

Priorities and Projects
Contribution of the Council of Baltic Sea States CBSS
to the 'Action Plan for the Northern Dimension of the external and cross-border
policies of the European Union 2000-2003'

A. Introduction

At its ministerial meeting in June 2000 the CBSS welcomed the Action Plan for the Northern Dimension of the European Union and confirmed its intention to play an active role in the further development and implementation of the Plan. The CBSS, which comprises all partner countries in the Northern Dimension, is willing to contribute to the Action Plan by offering its expertise on regional developments and its co-operative structures in the form of several working bodies with long experience in regional co-operation. The European Commission participates actively in the work of CBSS, and in many specific areas extensive co-operation is taking place between CBSS and the European Union.

With a view to identifying common interests in accordance with point 22 of the Northern Dimension Action Plan, this document outlines CBSS priorities for regional co-operation and presents a small number of concrete projects of priority for the region as a whole.

The priorities have been developed on the basis of ideas and proposals which have been submitted to the CBSS by regional organisations and networks in the Baltic Sea area. The participation of organisations and networks at the state, regional and municipal levels is part of an approach which the CBSS has chosen in order to emphasise the importance of the Northern Dimension at all levels. The complete material consisting of about 250 ideas and proposals is available as input to the further development of the Action Plan. The CBSS is grateful for the eager participation of many organisations and networks in this exercise.¹

The proposed projects fit into the general thrust of the Northern Dimension Action Plan. They have been arranged according to the sectors in the operational part of the Action

¹ This document is available under www.baltinfo.org. All materials supplied by the regional organisations and networks are available at the CBSS Secretariat, Fax +45 8 440 1944, E-mail: cbss@baltinfo.org

Plan. While the general intention of the CBSS has been to provide new projects, some of the projects are in an early stage of implementation. Others provide for an extension of existing activities to other parts of the Baltic Sea region.

The process of defining priorities and selecting projects support the approach which the European Union has chosen to create a policy for Northern Europe as a region. Consequently, this document suggests that the chosen approach should lead to close co-ordination of EU policies and programmes with regard to the various categories of countries (EU members, candidates, non-members) in the region. A high degree of interoperability between the main EU programmes operating in the Baltic Sea area would enhance this concept of a regional policy.

The CBSS considers that the challenge of promoting interdependence in the Baltic Sea region is of overriding importance. It emphasises the importance of private capital as the primary source of financing future development in key areas. In sectors like energy, the provision of finance by public institutions should function as a catalyst for private investments. Through the attached report from its Business Advisory Council (BAC), the CBSS stresses the relationship between business opportunities and development of the region.

The CBSS underlines that North-western regions in Russia, including Kaliningrad region, St. Petersburg and the regions of Pskov, Leningrad and Novgorod, that will become important intersections between the enlarged EU and Russia, need special attention in the framework of the Action Plan.

The CBSS expects that several of the proposed projects listed may eventually be eligible for funding from EU programmes in accordance with the respective procedures. With the intention of providing added value, possible funding from sources outside EU programmes is mentioned.

B. Regional Priorities and Projects

In view of the development of the entire Baltic Sea region, the CBSS proposes to focus action within the Northern Dimension on the following regional priorities and projects:

1. Promoting economic activity and regional interdependence²

The potential of the Baltic Sea region as an economically attractive area is based on the presence of various resources in the region, ranging from high technical standards in production to highly qualified personnel with experience in modern marketing and management. The work in the CBSS strongly emphasises that the development of better business opportunities is the foundation for the development of the region. The CBSS is in this field supported by its Business Advisory Council (BAC) and is co-operating with the Baltic Sea Chambers of Commerce Association (BCCA) and other organisations. The CBSS is active in areas of significance for trade and investment opportunities: Improving border crossing conditions for goods, conformity standards and certification requirements, fight against corruption, protecting intellectual property rights and providing information for SMEs via the Internet. An important precondition for expanded trade is that the time spent at border crossings be reduced as asked for by the BCCA and agreed by the Ministers for Trade and Economy of the Baltic Sea region (objective: clearance time for border crossings less than 2 hours by the end of 2001)

Projects:

