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<b>Title</b>	Action Plan – Commission Staff Working Document accompanying the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the European Union Strategy for the Baltic Sea Region
<b>Submitted by</b>	Secretariat
<b>Summary / Note</b>	<p>This Action Plan was announced on 10 June 2009 together with the EC communication concerning the Strategy. On 26 October 2009, the Council of the European Union (GAERC) endorsed the EU Strategy for the Baltic Sea Region, as proposed in the Commission's communication, and took note of the annexed Action Plan elaborated by the Commission.</p> <p>On 29-30 October 2009, during its meeting, the European Council adopted the EU Strategy. The following is an excerpt regarding the EU Strategy for the Baltic Sea Region from the Presidency Conclusions from the latter meeting:</p> <p><b>“IV. <u>EU Strategy for the Baltic Sea Region</u></b></p> <p>35. The European Council adopts the EU Strategy for the Baltic Sea Region and endorses the Council conclusions on the subject (doc. 13744/09). This Strategy constitutes an integrated framework to address common challenges, i.a. the urgent environmental challenges related to the Baltic Sea, and to contribute to the economic success of the region and to its social and territorial cohesion, as well as to the competitiveness of the EU.</p> <p>36. The European Council calls upon all relevant actors to act speedily and ensure full implementation of the Strategy, which could constitute an example of a macro regional strategy. It invites the Commission to present a progress report to the Council by June 2011.”</p>
<b>Requested action</b>	For information



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,  
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**COMMISSION STAFF WORKING DOCUMENT**

*Accompanying the*

**COMMUNICATION FROM THE COMMISSION  
TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN  
ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE  
REGIONS**

**concerning the**

**European Union Strategy for the Baltic Sea Region**

**ACTION PLAN**

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{SEC(2009) 703}

## **European Union Strategy for the Baltic Sea Region**

*An integrated framework that allows the European Union and Member States to identify needs and match them to the available resources through co-ordination of appropriate policies, thus enabling the Baltic Sea Region to enjoy a sustainable environment and optimal economic and social development.*

**ACTION PLAN**

## INTRODUCTION

The 'EU Strategy for the Baltic Sea Region' is described in three documents: (1) a Communication from the European Commission to the Council and the European Parliament, (2) an associated Action Plan which complements the Communication, presented to the Council and European Parliament at the same time and (3) a Working Document of the European Commission's Services which presents the background, approach and content of the strategy.

This action plan presents a first set of priority areas identified in the preparation of the European Union Strategy for the Baltic Sea Region<sup>1</sup>. The plan may be revised regularly and can also be extended by the Member States and stakeholders. The present version has been published by the Commission in June 2009 and regular updates are foreseen, as the region and its context develop.

While the strategy is a strategy of the European Union it is clear that many of the issues can only be addressed in constructive cooperation with our external partners in the region, and in particular Russia. However, the strategy cannot dictate action to third parties: rather it indicates issues on which cooperation is desirable and proposes fora where this discussion and cooperation would take place. As the European Council conclusions noted, the Northern Dimension, a common policy of the EU, Russia, Norway and Iceland, provides the basis for these external aspects of the strategy. There are other fora which will be useful in this regard such as the EU-Russia common spaces<sup>2</sup>. Cooperation with other international bodies (such as for instance the Council of the Baltic Sea States (CBSS), the Nordic Council of Ministers or the Helsinki Commission (HELCOM)) will be without prejudice to their respective decision-making mechanisms.

The Action Plan comprises 15 *priority areas* which represent the main areas where the EU Strategy for the Baltic Sea Region can contribute to improvements (either through tackling the main challenges or through seizing the main opportunities). Coordination of each priority area should normally be allocated to a Member State which would work on its implementation, in close contact with the Commission, with all stakeholders involved, especially other Member States, but also Regional and Local Authorities, Inter-Governmental and Non-Governmental Bodies. In addition, coherence with the Integrated Maritime Policy will be assured.

The priority areas are organised into four thematic '*pillars*' and one horizontal section. It is important to appreciate, however, that this is only for ease of analysis. In fact, every pillar relates to a wide range of policies and will have impacts on the other pillars: they are interlinked and interdependent. Each priority area starts with a *presentation of the issue* providing background information on the topic. Then, the *hotspots (main problems)* are indicated and the *added value of the action for the Baltic Sea Region* is presented.

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<sup>1</sup> European Council Conclusions of 14 December 2007, point 59: "Without prejudice to the integrated maritime policy, the European Council invites the Commission to present an EU strategy for the Baltic Sea region at the latest by June 2009. This strategy should inter alia help to address the urgent environmental challenges related to the Baltic Sea. The Northern Dimension framework provides the basis for the external aspects of cooperation in the Baltic Sea region."

<sup>2</sup> Common set of roadmaps between the EU and Russia. There are 4 common spaces: Common economic space, Common space of freedom, security and justice, Common space of external security, Common space of research and education, including cultural aspects.

The priority areas are implemented through detailed *actions* which are explained. Some actions are **strategic** for the Baltic Sea Region as they are designed to address specific and important issues for its regions, citizens and enterprises. Others are **cooperative**, meaning they are based on the benefits in improving cooperation on issues where Member States and stakeholders are ready to do so. In some cases, actions might require a change in the policy orientation or (rarely) national legislation of the Member States in the Baltic Sea Region. In others, they require financing which could be provided by private or public funding (EU, national, regional or local funds). All actions should be understood without prejudice to the existing exclusive Community competences.

In addition, **examples** of *flagship projects* i.e. projects with high significance are presented. When the preparation of the action plan is completed, these should have a deadline for implementation and a responsible lead partner. Some flagship projects could be launched and implemented relatively rapidly and are labelled '*fast track*'.

In a number of cases, the objective of the detailed actions in the action plan is to highlight priority areas of activity which are already identified or even in progress within the EU system or in other international frameworks, but which require enhanced efforts of coordination within the Baltic Sea Region and coherent funding strategies as a condition to success in the implementation. The Strategy provides a unique opportunity in this respect. Enhanced efforts through the action plan should be carried out in close coordination with any such ongoing developments (in particular new regulations), including at EU level, to ensure coherence and efficiency.

The current economic crisis affects the actions and flagship projects presented in each section of this Action Plan. This implies a less-favourable climate for investment, affecting both public sectors and private business generally. This makes it all the more essential that the EU Strategy for the Baltic Sea Region allows the partners in the region to take a longer perspective, recognising that when this crisis has passed the regions that have best prepared will be those best equipped to take advantage of the new opportunities and innovations.

The European Commission considers the proposed actions to be important and suggests that the crisis is used as an opportunity to review the priorities of Member States. In particular, it is an opportunity to pay special attention to the quality of life of citizens which requires a sustainable environment. In addition, the crisis may change the focus of enterprises who may consider it wise to seize the business opportunities of the future in the 'green businesses'. Moreover, the actions proposed could form part of any national recovery packages as they are likely to create jobs during implementation (e.g. transport and energy infrastructures) and afterwards through an increased accessibility and attractiveness of the region thereby creating economic growth.

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## **TO MAKE THE BALTIC SEA REGION AN ENVIRONMENTALLY SUSTAINABLE PLACE**

The environmental objective ranks as a high priority based on the urgency of addressing the ecological and environmental decline of the Baltic Sea in particular. Whilst the development of the EU Strategy for the Baltic Sea Region also needs to address environmental concerns in land areas, the priority given to the marine environment reflects the 2007 European Council conclusions, highlighting that the Strategy for the Baltic Sea Region must address the urgent environmental challenges related to the Baltic Sea. Fulfilment of this objective will also secure the full economic potential of the goods and services provided by the marine ecosystem, thereby improving the well-being and health of people living in the region, and in line with the overall objectives of the Integrated Maritime Policy. The Action Plan introduces the notion of interdependence of countries in the Baltic Sea Region in the field of environment, especially with regard to the pollution of the Baltic Sea.

The Baltic Sea Action Plan (BSAP), adopted within the Helsinki Commission (HELCOM) by all nine Baltic Sea States (8 Member States and Russia) and the European Community at the ministerial meeting in 2007, is an ambitious programme to restore the good ecological status of the Baltic marine environment by 2021. The Baltic Sea Action Plan addresses all the major environmental problems affecting the Baltic marine environment. The far-reaching measures are building upon the comprehensive and long-lasting co-operation within HELCOM. The Baltic Sea Action Plan has strong links to global legislative frameworks and is also seen, for those Parties being also EU Member States, as a contribution to the implementation of key EU directives<sup>3</sup>. The agreed HELCOM measures also demand stricter measures when the specific needs of the Baltic Sea so require. HELCOM will thus have an important role for the implementation of the European Strategy for the Baltic Sea Region.

Member States are currently developing national implementation plans, but progress is hampered by the lack of compulsory strength of commitments to be followed-up and sometimes by divergent views from national ministries internally. It is important to note that in general, and for all specific actions in a HELCOM context mentioned below, the effectiveness of follow-up of the BSAP depends on the involvement of all the HELCOM countries and is also closely related to implementation and development of EU policies.

In addition, there are other local conditions that favour the implementation of measures that can contribute to the improvement of the status of the marine environment in the Baltic Sea area. The designation of the Baltic Sea as a Particularly Sensitive Sea Area (PSSA) by the International Maritime Organisation (IMO) in 2005, and its designation as a SO<sub>x</sub> Emission Control Area (SECA) should significantly ease the development of cooperative and effective action towards increasing the sustainability of maritime activities such as shipping which remains a crucial contributor to the economic prosperity of the region.

In addition, many actions and projects with Russia are implemented in the framework of the Northern Dimension Environmental Partnership. Through its range of projects in water, wastewater, solid waste and energy efficiency, this instrument is helping to deliver real benefits

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<sup>3</sup> In particular, the Marine Strategy Framework Directive (Directive 2008/56/EC, OJ L 164, 25/6/2008, p.19) and the Water Framework Directive (Directive 2000/60/EC, OJ L 327, 22/12/2000, p.1, as amended).

to the environment – and the people and their welfare – in the area extending from the Baltic Sea to the Barents Euro-Arctic Region.

### Examples of financing

Programmed expenditure for the 2007-2013 period under the European Regional Development Fund (ERDF) and the Cohesion Fund for the Convergence and Competitiveness and employment programmes in the Baltic Sea Region in the field of environment:

Waste water treatment:	€ 3.1 billion
Clean urban transport:	€ 2.3 billion
Household and industrial waste:	€ 1.6 billion
Water distribution:	€ 1.2 billion
Other <sup>4</sup> :	€ 1.6 billion
Total:	€ 9.8 billion

In addition, other EU Community programmes (in particular the 7<sup>th</sup> Research Framework Programme, the LIFE programme, the European Territorial Cooperation programmes (under the European Regional Development Fund), the European Neighbourhood and Partnership Instrument Cross-border Cooperation programmes (ENPI CBC), the European Agriculture Fund for Rural Development (EAFRD), the European Fisheries Fund (EFF; in particular for the protection of aquatic resources - EU contribution of € 0.2 billion) and the Competitiveness and Innovation Programme) as well as national, regional and local policies are financing important projects. In addition, the European Investment Bank (EIB) is already providing its lending / co-financing to a large number of projects and could further extend its activities to a large number of flagship projects.

### Examples of projects (ongoing and planned ones, total cost)<sup>5</sup>:

- Latvia:
  - Ongoing projects: The second stage of the development of Water Services in Liepāja (total cost € 32 million) which is due to finish by 2010; The second stage of the development of Water Services in Daugavpils (total cost € 25 million) which is due to finish by 2010.
  - Future project: The remediation Project for the Liepāja Karosta Channel (estimated total cost € 23 million).
- Estonia: The renovation of Narva city water and sewage networks in Estonia (total cost of € 28 million).
- Lithuania: The first package of the Nemunas Midland River Basin Project, which is co-financed from the Cohesion Fund (2000-2006), with a total cost of € 64 million and a Cohesion Fund participation of € 51 million and which is due to finish by end 2010.
- Poland: The major waste water plants projects currently implemented are *inter alia* in Warsaw (€ 585 million), Szczecin (€ 282 million), Wrocław (€ 158 million), Poznań (€ 104 million).

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<sup>4</sup> Including air quality, promotion of biodiversity and risk prevention.

<sup>5</sup> Some of these projects also benefit from a framework loan from the European Investment Bank (EIB)

million), Gdansk (€ 121 million), Krakow (€ 121 million) and Bydgoszcz (€ 201 million). These total costs and are estimated at the time of adoption.

- Project financed by the European Parliament on the protection of the Baltic Sea from mainland-based threats by reducing agricultural nutrient loading and the risk of hazardous wastes (€ 3.5 million in 2009 from the budget of the European Parliament).
- During the programming period 2007-2013, a large part of the EFF Operational Programme's will focus on the definitive withdrawal of fishing vessels to establish a better balance between capacity and the available resources.
- The EIB is providing its lending/co-financing to a large number of projects, and could further extend its activities to a significant number of flagship projects.

The pillar 'to make the Baltic Sea Region an environmentally sustainable place' covers the following priority areas:

1. To reduce nutrient inputs to the sea to acceptable levels
2. To preserve natural zones and biodiversity, including fisheries
3. To reduce the use and impact of hazardous substances
4. To become a model region for clean shipping
5. To mitigate and adapt to climate change

## 1. To reduce nutrient inputs to the sea to acceptable levels

Coordinated  
by Poland  
and Finland

### Presentation of the issue:

In the Baltic Sea Region, eutrophication<sup>6</sup> is a major problem for the sea (and for the lakes of the region). It is caused by excessive nutrient inputs (nitrogen and phosphorus) which mainly originate from inadequately treated sewage, agricultural run-off and airborne emissions from road and maritime traffic and combustion processes.

### Hotspot (main problems):

The nitrogen and phosphorous load to the Baltic Sea have increased by several times during the last century. Effects of eutrophication are particularly acute in the southern and eastern parts of the Baltic Sea. Eutrophication results *inter alia* in the reduction of oxygen depletion, the increase of amounts of filamentous algae, the summer blooms of cyanobacterial (blue green algae) and has effects on the benthic community.

### Baltic Sea Region Added Value:

As the Baltic Sea is shallow and is semi-enclosed with slow water exchange rate, any nutrient input has a long lasting effect on the entire sea. Therefore all the countries in the catchment area are concerned and no single country or region, acting alone, can solve the problem.

### Actions:

#### Strategic actions:

- **“Implement actions to reduce nutrients”**. In addition to the full implementation of the key Directives relating to eutrophication, these actions are in the ‘Baltic Sea Action Plan’ (BSAP) of HELCOM<sup>7</sup>. This document contains a specific section on eutrophication and has been complemented in March 2009 by thematic reports on the Baltic Sea eutrophication<sup>8</sup>.
- **“Promote measures and practices which reduce nutrient losses from farming and address eutrophication”**. The aim is to ensure high environmental standards with particular focus on reducing nutrient leakage. To achieve this, in addition to the full implementation of the Nitrates and Water Framework Directives, and the new Common Agricultural Policy Cross-Compliance requirement to establish buffer strips along water courses no later than 1<sup>st</sup>

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<sup>6</sup> Eutrophication here defined as the enrichment of water by nutrients, especially compounds of nitrogen and / or phosphorous, causing an accelerated growth of algae and higher forms of plant life to produce an undesirable disturbance to the balance of organisms present in the water and to the quality of the water concerned.

<sup>7</sup> Agreed in November 2007 by Sweden, Finland, Estonia, Latvia, Lithuania, Poland, Germany, Denmark, Russia and the European Commission

<sup>8</sup> Eutrophication in the Baltic Sea - An integrated thematic assessment of the effects of nutrient enrichment of the Baltic Sea Region. Executive Summary (BSEP No. 115A and 115B) at [www.helcom.fi](http://www.helcom.fi).

January 2012, additional Rural Development measures could be used for example to maximise fertiliser efficiency or achieve nutrient recycling. To support this process it is important to identify all the intensively used agricultural land of the whole catchment area to focus on these areas first. Should this prove insufficient, consideration could be given to what further measures might be needed through environmental or agricultural policies.

Cooperative actions:

- **“Establish and restore more wetlands”** to recycle the nutrients (to stop the nutrients leaking into the Sea) and to mitigate floods (to stop the runoff of fertilisers during floods). The wetlands should be established where long term effects can be expected considering the different climatic conditions, the sensitivity for eutrophication etc.
- **“Set up the BONUS 169 scheme”** in order to have a sustainable research framework. BONUS-169<sup>9</sup> is a Joint Baltic Sea Research Programme funded by the EU and all members and associated members to be proposed for an implementation of the Article 169 of the Treaty. It will support sustainable development through scientific outputs facilitating the implementation of ecosystem-based management of environmental issues in the Baltic Sea through a broad stakeholder contacts and a policy oriented research framework. ‘Combating eutrophication’ is one of the key themes for in the envisaged BONUS 169 Joint Research Programme (which also addresses research on climate, biodiversity, fishing, hazardous substances as well as on ‘Linking science and policy’ and ‘Integrating ecosystem and society’). Furthermore, the BONUS 169 program aims at strengthening the research collaboration and the use of common resources.
- **“Facilitate cross-sectoral policy-oriented dialogue”** on integration of agricultural, environmental and rural development issues by supporting the implementation of projects which build capacity on integrated approach to mitigation of nutrient losses and policy level adaptation.

