) current policy scenario; (ii) new policies scenario; and (iii) carbon neutral scenario.

The carbon neutral scenario is the most desired outcome, but at the same time it appears pretty ambitious in the context of today's growing demand for energy. It is expected that by 2050 the demand for electricity would double. Therefore, considerable financial envelopes are expected to be allocated to the building of adequate infrastructure. In this context, it is important to reflect also on the stranded costs of such developments and the potential negative impacts on the economies.

The masterplan includes a series of challenges faces by the energy sector, shifting from the ways how to achieve energy transition, to phasing out coal with circumscribed social effects up to the increase of cross-sector electrification and storage. In terms of opportunities, the renewable energy sources have a huge development potential in the Adriatic and Ionian region. In addition, there are considerable opportunities for energy efficiency via the digitalization process.

The masterplan includes also a list of EUSAIR labeled projects, which are divided into 10 clusters. The projects are selected according to specific criteria, namely the ability to increase energy security, to cope with climate change concerns, to enhance competitiveness, and to be compatible to other proposals promoted under other multilateral cooperation mechanisms in the Adriatic and Ionian region. The list also includes the establishment of the Balkan Energy School, a soft measure that can enhance the share of experiences between the participating countries.

In the context where we are living in the enlargement countries face several common challenges, from energy dependency to lack of adequate and connected infrastructure and more efforts are required in order to reverse the situation. In the wider framework of energy transition, it should not be underestimated that the transition from coal remains a sensitive topic for the Western Balkans, which needs to be addressed adequately. Without the financial support of the EU, these countries can hardly succeed in meeting the shared goals.

Overall, the masterplan provides a list of recommendations for the countries' institutions in order to bring on the energy commitments, such as enhancing interconnections between the countries of the region, developing flexible, efficient and resilient energy systems, creating an inclusive and participatory environment able to exploit the energy efficiency potentials, etc.

V. DRAFT REVISED EUSAIR ACTION PLAN FOR PILLAR 2 - ENERGY SUBGROUP

In front of a dynamic energy context in Europe, the Pillar 2 energy subgroup has worked on the revision of its action plan focusing on energy transition. The revision exercise seeks to address the climate change concerns, ensure the security of energy supplies, besides contributing in creating an efficient business and industry system in the EUSAIR macro region.

The revised action plan is composed of two topics and related actions. The first topic is **energy networks**, which follows up the experience built during the previous EUSAIR working period. The opportunities arising in the frame of this topic regard: (i) the long-term prospects of TEN-E networks (with time horizons by 2030 and 2050); (ii) the connection and integration of power and natural gas networks; (iii) the exploiting of complementarities between the participating countries; and (iv) enhancing of cooperation for project financing as well as fostering energy industry alliances in a transnational perspective.

Over the coming years, the EUSAIR countries should address the present sector challenges, such as working on the removal of the existing regulatory and other barriers obstructing the energy market integration. In addition, it should be avoided the exclusion of natural gas infrastructure from the new TEN-E regulation, and considered the opportunity to cope with the needs for new LNG infrastructure and logistics.

Topic 4: Energy networks' priority actions

- Integrated power networks and market supporting the green transition and security of energy supply;
- Integrated natural gas corridors, infrastructures and market supporting the energy transition and security of energy supply;
- Liquefied natural gas (LNG) infrastructure, logistics and direct use for transport and other uses.

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Topic 5: Green energy's priority actions

- Cooperation for the deployment of renewable energy sources through the Adriatic and Ionian region;
- Improving energy efficiency while cooperating on district heating, energy-efficient buildings and industrial processes, new components and applications;
- Promoting advancements on energy technologies.

Green energy is a new topic introduced by the revised action plan for the period 2023-2027. It is closely linked with the Green Deal goal of zero emissions by 2050, enhancing therefore the role and contribution of renewable energy sources, namely hydropower, solar and wind.

The opportunities arising from the introduction of this topic include the opportunities to further exploiting the potentials arising from renewable energy sources in the EUSAIR macro region, besides making the transition to renewables driven by the domestic resources in order to capture the value. Other opportunities regard the investments in expanding the electrification, improving the energy efficiency as well as bringing on the cooperation on energy technology innovation in the long run.

It is expected that the EUSAIR participating countries strengthen their cooperation in order to confront the climate change effects, enhance the security of supply and streamline the complex regulatory procedures on renewables. In this regard, the more coordination is expected by the countries, in light also of the stranded costs emerging from the decommissioning the existing energy facilities. Overall, the transition demands for skilled human resources and financial envelopes to counteract the temporary costs.

ESP Marche Region

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