- *As a general project the CBSS proposes to improve border-crossing conditions for people and goods. Specific action to cover various aspects of border crossings is foreseen in three sub-projects:*
 - *Building effective border crossings: In view of the extension of the single European market, border crossing installations with Russia, including in particular the Kaliningrad oblast, need to be extended and modernised,*
 - *Effective border management: Streamlining clearance procedures, in co-operation with businesses, by simplification of rules and procedures, IT-solutions and by making a risk analysis (for a selection of objects) for control to concentrate on the largest risks of fraud, thereby reducing clearing time for other objects,*
 - *Training of customs administrations: Know-how of bilateral co-operation on borders with previously long clearing times, e.g. German-Polish border, should be used for training of staff.*

Scale:

The projects would concentrate on the external border crossings of the enlarged EU at land, but also at seaports and airports. The Kaliningrad oblast would be a focal point.

Regional relevance:

² This is an overriding objective but also relates to the section of Trade, Business Cooperation and Investment Promotion of the action Plan (points 74-76). Other proposals with regard to that section is found in the annexed BAC report (available at www.chamber.se/bac).

Relevance to the Northern Dimension as demonstrated by the general thrust of the Plan and specific provisions in points 76 and 87.

Project leaders:

The overall responsibility for the first and second sub-projects rests with national authorities. Support for the first sub-project would come from development co-operation schemes. The Baltic Sea Customs Conference has a special role in the second sub-project together with the Customs 2002 of the European Union and other actors. Countries with know-how in border management between EU and non-EU countries, e.g. Germany, and the EU Commission, could be responsible for the third.

Project funding:

National governments, regional administrations and EU-Commission.

2. Energy

A reliable energy supply to all countries is a key to the development of the region. The creation of integrated Baltic Sea energy markets, particularly in electricity and natural gas, will provide for the efficient production, distribution and use of energy, and thereby reduce the costs as well as the environmental impacts. It will also enhance the opportunities for making increased use of renewable energy sources. Long running projects aim at the integration of the electricity and gas infrastructures and markets in the Baltic Sea region. As studies from Baltic Sea Electricity Ring BALTREL show, decisions on technical connections entail huge consequences for investments. Similarly, the joint work of the gas industry in Baltic Gas points out needs for additional investments for further integration.

Energy ministers of the Baltic Sea Region and the European Commission have set up a nucleus for a Baltic Sea Region Energy Co-operation (BASREC) to deal with projects aiming at promoting energy co-operation. The BASREC project encompasses issues on improvement of framework conditions and other actions to encourage investment activities in the integration of energy networks (electricity, gas), within joint implementation projects using the Baltic Sea Region as a testing ground for the Kyoto mechanisms, within energy efficiency and combined heat and power production, and within renewable energy sources. BASREC covers specific projects that merit priority treatment.

Projects:

- *Integration of energy markets (BASREC, Baltrel, Baltic Gas)*
- *Climate issues (BASREC, Baltic CHAIN)*

- *Energy efficiency, renewable energy sources and financing of small and medium sized energy projects (BASREC, Baltic CHAIN, Baltic 21)*

Scale:

Studies by BALTREL concern the Baltic Sea states and their links to the neighbouring electricity grids in the Nordic states, Russia and Poland, with special regard to the supply of electricity to the Kaliningrad oblast. The studies of the future gas markets call for strengthening of gas transmission and distribution networks in co-operation with Baltic Gas. The proposals of Baltic CHAIN for a more efficient use of energy and broadened use of renewable energy sources, including the introduction of new financing mechanisms, have special focus on projects in the Baltic States, Russia and Poland. These investments become part of the implementation of flexible mechanisms in the climate change mitigation process.

Regional relevance:

Creating appropriate framework conditions for efficient energy systems is one of the priority areas of the Baltic Sea Region Energy Co-operation (BASREC), which has linked its planning of future actions to other ongoing work. These actions will support the creation of a testing ground for the flexible mechanisms in the Baltic Sea region.

Project leaders:

BASREC, electricity (BALTREL) and gas (Baltic Gas) companies, national governments and international financial institutions on the integration of energy markets. BASREC on climate issues. BASREC and Baltic CHAIN on energy efficiency and renewable energy sources. BASREC in the overall co-ordination and on the development of the framework conditions.