Flagship projects (as examples):

- **“Remove phosphates in detergents in countries where this is not yet the case as recommended by HELCOM Baltic Sea Action Plan”**. Without prejudice to the ongoing process within the Commission for possible action at EU level, a timetable should be prepared for the early phasing-out in the Baltic Sea of use of phosphates in detergents. (Lead: Sweden or Estonia; Deadline: 31 December 2012). **FAST TRACK**
- **“Cleaner waste water”** by identifying, building / upgrading priority Waste Water Treatment Plants around the Baltic Sea (for example in Neman and Sovetsk), taking into account the HELCOM requirements to remove phosphorous and nitrogen (including reaching 0.5 mgP/l treatment efficiency). In addition the functioning of existing Waste Water Treatment Plants should be improved, taking into account the HELCOM ongoing process, its requirements and timetable. (Lead: Sweden; Deadline for progress review: to be determined)
- **“Analyse results of pilot actions”** funded by the Baltic Sea Region programme (under the European Regional Development Fund), LIFE and Baltic 21 on prevention of

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<sup>9</sup> BONUS-169, when adopted, would follow the FP7 Action “BONUS +” program which funds 16 projects (2009-2011), totalling about € 22 million, of which 2/3 from national funding organisations. BONUS + is coordinated through the BONUS EEIG (European Economic Interest Group) [www.bonusportal.org](http://www.bonusportal.org)

eutrophication and recommend best practice for municipalities, agencies and advisory bodies. (Lead: to be agreed; Deadline for progress review: 30 June 2010) **FAST TRACK**

- ***“Putting best practices in agriculture into work”***. The knowledge and promotion of how to have a nutrient-balanced agriculture and of how to reduce the leaching from agriculture into the Baltic Sea through the rivers without reducing the productivity or the competitiveness of the farming sector should be increased by improving the extent and quality of national agri-environment services and related information activities targeting farmers and their advisors. For example, this could be achieved by creating a formal network of specialist advisers on environmental issues within agriculture from all countries around the Baltic Sea. (Lead: Federation of Swedish Farmers, Danish Agricultural Advisory Service, MTK and SLC Agricultural Organisations of Finland, and Deutscher Bauernverband; Deadline: to be determined)
- ***“Full implementation of the Water Framework Directive<sup>10</sup> in order to maximize the environmental benefits for the Baltic Sea”***. Member states shall take measures to obtain good ecological status in all water bodies, including coastal waters, by year 2015. A full implementation (including reporting) of the Water Framework Directive, together with the Nitrate Directive and the Urban Waste Water Directive, will improve also the environment in the open sea, in line with the objectives of the Marine Strategy Framework Directive<sup>11</sup> for 2020. (Lead: all Member States; Deadline for progress review: to be determined)
- ***“Cooperate with Russia and Belarus on a comprehensive regional pollution risk assessment”***, in particular in the context of the Northern Dimension Environmental Partnership (Lead: to be agreed; Deadline for progress review: to be determined).

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<sup>10</sup> Directive 2000/60/EC of the European Parliament and Council of 23 October 2000 establishing a framework for Community action in the field of water policy, OJ L 327, 22/12/2000, p.1) as amended by European Parliament and Council Decision 2455/2001/EC, OJ L 331, 15/12/2001, p.1.

<sup>11</sup> Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive), OJ L 164, 25/6/2008, p.19). In addition for the basin scale assessment required in the context of the Marine Strategy Framework Directive, the satellite remote sensing products (such as those developed specifically for the Baltic Sea by the Commission's Joint Research Centre [JRC] Institute for Environment and Sustainability [IES]) provide a useful mean of verifying the environmental benefits of implementation of the EU policies.

## **2. To preserve natural zones and biodiversity, including fisheries**

Coordinated  
by Germany

### Presentation of the issue:

The Baltic Sea Region has a unique ecosystem from the northern parts with nearly fresh water and up to six months of ice cover to the more saline Kattegat. Only a specific selection of species can survive in this brackish water, and the low number of macro species makes the ecosystem extra sensitive to changes in its physical and chemical composition which can effect the balance of the entire food webs. There are many threats to marine biodiversity. One of the major ones is eutrophication which is covered in the previous chapter and which has caused low oxygen content of the bottom water in parts of the Baltic Sea and created species-poor areas with low benthos biomass. Another one is the arrival of non-native invasive species (e.g. water flea and comb jellyfish), for example from the ballast water from ships, that compete with native species and sometimes cause changes to the whole ecosystem. Other threats are contaminants that affect growth, reproduction and resilience of fish, marine mammals and seabirds against diseases and stress. Climate change which is thought to reduce salinity and increase temperature in the Baltic Sea will also have an influence on the Baltic biodiversity in this regard.

Fisheries directly impact fish diversity in the Baltic Sea and have led to declines in some fish stocks, mainly eels and cod. The main reasons for this decline in stocks are the setting of too high Total Allowable Catches (TAC) at the European Council level (compared to the annual scientific advices given by the International Council for Exploration of the Sea (ICES) and the Scientific, Technical and Economic Committee for Fisheries (STECF)), overcapacity of the fleet and poor compliance with the rules with significant amounts of misreported or unreported catches particularly in the Eastern cod fishery. In addition, there are indications that the decline of cod, as the main top predator structuring the trophic chain in the Baltic Sea in the last decades, has caused a regime shift in the ecosystem. This has led to a sprat dominated system with further consequences on other species through the alteration in the plankton community. Fisheries also affect other aquatic species, seabirds and marine mammals through by-catches, incidental catches and competition for food. On the Baltic bottom, towed gears can affect benthic habitats through alteration the physical structure of the sea floor, re-suspension of nutrients and hazardous substances and altering the benthic fauna.

On land, while many valuable habitats in Europe are maintained by extensive farming, agricultural practices can also have an adverse impact on natural resources (pollution of soil, water and air, fragmentation of habitats and loss of wildlife). EU policies, including the Common Agricultural Policy, are therefore increasingly aimed at addressing the risks of environmental degradation and biodiversity loss. Through the cross compliance conditions for direct aid to farmers and targeted rural development measures farmers are encouraged to play a positive role in the maintenance of the countryside and the environment.

Finally, protecting biodiversity and preventing pollution are key themes for the BONUS research programme (cf. priority area number 1. ‘To reduce nutrient inputs to the sea to acceptable levels’).

### Hotspot (main problems):

The aquatic biodiversity in the Baltic is threatened by overfishing, by-catch and incidental catches of non target species, alien invasive species, destruction of habitats by many human activities (such as dredging and construction along shores and migratory obstacles in waterways), eutrophication and contaminants. The actions therefore have to be twofold: to minimise the adverse effects of human activities and to establish a network of ‘protected areas’.

### Baltic Sea Region Added Value:

The preservation of natural zones and of biodiversity is an objective of the European Union. In the Baltic Sea Region, this is particularly important as its environment is particularly sensitive and its value to the economy and wellbeing of the Communities is particularly high.

### Actions:

#### Strategic actions:

- **“Implement the HELCOM Baltic Sea Action Plan”**. This document contains a specific section on biodiversity and nature conservation, as well as a section and particular roadmap on maritime traffic addressing introduction of alien species via ships’ ballast water and sediments. This is closely related to implementation and development of EU policies, including the Common Fisheries Policy (where the Commission is responsible for taking the necessary policy initiatives).
- **“Reduce the negative effects of fishing on the Baltic ecosystem”** In addition to implementing regulations and measures taken at EU level to minimise the impacts of fishing activities on marine ecosystems, such as the Pingers regulation<sup>12</sup> and certain technical measures, Member States can adopt national measures to minimise the effect of fishing on the marine ecosystems within their territorial waters and for fishing vessels flying their flag in line with, or more stringent than the existing Community legislation. This should be especially stressed for the protection of the critically endangered Baltic harbour porpoise population.

#### Flagship projects (as examples):

- **“Create marine protected areas”**. The Birds<sup>13</sup> and Habitats directives<sup>14</sup> (Natura 2000 network), as well as HELCOM, call for Member States to complete the designation of a network of marine protected areas in the Baltic Sea. To be truly efficient these areas need adopted and implemented management plans that correspond to the threats towards the species or habitat they are created to protect. The designation of the Natura 2000 network in the Baltic Sea should also be taken into account in the context of maritime spatial planning which can contribute to facilitating the coordination of human activities in the marine areas.

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<sup>12</sup> Council Regulation (EC) No 812/2004 adopted in April 2004 laying down measures concerning incidental catches of cetaceans in fisheries and amending Regulation (EC) No 88/98

<sup>13</sup> Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds

<sup>14</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora.

Coordination is also needed with measures under the Common Fisheries Policy. (Lead: to be agreed; Deadline for progress review: to be determined) **FAST TRACK**

- ***“Restrict the introduction of new alien species by ships”*** principally through the enforcement of the international Ballast Water Management Convention and by means such as onboard treatment and the installation of ballast water reception facilities in ports with important traffic flows from and towards outside the Baltic Sea. HELCOM countries agreed in the Baltic Sea Action Plan (BSAP) to ratify the Convention possibly by 2010, and by 2013 at the latest. A HELCOM Road Map has been agreed, focusing on the ballast water management for inner Baltic voyages. Furthermore, HELCOM is working on joint OSPAR<sup>15</sup> / HELCOM guidance on the voluntary interim application of ballast water exchange standards. These actions should build on the new knowledge on the issue arising from ongoing research and also promote further innovative approaches by industry and research institutes. (Lead: HELCOM and Sweden; Deadline for progress review: 31 December 2010)
- ***“Establish measures to facilitate migration and reproduction of migratory fish species”***, on the basis of a classification and inventory of rivers with historic and existing migratory fish species such as eel and salmon as agreed in the HELCOM Baltic Sea Action Plan (BSAP). Under the European Fisheries Fund (EFF) Operational Programmes, some EU Member States already contribute to this objective by applying measures aimed to protect aquatic fauna and flora, in particular the rehabilitation of inland waters, including the migration routes. The national eel management plans are also expected to contribute to the restocking of this species. (Lead: HELCOM; Deadline for progress review: to be determined)

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<sup>15</sup> OSPAR is the organisation established by the Convention for the protection of the marine environment of the North-East Atlantic, to which 15 States and the European Community are Contracting Parties.

Presentation of the issue:

In the Baltic Sea Region, hazardous substances continue to be a risk for the environment and for health. They include organic contaminants and heavy metals, as well as chemical weapons sunk in the Baltic Sea. Once released into the sea, hazardous substances can remain in the marine environment for very long periods and accumulate in the marine food web. Hazardous substances cause adverse effects in ecosystems, including health and reproductive problems in animals, especially top predators, with negative consequences eventually on human health. Contaminants may be hazardous because of their toxicity (acute and chronic effects, e.g. hormone-disruption, etc.), persistence and bio-accumulating properties. For example fish caught in some parts of the Baltic Sea, particularly herring and salmon; contain concentrations of dioxin that exceed maximum allowable levels for foodstuffs as defined at Community level. Hazardous chemicals released into the water environment are still used for example in antifouling products. Finally, new environmental problems emerge, for example new chemical substances such as Perfluorooctanesulfonic acid (PFOS<sup>16</sup>) and pharmaceutical products. The use of pharmaceutical products is increasing and sewage treatment plants are not designed to break down these products. Many hotspots in the Baltic Sea area have been taken care of and thus more attention has to focus on diffuse sources of chemical substances.

The predominant vector for some hazardous chemicals entering the Baltic Sea is the atmosphere. An example is the mercury emitted from coal power plants and transported long range through the atmosphere. Long range transports have to be dealt with also in the EU and on an international level.

Finally, preventing pollution is one of the key themes for the BONUS research programme (cf. priority area number 1. 'To reduce nutrient inputs to the sea to acceptable levels').

Hotspot (main problems):

Several hazardous substances or substance groups and two heavy metals have been identified as priorities by HELCOM. In addition, despite the discrepancies in the available data, it should be assumed that about 40,000 tons of chemical munitions was sunk, which is equivalent to approximately 13,000 tons of toxic warfare agents.

Baltic Sea Region Added Value:

Many hazardous substances found in the Baltic Sea originate in the region, while others originate outside. They have an impact on the entire ecosystem and ultimately on human health. No country acting alone will be able to solve the problem: solutions can only come from cooperation at the levels of the Baltic Sea Region, of the EU and internationally.

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<sup>16</sup> Perfluorooctanesulfonic acid (PFOS), or perfluorooctane sulfonate, is a man-made fluorosurfactant and global pollutant. PFOS is a proposed persistent organic pollutant (POP) because it is persistent, bioaccumulative, and toxic.

## Actions:

### Strategic actions:

- **“Implement actions to reduce hazardous substances”**, including the full implementation of the key Directives and Regulations relating to chemicals (in particular in the aquatic environment)<sup>17</sup>. Several actions are contained in the ‘Baltic Sea Action Plan’ (BSAP) of HELCOM (which contains a specific section on hazardous substances). In addition, actions already decided internationally also need to be implemented<sup>18</sup>. Supervision is important, for example supervision of compliance with Regulation (EC) 782/2003 which transposes the Antifouling Convention by the International Maritime Organisation (IMO) into Community law.

### Cooperative actions:

- **“Restrict the input of hormone-like substances”**, further to an analysis of the sources, flows and impacts of pharmaceutical products in the marine environment.
- **“Continue the research on hazardous substances”** of specific concern to the Baltic Sea, as this is an area where there is a need to improve further the knowledge basis (e.g. on their interaction and cumulative effects), including through the development of the planned BONUS 169 program.

### Flagship projects (as examples):

- **“Reduce and restrict the use of the most hazardous substances”** taking into account the objectives set into the HELCOM Baltic Sea Action Plan. This should be focused on the areas where the loads of hazardous substances and heavy metals have been identified as the most dangerous for the environment. (Lead: HELCOM Member States; Deadline for progress review: to be determined)
- **“Assess the need to clean up contaminated wrecks and chemical weapons”**, where required to protect sensitive marine ecosystems, including through exchange of experiences (taking into account the work carried out within HELCOM). Activities should encompass identification of the current priority threats and establishment of the costs and benefits of any possible action through agreed research programmes. This should build on existing knowledge<sup>19</sup> and mapping in the Baltic Sea. The development of major offshore infrastructure projects should also take into account the location of underwater chemical weapon dumping sites (Lead: Poland; Deadline for progress review: to be determined)  
**FAST TRACK**

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<sup>17</sup> Regulation EC No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemical substances (REACH) - and Directive 2008/105/EC of the European Parliament and of the Council of 16 December 2008 on environmental quality standards in the field of water policy.

<sup>18</sup> Including the Stockholm Convention on Persistent Organic Pollutants.

<sup>19</sup> E.g. the research programme "Modelling of ecological risks related to sea-dumped chemical weapons" (MERCW), [http://www.fimr.fi/en/tutkimus/muu\\_tutkimus/en\\_GB/mercw/](http://www.fimr.fi/en/tutkimus/muu_tutkimus/en_GB/mercw/) and the work in HELCOM [http://www.helcom.fi/environment2/hazsubs/en\\_GB/chemu/?u4.highlight=ammunition](http://www.helcom.fi/environment2/hazsubs/en_GB/chemu/?u4.highlight=ammunition)

Presentation of the issue:

In the Baltic Sea Region, maritime transport constitutes an important backbone for trade (at any given moment over 2000 ships are in the Baltic Sea). Both the number and the size of ships have been growing in recent years currently representing up to 15% of the world's cargo traffic (and this is predicted to increase by over 100% in the Baltic Sea), especially oil tankers. Also, while it is a clean mode of transport when measured in emissions per tonnes of cargo, shipping is nevertheless an important source of greenhouse gas emissions. In the context of the Integrated Maritime Policy, turning the Baltic Sea into a model region for 'clean shipping' is an umbrella for a range of measures aimed at reducing the environmental impact of maritime transport.

Preventing pollution is one key theme for the BONUS research programme (cf. priority area number 1. 'To reduce nutrient inputs to the sea to acceptable levels').

Hotspot (main problems):

The main negative environmental effects of shipping includes air emissions, illegal and accidental discharge of oil, hazardous substances and other wastes and the introduction of alien organisms via ships' ballast water and hulls. This is all the more important for the Baltic Sea given its semi-closed environment.

Baltic Sea Region Added Value:

Marine transport provides important services to the Baltic Sea Region and the whole EU. The Baltic Sea was designated by the IMO in 2005 as a Particularly Sensitive Sea Area and as the first special SO<sub>x</sub> Emission Control Area (SECA) with limits on sulphur emissions under the MARPOL Convention<sup>20</sup> (Annex VI). This provides a good basis for the implementation of measures to ensure sustainability of shipping in the Baltic. In view of the importance of maritime traffic in the Baltic Sea and the effects on the marine environment, it is important for the countries in the Baltic Sea Region to act jointly to minimise ship-based pollution, while aiming at and maximising the positive impacts of the maritime transport mode for the region.

Actions:Strategic actions:

- ***“Implement actions to reduce ship pollution”*** (in the International Maritime Organisation (IMO), the EU and HELCOM). The 'Baltic Sea Action Plan' (BSAP) of HELCOM contains a specific section on maritime activities for example technologies to reduce pollutions in harbours). At international level, the MARPOL (Annex VI) introduces even

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<sup>20</sup> MARPOL is an International Convention for the Prevention of Pollution From Ships adopted in 1973 and modified by the Protocol of 1978. ('MARPOL' is short for MARine pPOLLution).

stricter conditions for SOx in the Baltic Sea (the sulphur content of any fuel oil used on board ships within the Baltic Sea - which is a SOx Emission Control Area -, currently set at the level of 1.50% m/m, shall not exceed 1.00% m/m from 1 July 2010, and 0.10% m/m from 1 January 2015). Hence, SOx emission will be reduced substantially by 2015. As to NOx emissions, the MARPOL (Annex IV) provides for establishing marine areas as a NOx emission control areas. New rules would require that ships built on and after 2016 to reduce emissions by around 80%. In this context, the possibility to establish the Baltic Sea as a NOx Emission Control Area should be addressed. While taking into account that the international shipping regulations must be adopted if possible within the International Maritime Organisation (IMO), the EU will continue to assess, depending on progress of negotiations on several key issues, whether action is required at EU level or specifically within the Baltic Sea Region.

Cooperative actions:

- ***“Encourage ports, local and regional authorities, and shipping companies to adopt voluntary measures reducing wastewater discharges from shipping and boating<sup>21</sup> and providing facilities<sup>22</sup> in ports for preventing or limiting air emissions of vessels ”***, for example through the introduction of voluntary labels for clean Baltic shipping and sustainable port management complemented by awards for clean shipping projects and environmentally friendly ports (in line with the Baltic Sea Challenge<sup>23</sup> and Clean Baltic Shipping<sup>24</sup> initiatives).

Flagship projects (as examples):

- ***“Promote measures to collect ship generated waste”*** (enhanced application of HELCOM’s ‘no special-fee’ system for port reception facilities especially for oily wastes from machinery spaces, sewage and garbage). It is important that the main ports implement a uniform and transparent approach. Furthermore, the availability of port reception facilities in the Baltic Sea Ports should be further enhanced covering the delivery of all wastes, especially waste waters, taking into account the proposal by the HELCOM Member States to the International Maritime Organisation (IMO), asking for a prohibition of the discharge of sewage from ships, especially from passenger ships and ferries. (Lead: to be agreed; Deadline for progress review: to be determined) **FAST TRACK**
- ***“Promote measures to reduce emissions from ships and enhance the development”*** for shore side electricity facilities or for emission treatment in all major ports around the Baltic Sea in order to aim at full coverage by 2015. Their use should be promoted including for example through taxation or tariff measures in order to come to a level playing field. (Lead:

<sup>21</sup> As decided by HELCOM in Regulation 6 of Annex IV of the 1992 Helsinki Convention and Recommendation 22/1

<sup>22</sup> For instance shore-side electricity

<sup>23</sup> The Baltic Sea Challenge: The objective of this project is for Baltic Metropolises and UBC cities to challenge each other and other cities, municipalities, ports and harbours and shipping companies around the Baltic Sea to inter alia reduce wastewater discharges from shipping and boating as well as create better conditions for vessels in regular operation to use shore to ship electricity in ports.

<sup>24</sup> ‘Clean Baltic Shipping’ is a project supported by several Inter-Governmental Bodies active in the Baltic Sea Region. The objective is to an action plan in partnership with stakeholders to promote sustainable shipping (shore-side electricity supply, voluntary ban of waste water discharges,...).

Finland and Sweden; Deadline for progress review: to be determined by the lead Member State) **FAST TRACK**

- **“Introduce differentiated port dues depending on the environmental impact of ships”** in the main ports of the Baltic Sea in order to set incentives for ships producing low emissions, managing waste water and ballast water in a sustainable way, using environmentally friendly technologies (especially propulsion systems with, for example, improved energy efficiency), having high safety standards, etc. (Lead: to be agreed; Deadline for progress review: to be determined) **FAST TRACK**
- **“Eliminate the discharge of sewage from ships”**, especially from passenger ships, by establishing, through the International Maritime Organisation, the Baltic Sea as a Special Area according to the Annex IV of MARPOL<sup>25</sup>. (Lead: to be agreed; Deadline for progress review: to be determined)
- **“Improve the waste handling on board and in ports”** within the framework of Baltic Master II project through better involvement of different actors, i.e. coastal municipalities and ports together with national authorities, research institutes, universities and pan-Baltic organisations and finding practical solutions to improve waste handling. (Lead: to be agreed; Deadline for finalisation: 24 January 2012) **FAST TRACK**

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<sup>25</sup> MARPOL (for MARitime POLLution) is an international convention for the prevention of pollution from ships which has been signed in 1973. It is coordinated by the International Maritime Organisation (IMO).

Presentation of the issue:

In the Baltic Sea Region, the impacts on the ecosystem of climate change can be particularly important due to its location, the importance of the cold climate and the vulnerability of the natural environment. Major changes are expected to affect the hydrology and biology of the region. Some sectors are particularly vulnerable such as: agriculture, fisheries and tourism. Hence, a number of the Baltic Sea countries, including Sweden, Finland and Latvia, are already preparing national adaptation strategies focusing on the impacts and measures that need to be taken in order to cope with climate change. Given the importance of the Baltic region, and relevance of cross boundary issues, consideration could also be given to elaborating a regional adaptation strategy.

Finally, understanding climate change and geophysical forcing are key themes for the BONUS research programme (cf. priority area number 1. ‘To reduce nutrient inputs to the sea to acceptable levels’).

Hotspot (main problems):

Although the likely impacts of climate change are difficult to predict with certainty, it is clear that the projected increase in temperature and precipitation will have a major influence on the conditions in the Baltic Sea region. It will be important to identify more precisely the impact of climate change at local level and how to reduce this impact.

There are several expected regional impacts of climate change. Rivers around the sea add about 2% of the total volume as fresh water, with significant variations between years. There will be changes in precipitation which will affect the runoff into the Baltic Sea, with potential increases in annual river flows from the northernmost catchments together with decreases in the southernmost catchments. Seasonally, summer river flows would tend to decrease, while winter flows would tend to increase. The water of the sea will be affected as the average salinity of the Baltic Sea is projected to decrease and water temperature, water balance, circulation can be expected to change. This will have impacts on the biological processes and biota in the Baltic Sea, affecting the species that live in the Baltic Sea, their distribution, and their interaction. The anticipated impact of warming on marine mammals in the Baltic Sea is mainly expected in the large decrease of ice cover, impacting the seal species that breed on ice, primarily ringed seals but also grey seals.

The Baltic Sea Region has the potential to be a model region in the field of climate change. In particular, there is room for improvement in the energy efficiency in residential buildings, district heating (system for distributing heat generated in a centralised location for residential and commercial buildings) and combined heat and power facilities. The shift towards sustainable transport modes and improved intermodal transport will also provide an important contribution.

### Baltic Sea Region Added Value:

The Baltic Sea Region countries are all concerned by climate change and there are a lot of good experiences of mitigation and adaptation to climate change in this region. Therefore, there is much to gain from an exchange of experiences and cooperation on concrete projects. The Baltic Sea is a specific eco-region, and the impacts of climate change can be expected to be specific as well. It is thus important for regional actors to cooperate in adaptation measures.

In addition, the Baltic Sea Region has the potential to be a model region in combating climate change. In particular, in addition to the scope for developing renewable energies (mentioned in a separate section), there is room for improvement in the energy efficiency in residential buildings, district heating (system for distributing heat generated in a centralised location for residential and commercial buildings) and combined heat and power facilities.

Finally, the Baltic Sea is a specific eco-region, and the impacts of climate change can be expected to be specific as well. It is thus important for regional actors to cooperate in mitigation and adaptation measures such as those listed below.

### Actions:

#### Strategic actions:

- **“Establish a regional adaptation strategy at the level of the Baltic Sea Region”** which would provide a useful framework for strengthening co-operation and sharing information across the region. The possibility of establishing such a regional adaptation strategy should be considered and the consistency of any such strategy with actions at EU level further to the White paper from the European Commission on adaptation needs to be ensured. This issue could be addressed in the Impacts and Adaptation Steering Group proposed in the White Paper. Ensuring complementarities with EU-wide initiatives, a regional strategy could focus on issues of cross border interest in the region such as: developing a more robust evidence base on the impacts and consequences of climate change, raising awareness of the need for action; ensuring and measuring progress (using indicators as benchmark for measuring progress) and recommending early action to ensure that adaptation is integrated in key policy areas – this means reviewing policies in the light of the risks of climate change and considering options for adaptive action.

#### Cooperative actions:

- **“Promote the whole Baltic Sea Region as a green region (on land and in the sea)”**. Some Member States in the Baltic Sea Region are already front-runners in sustainable development (for example Stockholm and Hamburg have been awarded the title of ‘European Green Capital’) and there would be benefits on building on this to spread the experience to the entire region. While this initiative will include a number of important issues (including e.g. air, water and waste), an important priority will relate to promoting action in the region for mitigation and adaptation to climate change.
- **“Promote efficient heating systems”** in renovating district heating or combined heat and power facilities; and **“promote energy efficient housing”** in the residential sector and public buildings (e.g. regional / local action plans addressing these sectors, network to exchange best practices...).

Flagship projects (as examples):

- **“Anticipate regional and local impacts of climate change through research”**. Initiatives in this research field should address specific concerns in the Baltic Sea Region, while ensuring close coordination with overall action at EU level. (Lead: Denmark and Sweden; Deadline for progress review: to be determined)
- **“Implement fully the EU – Russia Energy Efficiency Initiative”**, particularly the biannual Work Programme of the Joint EU – Russia Thematic Group on Energy Efficiency of the EU – Russia Energy Dialogue for 2008 – 2009, approved by the Permanent Partnership Council on Energy on 8 October 2008 and to be implemented jointly by the EU and Russian side. (Lead: European Commission in cooperation with the Ministry of Energy of Russia or Inter-Governmental Body to be agreed; Deadline for progress review: 31 July 2010)
- **“Create a network of sustainable cities and villages”** to exchange knowledge and good practices on environmentally friendly city management practices. In this regard, consideration could be given to a wider participation in the existing Covenant of Mayors initiative that gives the lead to Europe’s pioneering cities to mitigate climate change through the implementation of intelligent local sustainable energy policies that create stable local jobs and increase citizens’ quality of life and address crucial social issues. One important component of a strategy for sustainability will be to take measures at municipal level for mitigation and adaptation to climate change. (Lead: Sweden or Denmark; Deadline for finalisation: to be determined) **FAST TRACK**

## **TO MAKE THE BALTIC SEA REGION A PROSPEROUS PLACE**

This set of priority actions recognises the importance of economic factors in promoting and sustaining the region. The Baltic Sea Region (BSR) includes some of the most successful and innovative economies in the world as well as regions that are fast catching up to the European average.

The Baltic Sea Region is the dominant foreign trade area for the smaller economies, like Estonia and Lithuania (share of the BSR in total trade over 50%). For the three Nordic countries, the share of Baltic Sea Region trade is between 37% for Sweden and 44% for Denmark. These figures are close for Poland, where share of the BSR trade is 35% in total trade. Only for Germany the share of BSR trade is significantly lower, due to the magnitude of German trade. Interesting is the fact that the biggest three trading countries in the BSR (Germany, Poland, Sweden) have a smaller share of trade with BSR compared to total trade. In addition, maritime economies play an important role in the countries of the Baltic Sea Region. Among the six EU Member States that have the highest share of maritime activities in their national economy (+ 3% added value and + 5% maritime employment) three are in the Baltic Sea: Estonia, Latvia and Denmark<sup>26</sup>.

This chapter therefore includes actions to promote entrepreneurship, innovation, and trade, thus enhancing business opportunities and making the internal market work better on the ground. It also includes actions to improve the quality of human resources and to improve the sustainability of the basic industries: agriculture, forestry and fishing.

### **Examples of financing**

Programmed expenditure for the 2007-2013 period under the European Regional Development Fund (ERDF) and Cohesion Fund for the Convergence and Competitiveness and employment programmes in the Baltic Sea Region in the field of prosperity:

Innovation in SMEs and entrepreneurship	€ 2.4 billion
Investments in firms	€ 2.0 billion
RTD activities	€ 1.2 billion
RTD infrastructures	€ 1.1 billion
Total:	€ 6.7 billion

In addition, other Community programmes (in particular the 7<sup>th</sup> Research Framework Programme, the LIFE programme, the European Social Fund (ESF) the European Territorial Cooperation programmes, the European Neighbourhood and Partnership Instrument Cross-border Cooperation programmes (ENPI CBC), the European Agriculture Fund for Rural Development (EAFRD), the European Fisheries Fund (EFF)<sup>27</sup> and the Competitiveness and

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<sup>26</sup> Estonia (value added 9%; employment 7%), Latvia (value added 8%; employment 5%), Denmark (value added 4%; employment 5%). Study "The role of Maritime Clusters to enhance the strength and development in European maritime sectors" ([http://ec.europa.eu/maritimeaffairs/clusters\\_en.html](http://ec.europa.eu/maritimeaffairs/clusters_en.html))

<sup>27</sup> Programmed Community expenditures 2007-2013 under the EFF in the field of prosperity: Sustainable development of fisheries areas € 316 million; Investments in fisheries processing, marketing and aquaculture € 500 million; Total: € 816 million

Innovation Programme) as well as national, regional and local policies are financing important projects. In addition, the European Investment Bank (EIB) is already providing its lending / co-financing to a large number of projects and could further extend its activities to a large number of flagship projects.

**Examples of projects financed by ERDF and the Cohesion Fund (ongoing and planned ones, total cost) <sup>28</sup>:**

- "Fiber Optic Valley" (co-financed by Objective 2 in Sweden in 2000-2006) and its spin-off project "Testbed Gävleborg" (Norra Mellansverige programme) are considering a cluster across the Baltic Sea.
- Cooperation between universities: The Östra Mellansverige 2007-2013 Competitiveness programme in Sweden, finances a project called "PRIM" (Processes and Relations in Innovative Environments) which supports cooperation between several universities and their incubators. Total cost: € 6.5 million.
- JOSEFIN - Joint SME Finance for Innovation, is a European Territorial Cooperation project under the Baltic Sea Region 2007-2013 transnational programme. Project duration: January 2009 – December 2011. An extension up to 2 years as a "strategic project" is under consideration. Total cost: € 3.9 million
- The Pomorski Science and Technological Park, Poland - extension 3rd stage (Total cost: € 48 million)
- Maritime Cluster in Schleswig Holstein, Germany (Total cost: € 50.8 million)

The pillar 'to make the Baltic Sea Region a prosperous place' covers the following priority areas:

6. To remove hindrances to the internal market in the Baltic Sea Region including to improve cooperation in the customs and tax area
7. To exploit the full potential of the region in research and innovation
8. Implementing the Small Business Act: to promote entrepreneurship, strengthen SMEs and increase the efficient use of human resources
9. To reinforce sustainability of agriculture, forestry and fisheries

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<sup>28</sup> Some of these projects also benefit from a framework loan from the European Investment Bank (EIB)

<b>6. To remove hindrances to the internal market in the Baltic Sea Region including to improve cooperation in the customs and tax area</b>	Coordinated by Estonia
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Presentation of the issue:

In the Baltic Sea Region obstacles to trade in goods and services still exist at the practical level despite the fact that all the Member States are part of the internal market. The markets in the Baltic Sea Region are, with the exception of Germany, relatively small and therefore heavily dependent on trade in the region to maintain their competitiveness.

The Baltic Sea Region is the dominant foreign trade area for all countries concerned except Germany. The level of trade between the countries is increasing but at a slower pace than would be expected, which is a sign that the integration of the markets is not progressing as it should. It has proven to be especially difficult for SMEs to benefit optimally from the internal market and successfully expand their activities to their neighbouring countries. This puts a brake on in particular those SMEs that are growing and therefore need bigger "domestic markets" to be able to expand.

To secure practical and functioning trade relations to third countries it is important to reduce administrative, non-tariff barriers to trade and cross-border movement of goods between especially EU and Russia. This requires improvement of customs procedures and infrastructure. Furthermore it is important to strengthen international tax cooperation, improve conditions to trade and investment, and to reinforce efforts to combat cross-border tax fraud and evasion.

Most of the obstacles to the Internal Market for goods carried by sea (90% of internal goods for a country such as Finland) result from the fact that maritime transports are considered to leave the customs territory of the European Community when the vessels leave the territorial waters and re-enter in the EU customs territory at the port of arrival. This situation is no longer justified at a time where vessels can be easily tracked by coastal authorities. In order to abolish the systematic formalities applied to Internal Market goods, the Commission adopted on 21 January 2009 a Communication<sup>29</sup> in view of the implementation of a European maritime transport space without barriers, aiming at eliminating or reducing at maximum administrative procedures for goods and vessels sailing between EU ports. The Baltic Sea Area will largely benefit from the implementation of the actions in the "European maritime transport space without barriers" action plan, which was endorsed by the Council on 30 March 2009.

Hotspot (main problems):

The insufficient trade relations established by SMEs in the Baltic Sea Region can be explained by administrative burdens posed by national legislation, implementation of EU directives in a non-transparent way, strongly regulated labour markets, and weak tax incentives. As a result there is often a lack of competition, which translates as relatively high price levels.

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<sup>29</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Communication and action plan with a view to establishing a European maritime transport space without barriers (COM(2009) 10 final; 21.01.2009)

Better integration is needed if the region is to maintain and improve its position as a prosperous region. Consultation and analysis carried out to prepare the 2007 Single Market Review<sup>30</sup> have shown that, in many areas and sectors of the Single Market, the legal framework is not yet functioning as well as it should.

Citizens and businesses do not always seize the many opportunities the Single Market has to offer because the rules are not transposed, applied or enforced properly, or in the same way, in all Member States. As shown in the latest Internal Market Scoreboard<sup>31</sup>, although Member States have become much better in transposing Internal Market legislation in time, there are still problems with its correct application, with a high number of reported open infringement cases. Furthermore, citizens and businesses still do not have sufficient information to use and enforce in practice their Single Market rights<sup>32</sup>. Even more efforts should therefore be made to translate and distribute material that in a coherent way explains these to the different target groups.

The traded goods going outside EU are experiencing serious difficulties due to problems in the control procedures, and delays are usually long at the EU border with Russia. Queues of lorries form regularly at crossing points from Finland, Estonia and Latvia. The main reason is the growth of EU-Russia trade, and there is a need for Russia to implement legislation streamlining procedures and improving infrastructure.

Ships transporting goods in an intra-European context, but stopping in ports outside the Single Market, have to clear all goods on board through full external customs procedures, irrespective of whether it represents intra-EU trade or international trade. Improvements in handling these types of goods would significantly contribute to the efficiency and competitiveness of shipping as an environmentally-friendly transport mode.

#### Baltic Sea Region Added Value:

Due to small markets in the Baltic Sea Region, it is essential that appropriate measures are taken to upgrade the business environment. A policy framework conducive to investors and a dynamic business environment offer the best options for sustaining high levels of development in the west, and increasing levels in the eastern part of the Baltic Sea rim. The current crisis makes it especially important to stimulate further integration of the markets in the Baltic Sea Region. To strengthen the trade links within the region through reducing the barriers is a cost efficient way of revitalising the economy. It is also important for the region to fully implement the recommendations from the Small Business Act, thus reducing the administrative burden for smaller companies.

It is also important to support and facilitate the development of legitimate trade and economic cooperation, to combat customs fraud and enhance security and safety of the supply chain in trade with third countries. This requires, inter alia, a package of measures to strengthen cooperation between customs authorities of the EU Member States with Russia (and Belarus), and to remove procedural, human resource and infrastructural bottlenecks. Promotion of the principles of good governance is needed to ensure fair and efficient tax systems. This plays an essential role in ensuring a level playing field for economic relations, trade and investment.

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<sup>30</sup> Commission Communication "A single market for 21st century Europe"; COM (2007) 724 final; 20.11.2007

<sup>31</sup> [http://ec.europa.eu/internal\\_market/score/docs/score18\\_en.pdf](http://ec.europa.eu/internal_market/score/docs/score18_en.pdf)

<sup>32</sup> According to 2006 Eurobarometers, [http://ec.europa.eu/internal\\_market/strategy/index\\_en.htm#061204](http://ec.europa.eu/internal_market/strategy/index_en.htm#061204)

It is however important to point out that all cooperation on the internal market issues are on a voluntary basis and no new structures or further reviews will be imposed as a result of the strategy. If it can be proven that such cooperation is possible in the Baltic Sea Region, this experience can be shared by other Member States.

Actions:

Strategic actions:

- ***“Implement the strategy aimed at sustainable improvement and facilitation of controls at the border of goods”*** adopted at the meeting of the EU-Russia Sub-Committee on Customs and Cross-border cooperation on 26 April 2007 and reconfirmed on 19 June 2008. An assessment of the strategy's implementation is expected to be carried out in the second half of 2009.
- ***“Coordinate with actions taken by the CBSS Working Group on Customs Cooperation and Border Crossing Aspects (WGCB)”*** in order to improve cooperation among authorities at the border, including harmonization of working practices, common training and exchanges of information and best practices.