Project funding:

Northern Investment Bank (NIB), Nordic Environmental Financing Corporation (NEFCO), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Nordic Council of Ministers (NCM), European Commission.

3. Transport:

Further development of the transport infrastructure is a precondition for sustained economic growth. Both for internal transportation of people and goods as well as for the transit to and from other parts of Russia and Western Europe, the development of transport corridors have been projected in needs assessments in the 1990s. Road transport in corridor I (Via Baltica) and IA (Via Hanseatica) are central for the connections of the St. Petersburg

region, Finland, the Baltic states, the Kaliningrad oblast and Poland. Additionally, the geographical location of the Baltic Sea countries allows the creation of better sea transportation links.

Projects:

- *Improvements of road infrastructure in the corridors I and IA.*
- *Aspects of short distance sea transport together with the necessary road and rail connections to the ports.*

Scale:

Construction projects in Corridor I and IA concern mostly the countries and regions along it. Short distance sea transport involves most of the Baltic Sea states.

Regional relevance:

Political and economic changes have had an enormous impact on the overall transportation links. An increase in the trade volume by 100 % until 2010 is expected. The upgrading of corridor I and IA is essential for a balanced economic development of the Eastern part of the region. Improvement of rail and ship connections would strengthen links between the Baltic Sea states and help integrate Kaliningrad into the Baltic Sea region. Spatial Planning aspects should be incorporated when developing and implementing transport corridors and short distance sea transport.

Project leaders:

Baltic countries, Poland, VASAB

Project funding:

Via Baltica investment programme with loans from the EIB, NIB and EBRD.

4. Information Society

Many countries in the Baltic Sea region are frontrunners in the production and use of information and telecommunication technology (ICT). To make sure that the whole area advances decisively in the ICT field, a combination of national efforts in relevant areas is necessary. Improved ICT co-operation is also a precondition for long-term success in other fields of Baltic Sea co-operation. ICT co-operation should be improved by sharing experiences and jointly introducing and optimising the use of ICT, particularly in various parts of public administration and education. This would supplement the efforts made by the CBSS and the regional business networks to provide a specific IT service for small and medium sized enterprises in the Baltic Sea region, which will be launched in March 2001.

Projects:

- *Together with the EU-Commission, the CBSS is considering to develop a Northern eDimension. Common action would include the following aspects:*
 - *Development of a benchmarking system for the use of ICT in public administration,*
 - *Support for an easier transfer of knowledge to the public administration,*
 - *Adaptation of educational systems to new techniques, equal and easy access to new techniques,*
- *Establishment of cross-border ICT applications and services related to public services, e-commerce and electronic identity.*

Scale:

The projects would involve all CBSS member countries.

Regional relevance:

The fast technological development will continue. Despite the leading role of some countries of the Baltic Sea region in ICT, the public sector is not always up to date. Projects enhancing the abilities of the public administration can considerably increase the service to the public.

Project funding:

National governments

Project leaders:

Estonia, other CBSS countries, European Commission

5. Cross Border Co-operation

During the past decade, development of cross border co-operation across land and sea borders between the Nordic countries, the Baltic countries, Germany and Poland has been of major importance. Cross border co-operation with the North-western regions of Russia is a key for the balanced development of the region in the coming years. It is particularly important to make EU enlargement profitable for all countries in the region. Russia and its future five EU neighbours as well as the sub-regions should develop cross-border co-operation between municipalities, sector administrations, businesses, universities and other institutions of higher learning and customs officials. The common objective, particularly in the case of Kaliningrad, should be to prevent EU borders from becoming new dividing lines.

Projects:

- *Projects in cross border co-operation: water management on the borders of the Baltic states with Russia along the rivers Nemunas, Daugava and Velikaja/Lake Peipsi.*
- *Projects promoting sub-regional co-operation with Kaliningrad oblast and other Russian sub-regions: Assisting the Kaliningrad Regional Authorities in developing strategies for spatial development of the oblast in harmony with BSR neighbours.*

Scale:

Bordering countries, participation from other Baltic Sea countries (with an emphasis on sub-regional entities). The US, too, is supporting projects.