Cooperative actions:

- ***“Open up the public sector to competition”***. Increase productivity in traditionally state and municipal services by gradually further opening for free competition in relevant areas such as waste management, recreational activities, supply of local energy etc. to secure full access to the respective markets in the Baltic Sea Region.
- ***“Remove remaining barriers to the cross-border provision of services”*** by timely and consistent implementation of the Services Directive and other relevant directives, especially those effecting SMEs. Besides requiring Member States to take concrete legislative measures, the Directive asks them to put in place a variety of practical measures such as Points of Single Contact for service providers, electronic procedures and administrative cooperation. It also introduces innovative tools, such as the review of national legislation and the process of mutual evaluation. A close co-operation between the bodies responsible in each Member State for implementing the Services Directive has been established during the last two years in the framework of the “Nordic-Baltic cooperation group”. This cooperation could further be enhanced through exchange of good practices, including for the setting up of Points of Single Contact, and also through engaging business associations in the process.
- ***“Make the EU internal market work on the ground for the Baltic Sea Region”*** through enhanced cooperation between national authorities in managing the Single Market. Improved and increased administrative cooperation between national authorities in the Baltic Sea Region on the implementation of Single Market Directives should be developed with the existing “Nordic-Baltic cooperation group” for the Services Directive as an inspiration. National authorities are also encouraged to cooperate within the Baltic Sea Region regarding provision of training in single market law to national civil servants and court officials; and provision of information to citizens and businesses about their rights and opportunities in the Internal Market. Such close cooperation on Single Market issues between the authorities of the Baltic Sea Region should be developed in the context of and

in line with the **Commission's Recommendation on Partnerships** which is to be adopted in June 2009.

- **“Promote the principles of good governance in the tax area”**, namely transparency, exchange of information and fair tax competition, in order to improve international tax cooperation and reinforce efforts to combat cross-border tax fraud and evasion. A first step would be to reach an agreement with Russia on good governance in the tax area.

Flagship projects (as examples):

- **“Remove remaining single market barriers”** by strengthening the practical cooperation between the responsible authorities. For instance, increase cooperation, where possible, between the SOLVIT centres<sup>33</sup> in the countries covered by the Baltic Sea Region Strategy. This could be done on different issues, including for example on promotion activities or where possible on SOLVIT + cases<sup>34</sup>. Appropriate best practices could possibly be subsequently identified for the entire SOLVIT network. Links should be established to regional bodies working to remove barriers like the Baltic Sea Chamber of Commerce Association and the Baltic Development Forum. The Nordic Council of Ministers has also been active. This work should be supported by the development of an ‘Internal Market guide’ (‘IM-guide’) for national authorities regarding single market rules and practical information on how they should be applied and where necessary, setting up help-desks in the Baltic Sea Region Member States, in line with the similar recommendations to all Member States in the Recommendation on Partnerships. (Lead: Poland; Deadline for progress review: to be determined) **FAST TRACK**
- **“Implement European space for maritime transport without borders in the Baltic Sea Region”**. This plan includes several legislative measures, including a proposal aimed at simplifying administrative formalities based on Community regulations and recommendations to Member States for reducing the administrative burdens imposed on shipping companies. This should be done through analyzing the present legal and administrative barriers and initiating necessary changes to the regulatory and administrative framework through better regulation strategies, and by developing integrated maritime information reporting systems (single window). (Lead: to be agreed; Deadline for progress review: to be determined)
- **“Increase the use of electronic signatures/e-identification”** in contacts with authorities in the Baltic Sea Region, in line with the November 2008 Action Plan on e-signatures and e-authentication<sup>35</sup>, which aims to ensure that electronic signature and authentication applications are interoperable across borders. This would enable a cost-effective and a more expedient conduct in the provision of public services and of administrative and court proceedings. Joint projects should be developed within the field of information society;

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<sup>33</sup> SOLVIT is an on-line problem solving network intended to solve without legal proceedings problems caused by the misapplication of Internal Market law by public authorities, handling complaints from both citizens and businesses

<sup>34</sup> “SOLVIT +” aims at achieving structural solutions for recurrent problems. The SOLVIT centres are sometimes confronted with problems caused by incorrect transposition of EU law into national law. These are cases in which SOLVIT centres participate in the work to get national legislation or guidelines changed to comply with EU rules.

<sup>35</sup> COM(2008) 798 of 28.11.2008

these would include electronic voting and other public and private electronic services. (Lead: Estonia; Deadline for progress review: to be determined)

- ***“Provide better information to citizens and business about the “Goods Package” and the Services Directive”***. Raising awareness about this new legislation, in particular on the use of the Product Contact Points in the Baltic Sea Region, will contribute to the better functioning of the internal market in the Baltic Sea Region. (Lead: Sweden - The national board of trade; Deadline for progress review: to be determined)
  - ***“Exchange of best practices on the practical functioning of Product Contact Points and of Points of Single Contact”*** to share experience and enhance their performance over time. (Lead: Sweden - The national board of trade; Deadline for progress review: to be determined)
  - ***“Encourage Sharing of competences between accreditation bodies”***. Co-operation between accreditation bodies could be a cost-effective way of sharing competence and offering a wide range of accreditation services to companies, without having all the facilities in each member state. (Lead: Sweden - Swedish Board for Accreditation and Conformity Assessment; Deadline for progress review: to be determined)
  - ***“Monitor implementation of the priorities of the EU-Russia strategy”*** for improvement of controls at the border, namely: a) Implementation by Russia of legislative, administrative and procedural measures to improve the situation at the border; b) Implementation of a pilot project on EU-Russia information exchanges; c) Implementation and development of border-crossing and customs infrastructure. (Lead: European Commission; Deadline for finalisation: to be determined)
  - ***”Monitor border situations”*** by re-launching the "Laufzettel" project, originally carried out in 2001, 2003, and 2005, with the objective of measuring border crossing/clearance times and identifying bottlenecks as well as opportunities to improve control procedures at the EU-Russian border. (Lead: CBSS-WGCB<sup>36</sup>; Deadline for finalisation: to be determined)
- FAST TRACK**

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<sup>36</sup> CBSS Working Group on Customs Cooperation and Border Crossing Aspects

<b>7. To exploit the full potential of the region in research and innovation</b>	Coordinated by Sweden and Poland
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Presentation of the issue:

If the Baltic Sea Region is to create a vibrant innovation environment, being composed of relatively small countries and innovation milieus of different levels of maturity, it is crucial to strengthen transnational co-operation. This has to happen both at the policy and business level, thus achieving better mobility, higher regional coherence and sustainable economic growth. Regions must attract innovative companies and establish efficient innovation support services to increase their innovation capacity in the long term.

The process of globalisation results in an increased competition between countries and regions regarding investments in production, knowledge, and innovation. At business level, the development of knowledge-intensive products and services is a crucial factor if companies are to be competitive in the global market. At policy level, countries, and particularly regions, must develop efficient innovation systems that offer entrepreneurial dynamism and intensive linkages between top-level knowledge institutions, private investors, incubators and related business services. To do this at Baltic Sea level presents certain special challenges but is needed if the region is to prosper.

Hotspot (main problems):

The division between more established R&D institutions in the northern and western shores vs. newly established or reformed institutions at the eastern and south eastern shores in the Baltic Sea is still very present, despite recent high growth in the eastern parts. This is also reflected in the latest European Innovation Scoreboard (EIS 2007). The Baltic Sea region includes some of the innovation top-performers in Europe, and others that are lagging behind. To draw the full benefits from the regions innovation potential, a more coherent approach is needed based on cooperation and trust.

Baltic Sea Region Added Value:

The greatest added value will be achieved if priority is put on sectors where the region is particularly strong. To further explore such regional strengths, the cluster approach could be appropriate. This approach would build on existing cluster mapping studies recently conducted in different Baltic Sea Region countries at regional or national level, as well as on the cluster mapping results of the European Cluster Observatory<sup>37</sup>, and the BSR INNO-Net project that is funded under the EU initiative PRO INNO Europe<sup>38</sup>. It is also important to fully utilise the opportunities to cooperate within the framework of the European Research Area (ERA).

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<sup>37</sup> <http://www.clusterobservatory.eu/>

<sup>38</sup> Further information can be found on <http://www.proinno-europe.eu>.

## Actions:

### Strategic actions:

- **“Establish a common Baltic Sea Region innovation strategy”** which will address the following four challenges: (a) reduce existing innovation barriers, including the harmonisation of different legal and regulatory environments for Foreign Direct Investment (FDI), particularly for further developing the Lead Market initiative; (b) facilitate transnational cooperation for the development and commercial exploitation of joint research projects; (c) utilise together the high level human capital in the region and promote the mobility of researchers; and (d) jointly develop new and better innovation support instruments, including Intellectual Property Rights (IPR) support. This work will liaise with similar efforts undertaken under the PRO-INNO Europe initiative for the period 2009-2012.

### Cooperative actions:

- **“Improve the exploitation of research through patents”** by fostering increased cooperation between national patent authorities in the Baltic Sea Region in providing innovation support facilities. “Sector specialization among the different authorities” in the Baltic Sea Region and the ability to assist application to other Baltic Sea Region countries and to the European Patent Office (EPO) are ideas that could be part of such cooperation. Support should be provided to SMEs, individual inventors and public research organisations to integrate IPR into their business strategies.

### Flagship Projects (as examples):

- **“Develop a Baltic Sea Region Programme for Innovation, Clusters and SME-Networks”.** The concrete objective is to foster R&D and business-related transnational collaboration covering innovation systems, clusters and SME networks, in order to strengthen economic growth in the whole Baltic Sea Region. The Programme will establish "a new Baltic Sea Region brand", building on "smartness", research, innovation and co-operation, leading to capacity building, stronger international competitiveness, increase in foreign investments and world-class actors in some strategic areas. The Programme can be built upon the results and recommendations of the BSR-Network INNO-Net project, funded under the PRO INNO Europe initiative. The objective is to improve Baltic Sea Region competitiveness and innovation through trans-national cluster cooperation both at policy and business level by mobilising cluster organizations, national or regional programmes and funds. Activities under this Baltic Sea Region programme will also include the development of a "Baltic Sea Region" method for better exploiting small business networks. Due to the importance of maritime economy for the region, maritime clusters will be promoted in order to link them to knowledge networks and to exchange best practices on the establishment of cluster organisations. (Lead: Sweden and Lithuania; Deadline for progress review: to be determined) **FAST TRACK**
- **“Create a Baltic Sea Fund for Innovation and Research”.** A common pot for R&D financing of common interest should be developed, using tested and successful models for the practical set-up with national public and private funding<sup>39</sup>. The aim is to promote research infrastructure tailored to the specific strengths of the regions and of particular

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<sup>39</sup> Models to be used could be the BONUS 169, ERIC (European Research Infrastructures Council) and/or the Nordic Top-level Research Initiative

individual institutions, linked to specific clusters of excellence for product innovation and marketing. (Lead: Nordic Council of Ministers; Deadline for finalisation: to be determined)

- **“Develop a common Baltic Sea Region strategy to promote services innovation”**. This will have three main objectives: (a) to collect better statistical data from Baltic Sea Region countries to analyse the current status and potential of innovation in the sector of knowledge-intensive services; (b) to identify the scope and objectives for trans-national cooperation between clusters operating in the service sub-sectors such as ICT, creative industries and the cultural sector in general, eco/green-innovation and energy; (c) to improve the framework conditions that are needed to support such cluster cooperation in the domain of services in a sustainable way, as well as to facilitate the internationalisation of high growth service businesses. This work will liaise with relevant EU INNO-Net policy project funded under the PRO INNO Europe initiative for the period 2009-2012. (Lead: Lithuania and Finland; Deadline for progress review: to be determined)
- **“Set up cross-sectoral reference projects for innovation in health and life sciences”**: The promotion of public health on a high level and the exploitation of modern life sciences can be regarded as prerequisites for the Baltic Sea Region to become a globally leading and prosperous "Health Region". Furthermore the demographic challenges can only be met with innovations in science, technology and social science. The ScanBalt BioRegion, today one of Europe's leading cluster collaborations, introduced the basic principles of sustainability in 2004 within all fields of life sciences whether it is health, energy, nutrition, or environmental life sciences. The Baltic Sea Region can in this sense be regarded as a model for providing the basis for a knowledge-based economy and for implementing a shared strategy together in a sustainable way in a broad spectrum of activities. (Lead: Lithuania or/et Germany tbc; Deadline for progress review: to be determined)
- **“Setting up a Baltic Science Link”** Research infrastructure is important for a region to be at the forefront of research and innovation. The Baltic Sea Region has several important existing infrastructure installations (the high-energy PETRA-III storage ring at the German Synchrotron Research Centre in Hamburg; The European X-Ray Laser project XFEL in Schleswig-Holstein; the MAXIV, Synchrotron Radiation Research, Nuclear Physics and Accelerator Physics lab in Lund) and is hoping for support for further ones like the European Spallation Source (ESS) in Lund<sup>40</sup>. This infrastructure should be used optimally to strengthen the scientific capability and competitiveness as well as the attractiveness of the region. This could be accomplished by building a strong network between universities, research institutes and industries in the region, i.e. the Baltic Science Link. Already strong research fields in the region; life sciences, material technologies; would form the core of these scientific clusters. (Lead: Sweden: Swedish Research Council; Deadline for progress review: to be determined)
- **“Develop a regional foresight programme”**, which will help identifying desirable directions of cooperation in R&D and innovation. This would include developing a map on innovation potential per country/area on major themes such as climate, renewable energies, quality shipbuilding, etc. A regional database containing information about financed

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<sup>40</sup> A joint project for the European research area. ESS Scandinavia is a consortium working to ensure ESS will be built in Lund. The consortium consists of all the universities and colleges in the Öresund region, a number of other leading universities and research institutes in Scandinavia as well as Region Skåne, Lund Municipality, Copenhagen Capacity and the Öresund Committee.

research projects in areas of importance for the region's development, a list of best practices in the area of R&D cooperation and commercialisation of the research results in the states of the region should also be developed. (Lead: Poland; Deadline for finalisation: to be determined) ***FAST TRACK***

<b>8. Implementing the Small Business Act: to promote entrepreneurship, strengthen SMEs and increase the efficient use of human resources</b>	Coordinated by Denmark
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Presentation of the issue:

In the Baltic Sea Region the general conditions for growth need to be strengthened. There should be increased and more effective support for entrepreneurship and SME development, as well as strengthened cooperation between business support institutions. The level of trade and investments in the region could be increased through better cooperation between trade and investment bodies and development of supportive measures aimed at further economic integration. In addition, the crisis may change the focus of enterprises to seize the business opportunities of the future in "green businesses". To secure the long term prosperity of the Baltic Sea Region, entrepreneurship needs to be included in all levels of education, teachers should be provided with appropriate economic knowledge and innovative teaching methods should be developed.

To achieve high productivity, high levels of innovation and sustainable economic growth, the Baltic Sea Region also needs to increase the labour market inclusion and integration. High levels of employment, good quality jobs, and low levels of social exclusion are vital factors if the companies of the Baltic Sea Region are to stay competitive.

Hotspot (main problems):

Institutional barriers substantially restrict the activities of SMEs in the Baltic Sea Region. If development in the region is to be based on those enterprises it is therefore necessary to lift restrictions hampering them as swiftly as possible. The first priority is to create an institutional framework defining coherent rules for the functioning of entrepreneurship (in practice those rules are frequently too restrictive or complex). The quality of the institutional and legal framework in which enterprises operate in the Baltic Sea Region differs much between individual states.

There are several obstacles to a more integrated labour market in the Baltic Sea Region. Apart from the traditional legal and administrative factors – linked to social security and the recognition of qualifications – two new categories of limitations have been highlighted: the “practical” obstacles linked to accommodation, language, the employment of partners and spouses and the “psychological” obstacles in particular the issue of return to the country of origin and the lack of recognition of mobility.

Improving maritime careers and training and qualifications can contribute significantly to increasing Maritime safety, employment, and overall competitiveness of the whole maritime cluster.

Baltic Sea Region Added Value:

The significant differences in the levels of socio-economic development between individual states are not conducive to coherent socio-economic development of the area. More and closer integration as well as better conditions for the entrepreneurs to trade and do business with their

neighbouring countries are needed if the region is to prosper. It is also important to increase cooperation in areas where the region has a strong position and significant potential for further growth: examples of such areas are design and environmental technology.

Co-operation on intra-EU mobility could better align labour market demands in both sending and receiving countries to the supply of work force, through linking labour market training, retraining and advanced training in a more co-ordinated way. This is a way to ensure that the region has the trained labour force it needs. There is a great potential in utilising the strengths of the different labour markets in the region, both the more mature and the more dynamic, in particular to meet the needs of especially the growing innovative companies.

As regards maritime clusters, the mix of economic activities in the different countries around the Baltic<sup>41</sup>, in terms of shipping, shipbuilding, ports, services, equipment supply, maritime works and fisheries, would be able to deliver positive results in fostering internationalization and the competitiveness of SMEs.

#### Actions:

##### Strategic actions:

- ***“Promote trade and attract more investments into the Baltic Sea Region”*** through better cooperation between trade and investment promotion bodies in order to further enhance the tools provided by the Member States in this area. Further enhanced collaboration between trade and investment agencies in the region would be of benefit for intra-regional trade, as well as for the trade of companies from the region with countries outside.
- ***“Secure access to capital for SMEs”*** for instance by promoting and introducing new and innovative tools that facilitates the access to capital in the region, particularly at an early phase of their development. Examples could involve cross-border venture capital funds and cross-border guarantee schemes that would make it possible to exploit economies of scale and scope when investing in SMEs or guaranteeing their lending. The EU-financial instruments of the Competitiveness and Innovation Programme, as well as the Structural Funds should be used extensively and in an effective way in order to secure finance to SMEs where current market conditions are difficult. The EU-sources for SME-finance should be complemented by national and regional financing.
- ***“Encourage and promote female entrepreneurship”*** to support economic growth and jobs in the Baltic Sea Region”. There is a need of enhancing entrepreneurship of women by targeted actions to young women and second career women that start-up or think about changing their professional activities. Policy makers and SME stakeholders in the Baltic Sea Region should be encouraged to increase and promote the spirit of enterprise amongst women. To create a favourable climate for female entrepreneurship contextual, economic and soft factors that hinder start-up and growth of women’s enterprises need to be addressed.
- ***“Jointly develop entrepreneurship in offshore renewable energy, particularly wind, to make the Baltic Sea Region a lead region in this field”***. Offshore renewable energy is one of the growing maritime sectors. Pioneer work and the development of innovative

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<sup>41</sup> Study "The role of Maritime Clusters to enhance the strength and development in European maritime sectors" ([http://ec.europa.eu/maritimeaffairs/clusters\\_en.html](http://ec.europa.eu/maritimeaffairs/clusters_en.html))

technologies have been done by small and medium size enterprises and these economic structures will continue to be important for the sector's development. Strengthening the entrepreneurship in the Baltic Sea Region in this field could lead to the development of a lead market initiative for renewable and clean energy. The conditions and ongoing activities in Denmark, Germany and Sweden as well as the gas transports from Russia make the region more or less already the hotspot for innovation and new developments in this field. The Baltic Sea Region States could take a leading role in a broader European development through e.g. listing the main technology challenges and demonstrating the main regulatory obstacles in anticipating a Europe-wide debate on offshore renewable energy. The horizontal action on Maritime Spatial Planning (see below) can be beneficial for this action. Support for "green businesses" more generally is vital.

- ***“Entrepreneurship training as part of the school curricula”*** Entrepreneurship should be included at all levels of education including at university level, teachers should be provided with appropriate knowledge and innovative teaching methods and an entrepreneurial culture should be established. This should be done with involvement of local business. Universities in the Baltic Sea Region should be encouraged to increase the spirit of enterprise and to create a favourable climate for entrepreneurship, not only addressed to business and economics students. Measures should include support for university start-up companies, spin-offs and specific teacher training.
- ***“Facilitate rural entrepreneurship”*** by establishing programmes for education and cross-border exchanges, making full use of funding available in the European Agricultural Fund for Rural Development in support of SMEs.

#### Cooperative actions:

- ***“Increase labour mobility”*** not only within but also into the labour markets by promoting increased transnational cooperation in reducing borders and enhancing mobility. Cooperation between municipalities, regions and Member States is an important way to increase the efficiency of the support instruments through the mutual exchange of experience, analysis of future topics, and on procedures for implementation and comparison of performance. Fostering deeper co-operation between job-agencies in the Baltic Sea Region and promoting better links between labour training, retraining and advanced training and the **labour market needs in the entire region**. Another important issue is the mutual recognition of qualifications which requires cooperation between the relevant control bodies. The maritime cluster can benefit from labour mobility between land-based and sea-based jobs and careers, as well as a more transparent and higher-level system for qualification for maritime professions. Actions are detailed in chapter 4-13.
- ***“Make the Baltic Sea region a leader in design”***. The States in the region have both potential and experience to build on in the field of design development and have initiated cooperation in this area. There are some similar features in design originating from the region and this should be marketed in a joint way. Dissemination of good practices related to the Baltic Sea basin design through thematic conferences and exhibitions of good practices festivals: e.g. Gdynia Design Days.
- ***“Initiate an exchange of good practices in the area of administrative simplification of start-ups, licenses and bankruptcy procedures”*** based on the recommendations from the Small Business Act.

Flagship projects (as examples):

- ***“Promote young entrepreneurs”***: Cooperation between education and business sectors is important to create sustainable growth. A joint initiative should be developed to focus on encouraging young entrepreneurship, as well as promoting and making financial resources available for developing young entrepreneurs’ mobility and for cross border networks for young entrepreneurs in the Baltic Sea Region (Lead: Denmark; Deadline for progress review: to be determined)
- ***“Develop deeper cooperation on environmental technology to create new business opportunities”***. To strengthen SMEs in the environmental technology sector a stronger critical mass in knowledge and technology has to be created involving both RTD (research) and enterprises. Joint actions should include increased cooperation in export promotion especially to China and India. (Lead: Poland; Deadline for progress review: to be determined)
- ***“Implement the project Sustainable Production through Innovation in Small and Medium sized Enterprises”***. The aim is to increase the innovation potential in SMEs to enhance their sustainable production processes, thereby increasing company profits whilst reducing economic and environmental costs. (Project financed by the ‘Baltic Sea Region’ Programme under the ‘Territorial Cooperation’ objective of the ERDF; total budget € 3 million over 3 ½ years). (Lead: Poland; Deadline for progress review: to be determined)  
**FAST TRACK**
- ***“Make the Baltic Sea an Eco-efficient region”*** e.g. by establishing a network on green public procurement where good practice and experience are exchanged. Focal points should be established in all Baltic Sea Region member states to increase the knowledge and disseminate information. (Lead: to be agreed; Deadline for progress review: to be determined)
- ***“Make the most of the European Code of Best Practices Facilitating Access by SMEs to Public Procurement”*** in order to help them to tackle the remaining problems which hamper their development. (Lead: Germany; Deadline for progress review: to be determined)
- ***“Implement the Baltic Sea Labour Network project”***. The project aims at improving the management and harmonisation of the common labour market issues in the Baltic Sea Region based on joint transnational strategies. In particular, demographic changes and migration processes will be taken into account. (Project financed by the ‘Baltic Sea Region’ Programme under the ‘Territorial Cooperation’ objective of the ERDF; total budget € 2.6 million over 3 ½ years). (Lead: to be agreed; Deadline for finalisation: to be determined)  
**FAST TRACK**
- ***“Provide information to jobseekers on job offers”***, including information on working conditions and residence in the Baltic Sea Region through better use of the European portal dedicated to job mobility, EURES. A wide range of practical services are offered through EURES and its networks of more than 800 advisers across Europe to both jobseekers and employers, as well as to any citizen wishing to benefit from the principle of the free movement of persons. This should be done through increased cooperation between the

responsible ministries, authorities and agencies. (Lead: to be agreed; Deadline for progress review: to be determined)

Presentation of the issue:

In the Baltic Sea Region agriculture, forestry, and fisheries are important to the economy and sustainable development. Keeping these sectors profitable and competitive is a key factor in securing the future sustainable development of the region. The cooperation in the Baltic Sea Region of these sectors has so far been relatively modest. Many advantages could be gained if it could be increased.

The Baltic Sea Region is to a large extent a forest-dominated region. Accordingly, the forest sector is important for regional development. A more integrated approach to utilising wood and other forest related products is needed to exploit this fully.

Fisheries have a long tradition in the Baltic and the Baltic fishing fleet is historically important. While some of the stocks are fished within natural limits, in some of the commercially most important fisheries, fleet overcapacity is causing low profitability and poor compliance, and stocks are overfished and outside safe biological limits. The continued technical development of vessels and gear has further increased efficiency and exacerbated the overcapacity problem. In 2008 the Commission has launched an review of the current policy analysing achievements and shortcomings to date. The analysis has identified five main failures of the policy, namely overcapacity, imprecise policy objectives, short-term focus decision-making, lack of responsibility of the industry and a lack of will to ensure compliance by Member States and poor compliance by the industry. Addressing these failures during the upcoming reform of the Common Fisheries Policy (CFP) will be a prerequisite for meeting the overall objective of the policy, the sustainable exploitation of the natural resources. Competition on foodstuff and agricultural products is stronger, and there is a need to develop the agricultural sector further, both making it more environmentally sustainable and more competitive. To achieve these objectives research within the industry and improved cooperation is needed.

In the context of the initiatives undertaken by the Standing Committee on Agricultural Research (SCAR), a working group has been created with the mandate to better coordinate national research efforts towards the development of sustainable agriculture in the Baltic Sea Region.

Hotspot (main problems):

The rural areas in the north of the region are some of the most sparsely populated areas in the EU. At the same time other rural or coastal areas within the region face pressure from urbanisation. Consequently the needs and challenges for the areas and the agricultural sector or fisheries vary, although many of the problems are still common, for example competitiveness, environmental challenges and de-population of rural areas.

The existing imbalance between capacity and available resources has often led to political pressure for setting annual allowable catches well above scientific advice resulting in overfishing and stock decline. Moreover overcapacity results in low profitability and poor compliance with the rules, with significant amounts of mis- and unreported catches and low

resilience to external factors such as market changes. The current financial crisis, and recent pressures of volatile fuel prices and rather stagnating first sale fish prices, has exposed the sector's economic vulnerability further. Lack of cooperation between Member States as well as insufficient incorporation of market and consumption considerations exacerbates this.

#### Baltic Sea Region Added Value:

Conditions relating to agriculture, forestry and fishing are quite specific in the Baltic Sea Region. This is the furthest north for agriculture in the EU, in sometimes harsh conditions. Forest species and growth patterns are also closely linked to Baltic geography.

To ensure sustainable fishing and increase the profitability for the fishing fleet, increased co-operation between all concerned countries and interest groups is necessary. The Baltic Sea has a low number of commercially exploited stocks and rather clean, single –species fisheries of which about 90% are within the Community and with only one external partner. It therefore constitutes a suitable candidate for a fully-embraced ecosystem approach management with i.e. reduced or eradicated discard levels of both commercial and non-commercial species. The medium and longer-term effects of such approach should be higher catch quotas and ecologically and economically healthier fisheries. The area could also serve as a model area for the development of alternative management set-ups and instruments in support of the reform process such as a more regionalised management and decision-making approach. Efforts to achieve capacity reduction, and the conservation and restoration of fish stocks must also go hand in-hand with improving the social well-being of those active in the sector.

#### Actions:

##### Strategic actions:

- **“Continue the adaptation of the Baltic fishing fleet capacity to the available resources”.** Evaluate the economic performance of the fleet segments and apply necessary measures to adjust fishing capacity to a level in-line with the available resource using national means or regulations within the framework of the CFP. Through the European Fisheries Fund (EFF) operational programmes, EU Member States have an opportunity to address the overcapacity of their fleet through the implementation of the fishing effort adjustment plans.
- **“Eradicating discards”** Even though discard rates are comparatively low in the Baltic Sea, there is scope for measures to reduce or eliminate them. This could be done by establishing joint pilot projects to identify viable solutions including gear modifications or temporal closures.
- **“Improve control and stop illegal fishing”** Enhancement of national quota utilisation and fisheries control and inspection, especially by high- tech monitoring and surveillance, improved coordination and harmonisation among Member States. An effective traceability system based on existing legislation and further analysis of developments should be established. The Copenhagen Declaration on combating unreported cod fishery in the Baltic Sea should be implemented.
- **“Develop and improve coordination and cooperation among Member States and stakeholders”** on Fisheries management in the Baltic Sea in order to tackle problems that need a common approach such as discarding, lack of compliance and lack of responsibility

in the industry and to explore ways to enhance the role of the Regional Advisory Council (RAC) in management and a further regionalisation of management and decision-making.

Cooperative actions:

- **“Develop sustainable strategies for wood”** within the framework of Sustainable Forest Management (SFM) and Research and Development programmes in order to develop a common Baltic Sea Region approach. Forestry research undertaken by the Nordic Council of Ministers should be exploited. The strategies would be placed in the broader context of national forest programmes or similar and / or national renewable energy plans, balancing renewable energy development, nature conservation strategies and wood mobilisation.
- **“Enhance the combined effects of the rural development programmes”** through better cooperation leading to more targeted measures. The programmes could be linked when dealing with similar problems. There should be a streamlining of the rural development measures in the national rural development programmes, including joint studies and monitoring. There is a need to develop joint training and advisory measures, with more emphasis on common innovation across borders. There should be deeper co-operation between the Local Action Groups in LEADER and other stakeholders in rural areas, leading to development of joint projects.
- **“Enhance the combined effects of the European Fisheries Fund (EFF) programmes** through better cooperation leading to more targeted measures. The programmes could be linked when dealing with similar problems. There should be a streamlining of the coastal development measures in the national EFF programmes, including joint studies and monitoring. There is a need to develop joint training and advisory measures, with more emphasis on common innovation across borders. There should be deeper co-operation between the stakeholders, leading to development of joint projects. The inter-regional and trans-national cooperation should be promoted among the fisheries groups under the EFF support for the sustainable development of fisheries areas, mainly through the national and the Community networks.

Flagship projects (as examples):

- **“Sustainable rural development”** Projects must be developed that bring together people in the region to develop sustainable rural tourism, agriculture, forestry and aquaculture or inland water fisheries. New practices on using an integrated approach should be developed to minimize the leakage of nutrients. (Lead: Poland and Sweden; Deadline for progress review: to be determined)
- **“Ensure sustainable fishing”** by addressing main failures in the policy as identified in the Common Fisheries Policy reform process in cooperation with stakeholders concerned and including the development of alternative approaches and the exchange of existing best practice in support of the reform of the policy (including the scientific assessments by ICES<sup>42</sup> and STECF<sup>43</sup>) and developing and implementing long term management plans for major Baltic fish stocks (cod, salmon, herring and sprat) based on an ecosystem approach, in cooperation with the communities concerned, and with the aim to reach maximum

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<sup>42</sup> The International Council for the Exploration of the Sea

<sup>43</sup> Scientific, Technical and Economic Committee for Fisheries

sustainable yields.) The EU fisheries management authorities should take into account the recommendations of the HELCOM Baltic Sea Action Plan when determining the measures to be taken. Progress towards sustainability of fisheries should be supported by adequate research and indicators applying the ecosystem approach. Environmentally and economically sound aquaculture should be further developed. (Lead: to be agreed; Deadline for progress review: to be determined)

- **“Encourage sustainable aquaculture production methods”**. This action is emphasised in the new Commission Communication on aquaculture and can be implemented by the European Fisheries Fund (EFF) operational programmes of the EU Member States. (Lead: to be agreed; Deadline for progress review: to be determined)
- **“Create a network on the implementation of EU food and feed legislation”** to exchange information on best practises for food and feed control and discuss implementation of food and feed regulation including expanding the co-operation between the member states on approval of pesticides. Nordic Council of Ministers cooperation in genetic diversity, food security and adaptability, and animal health and disease control should be reinforced. (Lead: to be agreed; Deadline for progress review: to be determined) **FAST TRACK**
- **“Establish a Forum for Inventive and Sustainable Manure Processing”** by the exchange of information on how to process manure in sustainable ways in the Baltic Sea Region to minimize the environmental impact, and to reach benefits such as renewable energy. (Lead: Denmark Innovation Centre for Bioenergy and Environmental Technology (CBMI) and Finland Agrifood Research, Technology Research and Environmental Research (MTT) Deadline for finalisation: to be determined) **FAST TRACK**

## **TO MAKE THE BALTIC SEA REGION AN ACCESSIBLE AND ATTRACTIVE PLACE**

The geography of the Baltic Sea Region, the very long distances by European standards (especially to the northern parts which are very remote), the extent of the sea that links but also divides the regions, the extensive external borders: all these pose special challenges to communication and physical accessibility in the region. In particular, the historical and geographical position of the Eastern Baltic Member States, with their internal networks largely oriented East-West, makes substantial investment in communication, transport and energy infrastructures particularly important.

At the same time, the very extent and variety of the region creates particular attractions for visitors and residents. The multiplicity of languages and cultures that have survived through centuries of interaction of various types, the range of urban heritage, landscapes, seascapes and cultural landmarks available, provide great potential to create a region that will be a magnet to visitors. The priority actions in this section therefore seek to address the risks and challenges, while also exploiting and enhancing the opportunities within the region.

### **Examples of financing**

Programmed expenditures for the 2007-2013 period under the European Regional Development Fund (ERDF) and Cohesion Fund for the Convergence and Competitiveness and employment programmes in the Baltic Sea Region in fields linked to accessibility and attractiveness:

Information Society:	€ 1.4 billion
Transport:	€ 23.1 billion
Motorways (TEN-T)	€ 8.4 billion
Railways (TEN-T)	€ 4.7 billion
National roads	€ 2.8 billion
Motorways (non TEN-T)	€ 2.1 billion
Other <sup>44</sup>	€ 5.1 billion
Energy:	€ 2.6 billion
Total:	€ 27.1 billion

In addition, the Trans-European Transport Network (TEN-T) Programme and other Community programmes (in particular the 7<sup>th</sup> Research Framework Programme, the LIFE programme, the European Territorial Cooperation programmes (under the European Regional Development Fund), the European Neighbourhood and Partnership Instrument Cross-border Cooperation programmes (ENPI CBC), the European Agriculture Fund for Rural Development (EAFRD), the European Fisheries Fund (EFF; Programmed Community expenditures 2007-2013 under the EFF contributing to the sustainable development of fisheries areas € 316 million) and the Competitiveness and Innovation Programme as well as national, regional and local policies are financing important projects. In addition, the European Investment Bank (EIB) is already providing its lending / co-financing to a large number of projects and could further extend its activities to a large number of flagship projects.

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<sup>44</sup> Including regional and local roads, airports, urban transport and ports.

## Examples of projects (ongoing and planned ones, total cost)<sup>45</sup>:

- Latvia:
  - Ongoing projects: The track renewal on the East-West Railway Corridor (total cost € 100 million) which is due to finish by 2010; The modernisation of the signalling systems of the Latvian East-West rail corridor (total cost € 90 million) which is due to finish by 2010; The access roads to the Ventspils Port Terminal (total cost € 28 million) which is due to finish by 2010.
  - Future projects: The first stage of the Rīga bypass – Koknese (estimated total cost € 291 million); Rail Baltica, in particular the reconstruction and development of TEN-T railway segments (estimated total cost € 80 million).
- Estonia: The development of Via Baltica, in particular the construction of Pärnu bypass in Estonia (total cost € 43 million); The improvement of the accessibility of Baltic Sea islands, improving harbour facilities and airports on these islands (total cost € 46 million)
- Lithuania: The design and construction of the railway ‘Rail Baltica’ which is planned to be co-financed from the Cohesion Fund (2007-2013) with an indicative total cost € 135 million and an indicative Cohesion Fund contribution € 97 million. The estimated implementation start date is the beginning of 2012.
- Lithuania: The reconstruction and development of TEN-T railway segments including 6 projects co-financed from the Cohesion Fund (2000-2006) with a total cost of € 167 million. All projects are to be completed by the end of 2010.
- Germany: The improvements to the Lübeck harbour in Schleswig Holstein (total cost € 13.1 million); The promotion of sailing tourism in Schleswig Holstein (total cost € 5.5 million); Major transport investments like the railway Berlin – Rostock (total cost € 315 million) and the highway A 14 (total cost € 1.4 billion).
- Poland: The major transport investments being implemented are the road S 22 Elbląg-Grzechotki (€ 116 million) and part of E-65 railway Warsaw-Gdansk (€ 1.261 billion). In addition, there are planned projects: Rail Baltica (connection with Lithuanian border, € 182 million), continuation of E 65 railway (Warsaw-Gdańsk € 801 million), roads S7 (Gdańsk - Elbląg – € 346 million) and Via Baltica (Białystok-border with Lithuania – € 511 million) as well as the airports of Gdańsk (€ 149 million), Olsztyn (€ 74 million), Szczecin (€ 21 million) and Koszalin (under study Zegrze Pomorskie - € 13.82 million). These costs are estimates of the total costs.
- Major infrastructure projects supported under the TEN-T Programme<sup>46</sup>.