Regional relevance:

Joint management of the rivers Nemunas and Daugava and Lake Peipsi basins would prevent further ecological degradation of the inland waters and the Baltic Sea. Developing spatial planning strategies would enhance participation in cross border projects of neighbours, which is especially important for the Russian regions bordering the EU. Co-operation projects with Kaliningrad oblast could thereby be increased, the project continuation would be improved and more partners could be involved.

Project leaders:

Lithuania, Russia, Estonia, Latvia, VASAB, BSSSC, UBC

Project funding:

National budgets/ funds from Lithuania, Russia, Latvia, Estonia, contributions from Sweden, Denmark and US, participants of the BSSSC and VASAB.

6. Environment and Sustainable Development

Given the favourable conditions of a high degree of ecological awareness as well as the existence of a significant production of environmental goods, the Baltic Sea region has the potential to become a model region for sustainable development. The implementation of the Agenda 21 for the Baltic Sea Region (Baltic 21) systematically co-ordinates efforts to achieve sustainable development in a number of sectors of society. The sizeable reduction of emissions of the biggest polluters in the region, e.g. through the implementation of the Baltic Sea Joint Comprehensive Environmental Action Programme of HELCOM, which *inter alia* includes an important waste water management project in St. Petersburg as well as taking innovative steps in sustainable development by serving as a testing ground for flexible mechanisms under the Kyoto Protocol, are important measures. Wastewater treatment is a priority of the Kaliningrad oblast as well, and should be treated as such.

Already in 1996 HELCOM adopted a strategy to minimise ship generated wastes with the aim to eliminate illegal discharges. Currently it focuses on harmonised and effective implementation of the strategy.

When deciding to set up the Baltic Sea Region Energy Co-operation (BASREC), the Ministers of Energy in 1999 proposed action on climate change issues making use of flexible mechanisms under the Kyoto protocol. Establishing a testing ground is possible even after the failure of The Hague conference in December 2000 to introduce a binding framework for the use of flexible mechanisms.

Projects:

- *Wastewater treatment in St. Petersburg and the Kaliningrad oblast*
- *Introducing flexible mechanisms under the Kyoto protocol*
- *Effective elimination of ship generated wastes*

Scale:

All projects involve all the Baltic Sea States

Regional relevance:

Regarding the introduction of flexible mechanisms under the Kyoto protocol, the Baltic Sea area has a considerable potential of low cost mitigation investments to reduce greenhouse gases in many countries of the region. The potential is also important for the reduction commitment of the EU. The projects on wastewater treatment and on ship generated wastes would eliminate some of the biggest polluters in the region.

Project leader:

BASREC working group on climate change, Baltic 21, Helcom

Project funding:

NEFCO, NIB and bilateral programmes

7. Human Resources/Research

One of the biggest assets of the Baltic Sea region for a successful future economic and social performance is the high level of qualification of its inhabitants and the density of academic and scientific institutions. However, human resources and scientific standards require permanent development and long-term commitment. Enhanced co-operation in university education as well as training and research are preconditions for maintaining a high standard, e.g. through the creation of elements for a "virtual university". The CBSS has experience in setting up the EuroFaculty in the Baltic countries and Kaliningrad.

Further needs in developing common curricula and strengthening the Region as a "knowledge-based society" have to be defined.

Human Resources have a growing role in cross-border relations and business development, as well. Improvement of regional management potential relies on public administration training.

Projects:

- *The development of common curricula in relevant fields for universities in the CBSS member countries.*
- *The exchange of students and researchers. Mutual recognition of courses and diplomas.*
- *Co-operation of Russia, Poland and Lithuania in the field of human resources development, eventually in correspondence with other regional/subregional (BSSSC) partners:*
 - *training of public servants at local and regional level in civic society, rule of law, social issues, market economy, sustainable development, IT, EU enlargement;*
 - *training of border guard and customs officers focused on EU related issues, Schengen, cross-border crime, trafficking in drugs and human beings, money laundering and illegal migration;*
 - *training for the business sector, especially SMEs, promotion of business co-operation, enterprise development, finance, co-operation between business institutions (e.g. chambers of commerce), technology transfer, marketing, investment, employment, local economic development including tourism.*

Scale:

All CBSS member countries and the universities with a specific orientation towards the Baltic Sea region.