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<sup>45</sup> Some of these projects also benefit from a framework loan from the European Investment Bank (EIB)

<sup>46</sup> Detailed information available at:

[http://ec.europa.eu/transport/infrastructure/basis\\_networks/guidelines/doc/pp\\_implementation\\_progress\\_report\\_may08.pdf](http://ec.europa.eu/transport/infrastructure/basis_networks/guidelines/doc/pp_implementation_progress_report_may08.pdf)

The pillar ‘to make the Baltic Sea Region an accessible and attractive place’ covers the following priority areas:

10. To improve the access to, and the efficiency and security of the energy markets
11. To improve internal and external transport links
12. To maintain and reinforce attractiveness of the Baltic Sea Region in particular through education, tourism and health

<b>10. To improve the access to, and the efficiency and security of the energy markets</b>	Coordinated by Latvia and Denmark
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Presentation of the issue:

In the Baltic Sea Region, the energy markets (electricity, gas, oil,...) lack appropriate infrastructures and are too nationally oriented instead of being linked and coordinated (although cooperation is initiated on energy issues under the Baltic Sea Region Energy Cooperation initiative (BASREC)<sup>47</sup>). Levels of market opening and competition in certain Member States are not sufficient to provide the right incentives for investments. This creates higher risks in terms of energy security and higher prices. In particular, the three Baltic States (Estonia, Latvia and Lithuania) are not properly integrated into the wider energy networks of the rest of the European Union (the only power connection is the Estlink between Finland and Estonia), and are hence practically isolated in the field of energy.

Hotspot (main problems):

Fragmented electricity markets lead to the following problems: (a) access to the power generation capacities in the region is difficult (insufficient cable linking producers and consumers, different electricity standards, etc.); (b) higher prices in the absence of economies of scales and competitors; and (c) few incentives or opportunities for infrastructure investment especially in renewable energies. There is also a lack of cooperation on natural gas issues, mainly due to lack of gas interconnections with the rest of the region. Such a situation means lack of cross border trade and of market liquidity, higher prices and lower levels of diversification of energy sources.

All European Union / European Economic Area countries in the region are part of the internal market for electricity and gas. However, the electricity markets are still in widely different stages of liberalisation. It is this, linked to infrastructure gaps, that has impeded the physical integration of the three Baltic States. Further physical integration of the grids in the region is needed to bring benefits in overall efficiency, and to improve security of energy supply through increased diversification, including renewable resources. Improved security of energy supply should also be promoted by other means, such as energy efficiency.

Baltic Sea Region Added Value:

The integration of the energy market would improve the security of energy supply particularly in the eastern Baltic Sea Region. It would reduce prices and facilitate the diversification of energy sources and enable the introduction of solidarity mechanisms.

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<sup>47</sup> BASREC (initiated in 1999) includes the Governments of Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia and Sweden. The European Commission is represented by DG Transport and Energy. The participation in this work also involves the Council of Baltic Sea States (CBSS) and the Nordic Council of Ministers (NCM).

Actions:

Strategic actions:

- **“Establish an integrated and well functioning market for energy”** by implementing the Baltic Energy Market Interconnection Plan (BEMIP) which, in addition to infrastructure projects, includes specific steps to achieve the desired integrated and functioning internal market for energy. This should include better coordination of national energy strategies, and measures to promote diversity of supplies and better functioning of the energy market.

Cooperative actions:

- **“Increase use of renewable energies”** by extending the use of biomass, solar energy and wind power (e.g. the Nordwind II, project supported by the Nordic Council, and Krieger’s Flak), especially by research in demonstration and deployment of on- and offshore wind and other marine renewable energy technologies. The region has high level expertise in maritime technologies. This must be better utilised. In addition, the database on bio-energies developed by the Nordic Council of Ministers (NCM) should be fully exploited. (NB: This has to be read in conjunction with the priority area number 5 ‘To adapt to climate change’).
- **“Ensure more cross-border cooperation”** to share experiences and coordinate better in fields such as electricity grid and maritime spatial planning, regulatory practices regarding interconnector investments, and environmental impact assessments of wind farms.

Flagship projects (as examples):

In the frame of the TEN-E and / or the Baltic Energy Market Interconnection Plan (BEMIP) - and the relevant energy projects covered by the European Economic Recovery Plan - the following proposals are underlined:

- **“Establish a list of priority projects in the frame of the BEMIP (Baltic Energy Market Interconnection Plan)”**. In particular, priority should be given to **“connect the Baltic States to the energy networks of the region”**. The Commission and the Member States concerned have developed the Baltic Energy Market Interconnection Plan (BEMIP) which identifies key missing infrastructures in electricity and gas (electricity interconnections, gas pipelines, gas storage and Liquefied Natural Gas (LNG) facilities), lists necessary actions (including financing), and provides coordination mechanisms to bring together Member States, market players and different financing sources. Innovative interconnector solutions involving ‘plugging in’ offshore renewable energy production installations are considered. Projects listed under the TEN-E guidelines could be co-financed by the TEN-E instruments, moreover the European Economic Recovery Plan provides for important additional financial support to infrastructure projects in the region. (Lead: Lithuania;Deadline for the implementation of priority projects: to be determined) **FAST TRACK**
- **“Demonstration of coordinated offshore wind farm connection solutions”** (e.g. at Krieger’s Flak (Denmark, Sweden, Germany) and Södra Midsjöbanken (Sweden)) (Lead: Denmark and Sweden, respectively; Deadline for progress review: to be determined) **FAST TRACK**

- ***“Extend the Nordic electricity market model (NORDEL<sup>48</sup>)”*** to the three Baltic States by following a step-by-step approach with a concrete timetable for implementation (market integration roadmap) within the framework of the Baltic Energy Market Interconnection Plan (BEMIP). (Lead: Latvia; Deadline for progress review: to be determined)

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<sup>48</sup> NORDEL is the collaboration organisation of the Transmission System Operators (TSOs) of Denmark, Finland, Iceland, Norway and Sweden. Their mission is to promote the establishment of a seamless Nordic electricity market.

## **11. To improve internal and external transport links**

Coordinated  
by Lithuania  
and Sweden  
*(to be confirmed)*

### Presentation of the issue:

In the Baltic Sea Region, transport is particularly important as the distances – internally, to the rest of Europe and to the wider world – are very long and the conditions for traffic are often difficult (forests, lakes, snow and ice in the winter, etc.). This region, which is located on the periphery of the economic centre of Europe, depends strongly on foreign trade in goods and needs well functioning transport infrastructure for its economic growth. Moreover, the Baltic Sea is a sensitive ecosystem, which makes environmental considerations important in the development of transport infrastructures. The designation of the Baltic Sea as a Particularly Sensitive Sea Area (PSSA) by the International Maritime Organisation (IMO) allows the development of particular and specific measures for the Baltic Sea to ensure the sustainability of Maritime Transport.

The Northern Dimension Partnership on Transport and Logistics, currently under preparation and to begin in 2010, will be a new regional cooperation forum, combining both the transport and logistics policies and coordinating infrastructure projects. The Partnership on Transport and Logistics will be a useful institutional instrument to implement the Strategy's aim of increasing accessibility and addressing the external aspects of the Strategy in the field of transport and logistics.

### Hotspot (main problems):

The main challenge with regard to the future transport development in the Baltic Sea Region is to reduce its remoteness by improving links within the region and to the rest of the EU. East / West linkages are needed to overcome the infrastructure shortfalls of the eastern and south-eastern sides of the sea. The North is very remote. Better connections to Russia and other neighbours are needed. Further connections to Asia as well as to Black Sea and the Mediterranean regions should be developed. This might further increase the region's potential as EU's gateway to Asia.

### Baltic Sea Region Added Value:

The geography of the Baltic Sea Region makes transport particularly challenging. The improvement of internal and external transport links, increasing the efficiency and minimising the environmental impact of transport systems, should contribute to higher competitiveness of the Baltic Sea region, and increase its accessibility and attractiveness. Links to islands and remote communities are a specific issue.

## Actions:

### Strategic actions:

- **“Coordinate national transport policies and infrastructure investments”**
  - Regional cooperation should increase on transport issues for example on the interoperability of transport systems, icebreaking, co-modality, user charging schemes, transport Research and Development, application of new solutions in particular in traffic management systems (air, road, rail, maritime), promotion of joint actions (e.g. road safety) and sharing of best practices.
  - The agreed TEN-T priority projects should be implemented on time (cf. further under ‘flagship projects (as examples)’).
  - The long-term transport development policies should be coordinated as well as the national investment strategies to improve access to the region and intraregional connections. In particular, the stakeholders of the Baltic Sea Region should agree on a joint position of the region regarding changes which could be introduced in the framework of the TEN-T Policy review and the revision of the TEN-T guidelines (joint proposal beyond national interests).
  - The inland waterway and estuary navigation should be promoted (full implementation of the ‘Naiades’ action plan<sup>49</sup>) addressing existing infrastructural bottlenecks in order to ensure optimal connections between the various regions of the Baltic Sea, such as the Dnepr-Vistula connection.
  - The stakeholders should jointly identify the infrastructure gaps which are important for the whole region (e.g. on North-South and East-West axes)<sup>50</sup>. Links to remote islands and the periphery (including air connections) should be considered.

### Cooperative actions:

- **“Improve the connections with Russia and other neighbouring countries”**, especially for major transport connections and freight transport logistics - through cooperation in the framework of the Northern Dimension policy (Northern Dimension Partnership on Transport and Logistics) - and the EU - Russia Common Spaces. Special focus should be given to removing non infrastructure-related bottlenecks including those associated with border-crossing. Member States should also explore options for new connections to the East and Far East (gateway to Asia).
- **“Facilitate efficient overall Baltic freight transport and logistics solutions<sup>51</sup>”** by removing non infrastructure-related bottlenecks, promoting inter-modal connections, developing the

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<sup>49</sup> The NAIADES action programme, launched in 2006, comprises numerous actions and measures to boost transports on inland waterways. The programme runs until 2013 and is to be implemented by the European Commission, the Member States and the industry itself.

<sup>50</sup> To support this, Sweden proposes to carry out jointly with BSR countries a study on the transport outlooks in 2030. This study would describe the current transport flows used by all transport modes in the Baltic Sea Region, infrastructure status, bottlenecks, and take into account forecasts until year 2030.

<sup>51</sup> Global Satellite Navigation Systems (GNSS), such as Galileo, will contribute to the efficiency, safety and optimisation of maritime, air and land transportation.

Green Corridor concept through the implementation of concrete projects, developing infrastructure, supporting logistics service providers, establishing harmonised electronic administrative procedures, harmonising control procedures,...

- ***“Increase the role of the Baltic Sea in the transport systems of the region”*** through, inter alia, identifying and implementing Motorways of the Sea<sup>52</sup> and Marco Polo actions; developing ports and their adequate connections to the hinterland in particular by rail and inland waterways; increasing sea shipping competitiveness and efficiency through the prompt introduction of EU Maritime Transport Space without barriers and through the gradual introduction of e-freight and e-maritime concepts; supporting safe, energy efficient and sustainable short sea shipping and port operations.
- ***“Promote sustainable passenger and freight transport and facilitate the shift to intermodality”***.

Flagship projects (as examples):

➤ ***“Complete the agreed priority transport infrastructures”***.

In particular the TEN-T Priority Projects such as:

- Upgrading road, rail and maritime infrastructures in Sweden, Finland and Denmark on the Nordic Triangle multimodal corridor;
- Rail Baltica axis linking - by rail - Poland, Lithuania, Latvia and Estonia (as well as Finland through a rail-ferry service);
- Fehmarnbelt Fixed Link between Denmark and Germany with the access railways from Copenhagen and Hannover / Bremen via Hamburg;
- Railway axis Gdańsk-Warszawa-Brno/Bratislava-Wien
- Motorway axis Gdańsk-Brno/Bratislava-Wien

Options should also be considered to implement other important projects for the region such as:

- The Bothnian Corridor (divided to the Swedish side and the Finnish side) which connects the Northern Axis to the Nordic Triangle and to Rail Baltica;
- Links with the Barents Region;
- Elements of the Northern Axis (East-West connections through the Baltic States and in the North of the region);
- Via Baltica linking – by road – Poland, Lithuania, Latvia and Estonia;

(Lead: all relevant countries; Deadline for progress review: to be determined)

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<sup>52</sup> Motorways of the Sea are existing or new sea-based transport services that are integrated in door-to-door logistic chains and concentrate flows of freight on viable, regular, frequent, high-quality and reliable Short Sea Shipping links. The deployment of the Motorways of the Sea network should absorb a significant part of the expected increase in road freight traffic, improve the accessibility of peripheral and island regions and states and reduce road congestion.

- **“Implement the Northern Dimension Partnership on Transport and Logistics”**, including the related legal instruments. (Lead: Northern Dimension Partners; Deadline for progress review: to be determined)
- **“Develop the Baltic Motorways of the Seas network”** – linking the Baltic Sea Member States with Member States in Central and Western Europe through sustainable transport links, including the route through the North Sea / Baltic Sea canal / Danish straits. The selected TEN-T and Marco Polo Motorways of the Sea corridors such as the high quality rail and intermodal Nordic corridor Königslinie involving the Sassnitz – Trelleborg link and the Baltic sea area Motorways of the sea involving the Karlshamm – Klaipeda link, should be implemented and further project ideas (including the Polish links) should be developed through regional cooperation. (Lead: The Baltic Motorways of the Sea Task Force in coordination with Lithuania (tbc); Deadline for progress review: to be determined)
- **“Shorter plane routes”** through the establishment of ‘Functional Airspace Blocks’ (FAB) in the Baltic Sea Region (i.e. the North European FAB, the Nordic Upper Area Control FAB and the Baltic FAB). To develop a cooperation system between countries in the Baltic Sea Region in order to ensure a successful and smooth transition from domestic air traffic management arrangements to a more integrated European dimension with 2012 as a deadline for implementation. (Lead: Poland, Lithuania; Deadline for progress review: to be determined) **FAST TRACK**
- **“Cooperate for smarter transport”** through development and implementation of concrete pilot initiatives which would contribute to improving safety, freight logistics efficiency, shifting freight from road to rail and sea, and minimising environmental impact of transport in the region (e.g. the Green Corridor project from ports of Sweden, Denmark and Germany to ports of Lithuania and Kaliningrad, the Easy Way project in the Baltic Sea Region<sup>53</sup> and the Swedish – Finnish eco-driving project and road safety promotion cooperation programmes). (Lead: Denmark, Lithuania; Deadline for progress review: to be determined) **FAST TRACK**

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<sup>53</sup> The Easy Way project, supported via the Trans-European Transport Network Programme, brings together 21 Member States, including several from the Baltic Sea Region, in order to co-operate on and to accelerate the deployment of intelligent transport systems on the Trans-European Road Network. It would be beneficial if the missing countries in this Region, namely Latvia, Estonia and Poland, would join this platform in the near future.

<p><b>12. To maintain and reinforce attractiveness of the Baltic Sea Region in particular through education, tourism and health</b></p>	<p>Coordinated by</p> <p>1) Tourism: Mecklenburg-Vorpommern (Germany)</p> <p>2) Health: Northern Dimension Partnership in Public Health and Social Well-being</p> <p>3) Education and others: Germany</p>
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Presentation of the issue:

In the Baltic Sea Region, the quality of life is linked to high education levels (for example, the region has the strongest results of the EU on reading literacy, upper secondary completion rate and public investment in education), preserved cultural heritage, picturesque rural, coastal and urban landscapes and open societies. Tourism and leisure enterprise can also contribute to regional development.

In other fields, strategic investments in culture, as well as in cultural and creative industries, in particular in SMEs, is vital for strengthening a dynamic creative society in the European Union and enabling the fulfilment of the Lisbon goals.

On a more challenging demographic issue, the first large cohorts of the baby-boom generation will shortly start to go into retirement leading to a decline in the working age population.

In addition, the wealth of the region is based on human capital, and a healthy population is a critical factor behind sustainable economic development of enterprises and societies. The Baltic Sea Region is an area of considerable disparities in health conditions. It features places where social and economic problems lead to high levels of mortality due to non-communicable diseases, violence, alcohol- and drug- abuse and the spreading of infectious diseases. The growing cross-border movement of people should be paralleled by actions addressing inequalities in health status and in the level of health protection.

This priority area therefore focuses on maintaining and strengthening the quality of life<sup>54</sup> of citizens in the Baltic Sea Region so that it has dynamic people willing to invest energy in

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<sup>54</sup> In line with the Leipzig Charter on Sustainable European Cities adopted in May 2007

improving their region as well as skilled and efficient workers bringing additional prosperity. In parallel, it is about attracting tourists, entrepreneurs, investors, researchers, etc. to the Baltic Sea Region thereby bringing additional human, physical and financial capital to it.

#### Hotspot (main problems):

The main challenges are the demographic changes, the lack of services in certain areas, the outflow of young educated people and the big regional differences in health issues (in terms of the access to and quality of health services, as well as disparities in morbidity and mortality related to alcohol, drugs and tobacco as well as to communicable diseases such as HIV/AIDS and tuberculosis). Furthermore, under-utilisation of student and professional exchanges leads to lack of exploitation of opportunities, due to lack of contact and awareness. The so-called "Fifth Freedom" is important. There is also opportunity to develop further the perceived quality of life in the Baltic Sea Region, the education system and the tourism potential of its cultural heritage and landscapes.

#### Baltic Sea Region Added Value:

Many problems as well as many opportunities in the Baltic Sea Region should be addressed together. Demographic issues clearly need cooperation. The tourism market benefits from being developed jointly. Furthermore, the enhanced cooperation in tackling common health problems will bring added value both to individual patients and to society, reducing unnecessary economic and social cost, and contributing to the rationalisation of health systems expenditure. This strongly indicates the need to cooperate at the level of the macro-region to address the issues.

#### Actions:

##### Cooperative actions:

- **Education:** *“Further increase exchanges within the Baltic Sea Region”* for students at schools, colleges, vocational institutions and adult education organisations especially between Estonia, Latvia, Lithuania and Poland (as well as Russia) and Sweden, Finland, Germany and Denmark under programmes from the European Union, from international organisations (such as the Nordic Council of Ministers) and from national / regional / local authorities. This could equally be extended to entrepreneurs and other professionals.
- **Tourism:** *“Highlight and optimise the sustainable tourism potential”* of the Baltic Sea Region by establishing an environmentally-friendly tourism strategy at the level of the Baltic Sea Region (including Russia). This strategy could include the harmonisation of standards, the development of similar projects in different regions, joint marketing of the region and cooperation on projects.
- **Tourism:** *“Network and cluster stakeholders of the tourism industry and tourism education bodies”* based on the ongoing activities started with the first Baltic Sea Tourism Summit in October 2008 (and the second summit in 2009 in Lithuania).
- **Health:** *“Contain the spread of HIV/AIDS and tuberculosis”* through partnerships and international collaboration in prompt and quality care for all, focusing on Tuberculosis / HIV co-infection and ensuring early diagnosis of HIV infections, providing access to treatment and strengthening interventions to reduce vulnerability especially for Injecting Drug Users (IDU), prisoners, etc

- ***Health: “Fight health inequalities through the improvement of primary healthcare”*** by assessing differences in the accessibility and quality of primary health care in the region, by reviewing the situation of patients and health professionals including their deployment, mobility and training and by promoting e-health technology as a means for closing gaps in healthcare access and quality.
- ***Health: “Prevent lifestyle-related non-communicable diseases and ensure good social and work environments”*** by developing comprehensive policies and actions in the entire region to prevent and minimise harm from tobacco smoking, alcohol and drugs use to individuals, families and society (especially young people). Actions will contribute to the implementation of the Framework Convention on Tobacco Control and the “Northern Dimension Partnership in Public Health and Social Well-being (NDPHS)<sup>55</sup> Strategy on Health at Work” ensuring good social and work environments and preventing lifestyle-related non-communicable diseases using the workplace as an effective arena for promoting a healthy lifestyle.
- ***“Maximise the economic potential in the entire region”*** by paying particular attention to the linkages between economic activity (jobs), transport infrastructures linking the region to the rest of the world and social infrastructure especially in the North and other peripheral areas of the region.
- ***“Bring local authorities close to the citizens”*** by developing tools (for example based on the LEADER approach) whereby citizens would see their concerns and interests addressed by local authorities.
- ***“Develop people-to-people actions”*** to reinforce the daily cooperation between citizens. For example school exchanges to improve mutual understanding and promote language learning should be increased.
- ***“Ensure fast broadband connection for rural areas”*** using local solutions to include the rural communities in the communication networks. This action should be combined with initiatives to support internet use, for example free access at official buildings or free internet support for basic services.

Flagship projects (as examples):

- ***Education: “Enhance cooperation - on a voluntary basis - between the regional Universities of the Baltic Sea Region”*** so that they coordinate their activities (research areas, exchange of students / professors / researchers, cooperation with enterprises). This could for example be based on the existing networks of universities such as the ‘Baltic Sea University Programme<sup>56</sup>’ with almost all universities of the region and the ‘Baltic Sea Region University Network<sup>57</sup>’ with 40 members. A model could be the UHI Millennium

<sup>55</sup> The Northern Dimension Partnership in Public Health and Social Well-being (NDPHS) is a cooperative effort of thirteen governments, the European Commission and eight international organisations. It provides a forum for concerted action to tackle challenges to health and social well-being in the Northern Dimension area and foremost in north-west Russia.

<sup>56</sup> <http://www.balticuniv.uu.se/>

<sup>57</sup> <http://bsrun.utu.fi/>

Institute<sup>58</sup>. The envisaged Northern Dimension Institute which is under preparation by a number of universities in the region could also provide further opportunities for networking. (Lead: Baltic University Programme in coordination with Lithuania (tbc); Deadline for finalisation: to be determined) **FAST TRACK**

- **Education**: *“Develop - on a voluntary basis - joint curricula and share education resources”* between different institutions (in particular in mathematics, technologies and natural sciences). The aim would be to create standards of excellence similar to the ‘Ivy league’ in the United States of America. (Lead: to be agreed; Deadline for progress review: to be determined) **FAST TRACK**
- **Education**: *“Identify and remove barriers hampering mobility of researchers and students in the Baltic Sea Region”* (the so-called “Fifth Freedom”). (Lead: to be agreed; Deadline for finalisation: to be determined)
- **Tourism**: *“Attract tourists to rural areas especially the coastal ones”* by promoting joint environmentally-friendly rural and coastal tourism packages (e.g. farm, food tourism, hiking, winter sports, nature based tourism) and by co-operating in planning rural and coastal tourism investments. (Lead: each Rural Development Network in each Member State (in cooperation with the LEADER networks supported by the European Rural Development Network); Deadline for progress review: to be determined)
- **Tourism**: *“Facilitate environmentally sustainable ferries and cruise vessels in the Baltic Sea”* by developing programmes bringing together providers of maritime services to passengers and pioneering environmentally-friendly initiatives such as shore-side electricity or state of the art waste disposal facilities in ports -see priority area ‘to become a model region for clean shipping’ (e.g. the cruise industry, maritime leisure activities, national / regional / local authorities,...). (Lead: to be agreed; Deadline for progress review: to be determined)
- **Tourism**: *“Promote the cultural heritage and the unique landscapes”* by mapping the main areas of interest in order to preserve and revitalise elements of cultural heritage. The Nordic Culture Point<sup>59</sup> initiative could provide a useful base. (Lead: to be agreed; Deadline for progress review: to be determined) **FAST TRACK**
- **Tourism**: *“Develop strategies for a sustainable and environmentally friendly tourism”* by using available sources of information such as the YEPAT database<sup>60</sup> or the Nordic Culture Point to harmonise standards. In addition, within the AGORA<sup>61</sup> project, partners from the Baltic Sea Region (including Belarus) will start implementing pilot projects to improve the accessibility to the natural, cultural and historical heritage for tourism and to create a

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<sup>58</sup> The UHI Millenium Institute is a partnership of colleges, learning and research centres, working together to provide university-level education to people throughout the Highlands and Islands of Scotland.

<sup>59</sup> Contact point for Nordic cultural cooperation organised by the Nordic Council of Ministers (NCM).

<sup>60</sup> <http://agora-tourism.net>

<sup>61</sup> Agora compiles tools and information concerning sustainable tourism and makes them accessible for interested users. The source for this information are the Agora partners representing all three dimensions of sustainability, all levels of administration and tourism management and different thematic interests, projects, actors and stakeholders of tourism. <http://www.yepat.uni-greifswald.de/agora/index.php?id=59>

common identity of the Baltic Sea Region. (Lead: to be agreed; Deadline for progress review: to be determined) **FAST TRACK**

- ***Health: “Alcohol and drug prevention among youth”*** - project aimed at reducing hazardous and harmful alcohol use and alcohol and substance use in general among young people. (Lead: Northern Dimension Partnership in Public Health and Social Well-being (NDPHS) and its member countries; Deadline for progress review: to be determined) **FAST TRACK**
- ***“Coordinate the use of the digital dividend”*** that will be available in the transition to digital television transmitted on land for a more effective use of frequencies and to add benefits to companies to offer broadband in sparsely populated areas. And also developing enhanced models for cooperation between Member States for multi-lateral coordination and market control (Lead: Sweden; Deadline for progress review: to be determined)
- ***“Network the local youth policy structures”*** to increase the exchange of experiences of local youth workers and youth centres. (Lead: to be agreed; Deadline for progress review: to be determined)
- ***“Support for sustainable development of the fisheries areas”*** under the European Fisheries Fund (EFF) operational programmes and the Community FAR-NET network<sup>62</sup>. This is expected to assist in improving the quality of life of the Baltic coastal communities by promoting the protection of the environment, regenerating and developing coastal hamlets and villages with fisheries activities, as well as by protecting and enhancing the natural and architectural heritage. These programmes should also contribute to the favourable conditions in the development of sustainable tourism of the Baltic Sea coastal areas, in particular by promoting eco-tourism. It is estimated that ca. 60-70 local fisheries groups will be created in the Baltic Sea Region which could potentially implement the action during the 2007-2013 period. (Lead: each Member State network for fisheries areas, in cooperation with the Community FAR-NET network; Deadline for progress review: to be determined)

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<sup>62</sup> Community network of the groups for sustainable development of fisheries areas.

## **TO MAKE THE BALTIC SEA REGION A SAFE AND SECURE PLACE**

It is well established that, without a sense of security and confidence in the public order, development of any kind is severely hampered, if not impossible. The strategy therefore includes actions that address the particular challenges of the region in this field.

Points needing attention include the issues related to maritime safety and security. The Baltic Sea is, after all, the dominant natural feature of the region, giving it its unity and identity. Other concerns arise from the variation in economic and social conditions found in the Region, along with the openness and ease of access that is a feature of intra-Community relations, putting special responsibilities on those Member States with external borders to take action to protect the safety and security of the Union as a whole.

A number of related actions need to be highlighted. The actions on combating cross border crime aim to bring regional cooperative focus to assessment and prevention, strengthen protection of external borders, and further develop long-term cooperation between Member States on law enforcement. Maritime surveillance is a strategic tool, proposed in the context of the Integrated Maritime Policy, that contributes to the prevention of crime, illegal immigration as well as of marine accidents. Further preventive maritime safety actions include training and enhancement of navigation. The development of actions to enhance and broaden maritime careers and training as proposed under the Integrated Maritime Policy provides a basis for a human resource strategy for the maritime professions tailored to the security and safety concerns of the Baltic Sea area. When marine accidents and other regionally relevant major emergencies do occur, it is of strategic importance for the region to manage preparedness and response in a coordinated manner.

### **Examples of financing**

Programmed expenditure for the 2007-2013 period under the European Regional Development Fund (ERDF) and Cohesion Fund for the Convergence and Competitiveness and employment programmes in the Baltic Sea Region in the field of risk prevention:

Total: € 697 million

In addition, other Community programmes (in particular the three framework programmes providing support to an area of freedom, security and justice, the 7<sup>th</sup> Research Framework Programme, and the Civil Protection Financial Instrument) as well as national, regional and local policies are financing important projects. In addition, the European Investment Bank (EIB) is already providing its lending / co-financing to a large number of projects and could further extend its activities to a large number of flagship projects.

**Examples of projects (ongoing and planned, total cost)<sup>63</sup>:**

- Estonia: Improvement of the Estonian Rescue Board's ability to handle forest fires, oil and chemical pollution and natural hazards – 5 different projects (EUR 12 million)
- Finland: Development of Maritime Safety Culture – METKU Project (EUR 730.000) and SÖKÖ II – Management of major oil spills (EUR 650.000)

The pillar ‘to make the Baltic Sea Region a safe and secure place’ covers the following priority areas:

13. To become a leading region in maritime safety and security
14. To reinforce protection from major emergencies at sea and on land
15. To decrease the volume of, and harm done by, cross border crime

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<sup>63</sup> Some of these projects also benefit from a framework loan from the European Investment Bank (EIB)

### 13. To become a leading region in maritime safety and security

Coordinated  
by Finland  
and  
Denmark

#### Presentation of the issue:

Due to its strategic position, the Baltic Sea Region is a natural route for oil transport, in particular from Russia. Between 2000 and 2007, oil shipments via the Great Belt more than doubled to reach 171 mt<sup>64</sup>, while between 1995 and 2005 oil shipping in the Gulf of Finland has increased by four times (from 20 mt to 80 mt). The growth is expected to continue to be significant in future. There is also an increasing trend towards transport of natural gas in a liquefied form by tankers. These activities carry risks for the environment, especially in difficult winter conditions (iced sea).

#### Hotspot (main problems):

The growth in traffic increases the risk that accidents will increase, unless improved safety and environmental risk reduction procedures are set in place. At the core of the required procedural improvements are traffic organisation measures, which involve the monitoring of ship movements, with the aim of preventing the development of dangerous situations.

#### Baltic Sea Region Added Value:

It is in the interest of all countries bordering the Baltic Sea to reduce the risk of marine pollution, including hazardous spills. More efficient and more compatible surveillance, monitoring and routing systems, in particular at the level of sea basins as outlined in the Integrated Maritime Policy, would significantly improve maritime safety. Addressing the human element factor, which is a complex multi-dimensional issue affecting the well-being of people at sea, often has direct implications for maritime safety and environmental impact.

#### Action:

##### Strategic actions:

- ***“Create a common maritime management system and monitoring, information and intelligence sharing environment for the Baltic Sea”:*** While respecting relevant data protection provisions, creation of an integrated network of reporting and surveillance systems is needed for all maritime activities, such as maritime safety, maritime security, protection of the marine environment, fisheries control, customs, border control and law enforcement. In addition, identify possible gaps and inconsistencies in fields where cooperation between civil and military assets exists, or could be developed in the future. The network should build on existing and future initiatives and pilots to integrate systems.
- ***“Improve the coordination of systems relating to ships' routing and monitoring of the vessel traffic and consider establishing new systems.”*** Further, improve the coordination

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<sup>64</sup> Source: HELCOM

and information sharing mechanisms between the existing systems to ensure their effective interoperability. Coastal states should jointly consider whether new measures (routing/traffic separation schemes/mandatory reporting systems) should be introduced. Decisions on these measures should be based on the analysis of the risks and effectiveness of the measures based on a formal safety assessment and research projects. Jointly utilise improved satellite navigation systems, such as Galileo, to support maritime positioning and navigation, especially for Automatic Identification Systems (AIS), Vessel Traffic Management Systems (VMS), hazardous-cargo monitoring, for port approaches, ports and restricted waters as well as for safety systems for Search and Rescue.

- **“Jointly apply surveillance tools”**, such as coastal radars, *Automatic Identification System (AIS)*, *Vessel Monitoring System (VMS)*, *Long Range Identification and Tracking of Ships (LRIT)*, earth observation satellites and maritime patrol aircraft, in the Baltic Sea Region. The cooperation between Baltic Sea Region Member States and the European Maritime Safety Agency in tracing illegal discharges by ships will continue<sup>65</sup>. Further dialogue between relevant authorities, including the armed forces, to investigate the possibility of operating jointly national assets at regional level should take place.

Cooperative actions:

- **“Ensure that vessels, in particular those transporting energy products or other dangerous cargo, are up to the highest maritime safety standards”** and that crews serving onboard are well trained, in the framework of EU efforts on quality shipping especially in the light of the recently adopted third EU maritime safety package.

Flagship projects (as examples):

- **“Conduct a technical feasibility study on a Baltic Sea Coastal Patrol Network”**. It should involve national “coast guard-like” services in EU Member States and third countries, in the context of maritime safety, maritime security, and pollution prevention and response in the Baltic Sea. (Lead: Member States and/or Inter-Governmental Body to be agreed, relevant European agencies to be associated; Deadline for finalisation: 31 December 2010)
- **“Become a pilot region for the integration of maritime surveillance systems”**. The overall objective of this Maritime Policy pilot project and preparatory action is to develop and test mechanisms for improving maritime awareness by sharing operational information between government departments and agencies responsible for monitoring activities at sea of all Baltic Sea countries. One specific goal is the development of technical interfaces that securely allow for all countries to join in a common situational image containing restricted law enforcement and other information. (Lead: to be defined via call for proposals launched by European Commission; Deadline for finalisation: to be determined) **FAST TRACK**
- **“Speed up re-surveying of major shipping routes and ports”**, as agreed in HELCOM, in order to ensure that safety of navigation is not endangered by inadequate source information. (Lead: HELCOM in cooperation with the International Hydrographic Organisation; Deadline for progress review: to be determined)

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<sup>65</sup> In the framework of the CleanSeaNet initiative, in accordance with directive 2005/35.

- **“Become a pilot region for e-navigation<sup>66</sup>”** by establishing one or more e-navigation trial zones, in view of the gradual achievement of an integrated network of e-navigation systems for European coastal waters and the high seas (EfficienSea project, financed by the ‘Baltic Sea Region’ transnational programme which is part of the ‘Territorial Cooperation’ objective). (Lead: Danish Maritime Safety Administration; Deadline for finalisation: 31 December 2011) **FAST TRACK**
- **“Create a network of centres of excellence for maritime training”** to provide young people attractive prospects for a life-long career in maritime enterprises / professions and facilitate mobility between sea and land based jobs. **“Jointly develop high standards of training, drills and exercises”** for upgrading seafarers' competences, and adapting requirements to today's shipping industry (sophisticated vessels, ICT, security and safety, navigation in ice conditions). Ensure familiarity with security plans and procedures for ship and port facility security.<sup>67</sup> (Lead: Poland; Deadline for progress review: 1 June 2011)
- **“Develop a plan to reduce the number of accidents in fisheries”**. This could be achieved by improving the way information on accidents is gathered and analysed, enhanced training and awareness programmes, as well as sharing best practices and developing specific measures to increase the safety of fishermen. (Lead: Member States and/or Inter-Governmental Body to be agreed; Deadline for progress review: to be determined)

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<sup>66</sup> According to the E-navigation Committee of the International Association of Marine Aids to Navigation and Lighthouse Authorities "E-navigation is the harmonized creation, collection, integration, exchange and presentation of maritime information on board and ashore by electronic means to enhance berth-to-berth navigation and related services, for safety and security at sea and protection of the marine environment."

<sup>67</sup> Experience could be drawn inter-alia from the DaGoB project (Safe and Reliable Transport Chains of Dangerous Goods in the Baltic Sea Region), project part-financed by the European Regional Development Fund within the BSR INTERREG IIIB Neighbourhood Programme, 2006-2007.

<b>14. To reinforce maritime accident response capacity protection from major emergencies</b>	Coordinated by Denmark
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Presentation of the issue:

Transport by sea is expected to increase significantly in the coming years in the Baltic Sea and with that comes a higher risk for accidents. While fortunately, ship accidents (in particular those causing pollution) have not increased over the last years, in 2007, there were 120 ship accidents in the Baltic Sea.<sup>68</sup> Other major emergencies with cross border effects could result from natural and technological disasters, acts of terrorism including chemical, biological, radiological and nuclear terrorism, and technological, radiological or environmental accidents as well as health threats from communicable and non-communicable diseases. The economic impacts of disasters may adversely affect the economic growth and competitiveness of EU regions.