Trilateral human resources project: Kaliningrad region (and eventually St. Petersburg) and neighbouring ~~regions~~ areas of Lithuania and Poland. In view of the EU enlargement, development in border areas to Russia has the goal to develop efficient, secure and well functioning borders and to support economic co-operation.

Regional relevance:

There are vast unused opportunities for networking in various areas of scientific and academic work in the Baltic Sea region. Institutionalised partnerships would achieve synergies between universities, schools and research institutions, thereby enhancing and sustaining the high academic and scientific profile of the region.

Project leaders:

Denmark, Germany, EuroFaculty

Russia, Lithuania, Poland, EU, BSSSC on cross border human resources development

Project funding:

Partner countries/universities

EU funds, national funds from Lithuania, Poland and eventually Russia. Contributions from EU member states.

8. Justice and Home Affairs

Already at an early stage, Baltic Sea co-operation decided to deal with threats to security of individuals and communities. The Task Force on Organised Crime, founded by the heads of government in 1996, has established political and operational working structures to combat international crime. Close co-operation on a routine basis is the key to enhance security among the populations and societies, but also a means for building mutual trust among institutions.

Improving civil protection and crisis management is an aim that received growing importance during the past years. Intensive and dense travel and transportation of goods on routes across the Baltic Sea necessitates close co-operation between the relevant authorities. Regional co-ordination and direct links between the relevant institutions in the Baltic Sea countries have yet to be enhanced to act effectively in civil protection and crisis management.

CBSS undertakes intensive efforts to enforce a co-ordinated and multidisciplinary approach towards children at risk to be abused and sexually exploited in the Baltic Sea Region.

Projects:

- *EuroBaltic pilot project on civil protection*
- *Particular projects of the Task Force on Organised Crime*

Scale:

All CBSS member countries.

Regional relevance:

Organised crime is a threat to society and to trade and investment. Combating international organised crime deserves special attention and close co-operation. It requires efficiently co-ordinated institutions in civil crisis management.

Project leaders:

Denmark in the Task Force on Organised Crime; Poland, Sweden and Russia in civil security.

9. Public Health

The Heads of Government and the European Commission established a Task Force on Communicable Disease Control at the Baltic Sea States Summit in Kolding, Denmark, on 12-13 April 2000. With a mandate calling for concerted action, the Task Force presented its recommendations and a background document, "Healthy Neighbours", in December 2000, proposing activities, possibly up to 100-150 projects, at multiple locations. "Healthy neighbours" confirms the deteriorating health situation and rapid spread of communicable diseases in the eastern part of the Baltic Sea Region. This is a serious barrier to co-operation and further integration. The number of tuberculosis cases in the region has increased by 40% during the last ten years. In the three Baltic States the rates of multi-drug resistant tuberculosis are among the highest in the world. In some of the countries the HIV-epidemic is exploding. All the countries have very serious challenges in combating hospital infections and the prevalence of antibiotic resistance.

Projects:

There is need for concerted regional action as follows:

- *Surveillance: Chief Epidemiologists in the region will establish early warning systems and develop compatible information and reporting systems.*
- *Targeted interventions with action against tuberculosis, HIV, hospital infections and antibiotic resistance.*

Scale:

Main target areas are the three Baltic states and the north-western regions of Russia. Projects will be implemented through existing national and international structures in both the public and private sectors (e.g. WHO and Council of Europe), with a view to ensuring continuation and sustainability when the initiative is completed after three years.

Regional relevance:

The actions are designed to be implemented on a regional basis, involving actors from the whole region.

Project leaders:

The Task Force of Special Representatives of the Heads of Government is responsible for monitoring the initiative. There is a secretariat supporting the task force. Authorities from each country are responsible for the implementation of recommendations from the task force. The recommendations are to be fed into the activities of multilateral actors in the Baltic Sea region.

Project funding:

National authorities including twinning arrangements; contributions from US-Aid.