Hotspot (main problems):

Serious risks to the environment arise from the possibility of accidental spill of hazardous substances or illegal discharges into the sea. In a semi-enclosed sea, the impacts of hazardous spills are long-lasting and can concern all shores. Further actions are still needed in the Baltic Sea aimed at improving cooperation, coordination and, at times, even the coherence of maritime safety, maritime security, surveillance agencies and disaster response. Existing resources also need to be pooled more efficiently. The human and environmental impact of marine accidents in the Baltic Sea Region can be further reduced by synergies and better coordination of training, needs assessment, planning and operations between all stakeholders. This would significantly improve safe and secure navigation, thus also helping Member States to carry out pollution response as well as search and rescue activities more efficiently.

Climate change is expected to increase the likelihood of extreme weather events occurring at a shorter interval in the future. While the Community Civil Protection Mechanism facilitates mobilisation of European assistance, preparedness for weather hazards posing a threat to the region could still be reinforced.

Baltic Sea Region Added Value:

Facilitating efficient mutual assistance and civil protection cooperation can help bridge the gaps between ecological and administrative jurisdictions. Continued Baltic Sea cooperation on prevention, preparedness and response in the field of accidental or deliberate marine pollution, and other major emergencies, can contribute to improving the capabilities of the Member States to address cross border hazards in the region. This experience could also serve as a model for enhanced capacities in other sea basins.

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<sup>68</sup> See data in the HELCOM report on shipping accidents in the Baltic Sea area for the year 2007.

Action:

Strategic actions:

- **“Implement the HELCOM Baltic Sea Action Plan<sup>69</sup> (BSAP)”** to ensure swift national and international response to maritime pollution incidents, including intensifying cooperation between offshore and shoreline response (notably including local and regional authorities), and enhanced cooperation on places of refuge based on directive 2002/59. Furthermore, a mutual plan for places of refuge is under development to ensure that a ship in distress is always granted the most suitable place of refuge irrespective of national borders.

Cooperative actions:

- **“Develop a winter storms and storm surge prevention and preparedness approach”** in the Baltic Sea Region. Develop methods on how to enhance co-operation between different local, regional and national agencies having a role in emergency operations relating to winter storms and storm surge, and on how to increase synergies with the Community Civil Protection Mechanism. Methods for co-operation should be given a broad interpretation including public awareness actions, contingency planning, disaster scenarios, communication systems, use of technology, joint exercises and training, etc.

Flagship projects (as examples):

- **“Establish volunteer troops for maritime pollution response, as well as maritime search and rescue operations”** through increased cooperation between NGOs and rescue services. (among others, VOMARE project, financed by the ‘Central Baltic’ cross border programme, which is part of the ‘Territorial Cooperation’ objective). (Lead: Member States and/or Inter-Governmental Body to be agreed; Deadline for progress review: to be determined)
- **“Map existing marine pollution response capacities and make sub-regional plans for cross-border response cooperation,”** based on assessment of the integrated risk of shipping accidents. (BRISK project<sup>70</sup>, financed by the ‘Baltic Sea Region’ transnational programme, which is part of the ‘Territorial Cooperation’ objective). (Lead: Admiral Danish Fleet HQ; Deadline for finalisation: 24 October 2011) **FAST TRACK**
- For all main hazards of the Baltic Sea Region, including winter storms and floods, **“develop scenarios and identify gaps”** in order to explore whether there are sufficient disaster response resources. Where gaps are identified, consider a stand-by winter storm or flood response capacity within the Community Civil Protection Mechanism in view of close cooperation with the countries the Baltic Sea Region and beyond. (Lead: Member States and/or Inter-Governmental Body to be agreed; Deadline for progress review: to be determined)
- **“Improve interoperability of national preparedness plans to health threats.”** Plan for the sharing of resources in emergencies to allow extension of staff and stocks of additional equipment between Member States. Procedures for transfer of patients between Member

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<sup>69</sup> Agreed in November 2007 by Sweden, Finland, Estonia, Latvia, Lithuania, Poland, Germany, Denmark, Russia and the European Community.

<sup>70</sup> In addition, there are several projects dealing with on-land response, such as SÖKÖ II and Baltic Master II.

States need to be expanded. Cross-border collaboration closely linked to ambulance services and hospitals should be planned where necessary. (Lead: Member States and/or Inter-Governmental Body to be agreed; Deadline for progress review: to be determined)

<b>15. To decrease the volume of, and harm done by, cross border crime</b>	Coordinated by Finland
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Presentation of the issue:

The criminal dynamics of the Baltic Sea Region are influenced by the Region's position between supply countries for cigarettes and synthetic drugs precursors, and destination countries for cigarettes, synthetic drugs, cocaine and hashish, and to a lesser extent heroin. Trafficking in human beings is also an issue. In these respects, the Baltic Sea Region presents attractive opportunities to organised crime from the EU but also to groups originating from the neighbouring countries.<sup>71</sup>

Hotspot (main problems):

An important feature of the region is the existence of lengthy external borders. These borders often separate two very different types of legislation and makes cross border law enforcement cooperation lengthy and cumbersome. Therefore, the border can also facilitate certain organised crime groups and markets. A further facilitator for trade fraud in this region is the large volume of transport across the borders and other vulnerabilities of the logistics sector.<sup>72</sup>

Baltic Sea Region Added Value:

The EU should promote and support the development of regional approaches and cooperation to combat organised crime, particularly in border regions.<sup>73</sup> The further refinement of cross-border co-operation structures in the Baltic Sea Region should greatly contribute to addressing the 'security deficits' in the region.

Action:

Strategic actions:

- ***“Improvement of cooperation between customs, border guard and police”***, both inside each Member State and between Member States, and including at sea. Establish a common coordination mechanism based on existing cooperation bodies. Use joint law enforcement actions, joint mobile patrol squads, joint investigation teams, joint intelligence teams, sharing of equipment between services and cooperation on the development, purchasing, deployment and use of technology as frequent tools for practical cooperation<sup>74</sup>. Further, to discuss with third countries their involvement in this cooperation. In parallel it is necessary to ***“evaluate the potential for further integration of law enforcement functions and tasks,”*** while respecting the competences of relevant actors as established by national legislations, as part of the assessment of the implementation of the 2008-2010 Strategy of

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<sup>71</sup> Europol Organised Crime Threat Assessment 2008

<sup>72</sup> Europol Organised Crime Threat Assessment 2008

<sup>73</sup> COM(2005) 232; COM(2004) 376

<sup>74</sup> Without affecting the responsibilities of FRONTEX regarding the coordination of operational cooperation between Member States at the external borders

the Task Force on Organised Crime in the Baltic Sea Region (BSTF). This should also be seen in the light of actions aiming at improving the functioning of the Single Market.

Cooperative actions:

- **“Take preventive measures against trafficking in human beings”** and provide support and protection for victims and groups at risk, by means of transnational actions.
- **“Approximation of policies in counteracting and fighting fraud and smuggling of excisable products”**, including the approximation of taxation policy. Inter alia, pursue the gradual approximation of excise rates for cigarettes with Russia. This would contribute to the health objectives aimed at reducing tobacco consumption and to counteract smuggling, which is difficult to fight by means of reinforced control at the border only and which is one of the sources for organized crime.

Flagship projects (as examples):

- **“Conduct a risk analysis for the Baltic Sea Region”**, in line with the Organised Crime Threat Assessment methodology, concerning organised crime and border security, and longer term risk assessment of critical infrastructure. (Lead: Europol in cooperation with BSTF and Baltic Sea Regional Border Control Cooperation and FRONTEX as concerns external borders; Deadline for finalisation: 31 December 2010) **FAST TRACK**
- **“Create a single national co-ordination centre”** in each Member State, which co-ordinates 24/7 the activities of all national authorities carrying out external border control tasks (detection, identification, tracking and interception) and which is able to exchange information with the centres in other Member States and with FRONTEX. **“Create one single national border surveillance system”**, which integrates surveillance and enables the dissemination of information 24/7 between all authorities involved in external border control activities at all or – based on risk analysis – selected parts of the external border. (EUROSUR phase 1) (Lead: Member States; Deadline for finalisation: 31 December 2012) **FAST TRACK**
- **“Set up common Police and Customs Cooperation Centres.<sup>75</sup>”** (Lead: selected Member States bilaterally in consultation with Europol; Deadline for progress review: 1 June 2011)
- **“Pool resources for the posting of liaison officers to third countries and international organisations”** in order to fight serious forms of cross border crime, such as drugs trafficking, inter-alia by considering the expansion of the Nordic Police and Customs cooperation (PTN) to cover the whole Baltic Sea Region. (Lead: Member States; Deadline for progress review: 1 June 2011)

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<sup>75</sup> Several Joint Police Stations and Police and Customs Co-operation Centres have been set up at many internal borders in Europe to ensure that all law-enforcement forces on either side of national borders work together. This co-operation involves facilitating exchanges of information at borders and - according to bilateral agreements - could also include, joint operations and controls, and the planning of co-ordinated actions.

## HORIZONTAL ACTIONS

The European Union Strategy for the Baltic Sea Region is a key instrument in promoting territorial cohesion with both land and maritime dimensions. In this context, the strategy aims at ensuring that policies at all levels (local, regional, national and at the level of the European Union both for the maritime and terrestrial policies) all contribute to a competitive, cohesive and sustainable development of the region. In that sense such a strategy serves well the objectives of territorial cohesion: reducing territorial disparities, ensuring equivalent living condition, building on the territories, recognising diversity as an asset, acknowledging the potential of the regions, allowing for a fair access to infrastructures and services, strengthening polycentricity, building good links between urban and rural areas, promoting good governance with equal participation and sharing of common resources, resting on the ecosystem-based management and planning of maritime space.

A number of actions are proposed, therefore, that will contribute to develop territorial cohesion. These are complementary to the pillars described above and are actions that enable the strategy to be fulfilled, by facilitating access to funding and better understanding the region and activities within it.

It should be noted that, in this section, all the horizontal actions, by definition, relate to the overall approach as such and so may be considered strategic; all have long-term aspects that do not allow completion dates to be foreseen.

### Actions:

- ***“Align available funding and policies to the priorities and actions of the EU Strategy for the Baltic Sea Region”.***

The strategy is not in itself a funding instrument: proposed actions should be funded, to the extent necessary, from existing sources. These may include Structural and Cohesion Funds, other EU funding (e.g. rural development funds, fisheries, external action, research, environment, etc.), national, regional and local funds, banks and International Financial Institutions (in particular the European Investment Bank (EIB)), NGOs and other private sources. These funding opportunities should be made more transparent for stakeholders and project participants. While many projects will have readily available funding, others may need assistance in identifying sources. Cooperation between Member States is crucial to achieve the desired result. The Member States, the Regional and Local Authorities, the private bodies could identify a body to act as the central point of reference for reconciling the availability of different sources of financing to the needs of the actions and projects. In a global sense, policies in general also should be better aligned. (Deadline for progress review: 31 December 2010)

- ***“Cooperate on the transposition of EU Directives”*** so that national implementing rules do not create unnecessary barriers. This would facilitate transnational initiatives and co-operation.

In many areas – single market, environment, transport interoperability, procurement, labour and social security – European legislation is implemented at national level and the discretion allowed by the Directives may lead to the creation of unintended barriers and blockages. Groups of relevant officials within the Baltic Sea Region should co-ordinate their work to

ensure that the region's governments align implementation to avoid such blockages. This will remove barriers, or avoid building new barriers, to trade, labour mobility, transport links and enhanced environmental protection. All such co-ordination would be completely voluntary and would remain entirely within the EU legislation.

- ***“Develop integrated maritime governance structures in the Baltic Sea region”***

The implementation of a large number of the maritime actions detailed in pillars 1 to 4 will require strengthened internal coordination within Member States in the Baltic Sea Region, as well as cross-border networks between these integrated maritime functions. Based on the Communication on Maritime governance of June 2008, the European Commission would recommend that Member States develop such mechanisms, including appropriate stakeholder consultation frameworks. (Deadline for progress review: 31 December 2010)

- ***“Become a pilot project in implementing the Marine Strategy Framework Directive”*** and take early actions to restore the Baltic Sea.

The Marine Strategy Framework Directive<sup>76</sup> includes the option for a region to be a pilot project, subject to some eligibility conditions, when the status of a marine region is so critical as to necessitate urgent action. This entails that the European Commission provides supportive action. The recognition of the environmental degradation of the Baltic Sea led to the adoption of the HELCOM Baltic Sea Action Plan (BSAP)<sup>77</sup>, which is coherent with the concept of an early programme of measures required for a pilot project. Therefore, the consideration of supportive action by the Commission should be urgently addressed in the framework of the EU Strategy for the Baltic Sea Region. With a view to progress towards the establishment of a pilot project in the Baltic Sea, an important form of "supportive action" already at this stage could be to optimise the use of EU funds having regard to the critical status of the Baltic Sea, thereby securing effective integration of environmental concerns in the real application of sectoral policies, to better address the urgent environmental challenges related to the Baltic Sea, as agreed by the European Council. (Deadline for progress review: 31 December 2010)

- ***“Encourage the use of Maritime Spatial Planning in all Member States around the Baltic Sea and develop a common approach for cross-border cooperation”***

Increased activities in the Baltic Sea lead to competition for limited marine space between sectoral interests, such as shipping and maritime transport, offshore energy, ports development, fisheries and aquaculture in addition to environmental concerns. Maritime Spatial Planning is a key tool for improved decision-making that balances sectoral interests that compete for marine space, and contributes to achieving sustainable use of marine areas to benefit economic development as well as the marine environment. The development of a Maritime Planning System for the Baltic Sea, based on the ecosystem approach, is encouraged at national level as well as common cross-border cooperation for the implementation of the Maritime Spatial Planning in the Baltic Sea following the key common principles set out in the recently adopted Commission's Roadmap for Maritime Spatial Planning. The European Community and the HELCOM contracting States have agreed in the context of the HELCOM Baltic Sea Action

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<sup>76</sup> Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive), OJ L 164, 25/6/2008, p.19).

<sup>77</sup> See [http://www.helcom.fi/BSAP/en\\_GB/intro/](http://www.helcom.fi/BSAP/en_GB/intro/)

Plan to develop such an integrated tool, and relevant initiatives are also in process with VASAB, Baltic Regional Advisory Council<sup>78</sup> and relevant stakeholders. The Commission will also launch preparatory actions in the Baltic Sea to test the implementation of Maritime Spatial Planning in a cross-border context in close cooperation with the Baltic Member States.

▪ ***“Develop and complete Land-based Spatial Planning”***.

This action is of key importance in ensuring coherence between actions and maintaining an integrated approach. Without a clear picture of the region, and an awareness of sensitive areas, population and economic pressures and other factors, sustainable development is not feasible. Land-based spatial planning is already underway, led by VASAB<sup>79</sup> and this initiative should be strengthened, in co-ordination with the maritime spatial planning, and completed. (Deadline for progress review: to be confirmed)

▪ ***“Transform successful pilot and demonstration projects into full-scale actions”***.

This knowledge has been gained through projects financed by EU, national, regional funds or private funds. For example, such projects have been / are being implemented under the umbrella of HELCOM, Baltic 21, the Nordic Council of Ministers, Partnerships in the framework of the Northern Dimension etc. Under the ‘Baltic Sea Region’ transnational Programme which is part of the ‘Territorial Cooperation’ objective of the ERDF some projects are also supported. The potential of this transnational Programme, which covers already the Baltic macro-region, should be maximised. (Deadline for progress review: to be determined)

▪ ***“Use research as a base for policy decisions”*** through common research programs in the Baltic Sea Region.

To achieve the objectives of the strategy (including the restoring of the Baltic Sea environment, adapting to climate change, developing sustainable fisheries, agriculture and tourism or establishing common spatial planning), there is a need for actions and measures by all countries in many different sectors. Often these are very expensive, and it is necessary to prioritise. Applied (or policy linked) research with participations from all countries in the Baltic Sea region can provide the necessary data for such decisions to be made. The Baltic Nest decision support system<sup>80</sup> and the BONUS+ programme<sup>81</sup> (continued as BONUS 169) are among the most important, together with the planned research programme on costs for no actions (a Baltic “Stern” report<sup>82</sup>). In particular, the network of funding organisations established through BONUS could be expanded and used also for other common research activities, such as those supported by the Nordic Council of Ministers. (Deadline: to be determined)

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<sup>78</sup> The main aim of the BS Regional Advisory Council is to advise the European Commission and Member States on matters relating to management of the fisheries in the Baltic Sea.

<sup>79</sup> VASAB - Vision and Strategies around the Baltic Sea - is an intergovernmental network of 11 countries of the Baltic Sea Region promoting cooperation on spatial planning and development in the Baltic Sea Region.

<sup>80</sup> Developed at Baltic Nest Institute [www.balticnest.org](http://www.balticnest.org)

<sup>81</sup> The BONUS + program (2009-2011) funds 16 projects, totalling about € 20 million, of which 2/3 from national funding organisations. BONUS + is coordinated through the BONUS EEIG (European Economic Interest Group) [www.bonusportal.org](http://www.bonusportal.org). See also text on page 10 and footnote 9.

<sup>82</sup> The ‘Stern Review on the Economics of Climate Change’ is report released in October 2006 by the economist Lord Stern of Brentford for the British government. It discusses the effect of climate change and global warming on the world economy in particular by comparing the costs of actions compared to the costs of no action.

- ***“Define and implement the Baltic Sea basin component of the European Marine Observation Data Network (EMODNET) and improve socio-economic data.”***

Marine data – geological, physical, chemical and biological - collected largely by public institutions, are still fragmented, of uncertain quality and difficult to assemble into coherent pictures of the entire Baltic sea-basin. The Commission has proposed a European Marine Observation and Data Network (EMODNET). As a preparatory action of this initiative, a first versions of sea-basin scale map layers of Baltic geology (sediments, geohazards, mineral resources) and broad-scale marine habitats (building on the work of the BALANCE project) will be ready by 2010. The Commission has also developed a database on data for maritime sectors and coastal regions that constitute a first step towards developing Baltic sea-basin-wide socio-economic indicators.

- ***“Build a regional identity”*** at the level of the wider region based on a common vision.

This would involve opinion surveys and marketing campaigns, awareness and visibility raising exercises, promotion of cultural heritage linked to the shared Baltic Sea or the preparation of a common history book. Possibilities would include to create annual prizes for the best projects promoting the region, or otherwise supporting the EU Strategy for the Baltic Sea Region and to apply jointly (as the Baltic Sea Region) for the organisation of a major world or European-level sporting event. (Deadline for progress review: 31 December 2009)