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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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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 set of priority areas identified in the preparation of the European Union Strategy for the Baltic Sea Region[1]. The plan may be updated regularly as the region and its context develops, following an agreement among the Priority Area Coordinators, the Member States and the European Commission. The present version represents the December 2010 update of the Action Plan published by the Commission in June 2009.

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[2]. 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*

[1] 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."

[2] 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.

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.

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. These should have a responsible lead partner as well as a deadline for implementation. Some flagship projects may 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 still on-going 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[3]. 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 SOx 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.

[3] 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).

BONUS, the Joint Baltic Sea Research and Development Programme[4], will be implemented under Article 185 of the Treaty on the Functioning of the European Union (formerly Article 169 of the TEC), which provides for the participation of the Union in research and development programmes undertaken by several Member States. Based on previous work undertaken within the framework of the BONUS ERA-Net and BONUS ERA-Net Plus initiatives (2003-2010), BONUS brings together all 8 Baltic Sea Member States in a joint research effort to improve the efficiency and effectiveness of the Baltic Sea Region's environmental research programming. By implementing a policy-driven, fully-integrated joint research programme, based on extensive stakeholder consultations, BONUS will provide concrete scientific outputs facilitating the implementation of ecosystem-based management of environmental issues in the Baltic Sea area while contributing to the establishment and structuring of the ERA in the Baltic.

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 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[5]:	€ 1.6 billion
Total:	€ 9.8 billion

In addition, other EU Community programmes (in particular the 7th 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)[6]:

- Latvia:

[4] Decision 862/2010/EU of the European Parliament and of the Council on the participation of the Union in a Joint Baltic Sea Research and Development Programme (BONUS), (OJ L 256)

[5] Including air quality, promotion of biodiversity and risk prevention.

[6] Some of these projects also benefit from a framework loan from the European Investment Bank (EIB)

- Ongoing projects: The second stage of the development of Water Services in Liepaja (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: Implementing EU Water Framework Directive (Directive 2000/60/EC) Lithuania has adopted, the Management Plans of the Nemunas, Lielupė, Venta and Dauguva River Basin Districts and the Programmes of Measures to Achieve Water Protection Objectives.
- Poland: The major waste water plants projects currently implemented are *inter alia* in Warsaw (€ 585 million), Szczecin (€ 282 million), Wroclaw (€ 158 million), Poznan (€ 104 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[7] 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 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[8]. This document contains a specific section on eutrophication and has been complemented in March 2009 by thematic reports on the Baltic Sea eutrophication[9].

- ***"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 1st

[7] 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.

[8] Agreed in November 2007 by Sweden, Finland, Estonia, Latvia, Lithuania, Poland, Germany, Denmark, Russia and the European Commission

[9] 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.

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.

- ***"Full implementation of the Water Framework Directive[10] 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[11] for 2020

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.

- ***"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.

[10] 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.

[11] 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.

Flagship projects (as examples):

- ***1.1. "Remove phosphates in detergents in countries where this is not yet the case as recommended by HELCOM Baltic Sea Action Plan, i.e. to prepare a timetable of phasing-out of use of phosphates in detergents"*. *Project completed.***

- ***1.2. "Cleaner waste water" clustered projects***

- ***1.2.1. "strengthen the implementation of the HELCOM Recommendation for Waste Water Treatment Plants (WWTP) around the Baltic Sea by e.g. identifying gaps and obstacles in achieving the Recommendation, coordination of actions and exchange of experiences"*** (Lead: Sweden; Deadline for progress review: to be determined)

- ***1.2.2. "PRESTO"***, through education programmes for the operating staff, designers and academic trainers of wastewater treatment as well as technical studies and investments in selected Belarusian wastewater treatment plants (Baranovichi, Grodno, Molodechno and Vitebsk) strives to significantly reduce the nutrient load to the Baltic Sea. (Lead: Union of the Baltic Cities, Commission on Environment. Deadline for progress review: to be confirmed)

- ***1.4. "Putting best agricultural practices into work – Baltic Deal"***. The eutrophication status of the Baltic Sea is still unsatisfactory, despite decreased nutrient loads in recent decades. The challenge of farm nutrient run-off and leakage eventually entering the Baltic Sea is recognised by the farmer community. Baltic Deal was initiated by five farmers' federations as a voluntary sector response. It is now a funded flagship project of the EU Strategy for the Baltic Sea Region with seven partners, part-funded by the Baltic Sea Region Programme 2007-2013 and the NEFCO/NIB BSAP Trust Fund, respectively. The strategic project objective is to cost-effectively improve the environmental status of the Baltic Sea, without impairing competitiveness or production. The specific project objective is to develop a joint, transnational Baltic Sea Region approach with national adaptation to advance and strengthen agricultural advisory services and related demonstration activities. (Lead: Federation of Swedish Farmers and Latvian Rural Advisory and Training Centre; Deadline: 31 December 2013)

- ***1.5. "Assessment of regional nutrient pollution load and identification of priority projects to reduce nutrient inputs from Belarus to the Baltic Sea"***, in particular in the context of the Northern Dimension Environmental Partnership (Lead: Finland; Deadline: 2013).

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 euthrophication 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 lead 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 Joint Baltic Sea Research and Development Programme[12] (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[13] 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.

[12] Decision 862/2010/EU of the European Parliament and of the Council on the participation of the Union in a Joint Baltic Sea Research and Development Programme (BONUS) published in the Official Journal on 30.9.2010 (OJ L 256)

[13] 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

Flagship projects (as examples):

- ***2.1. "Create marine protected areas".*** The Birds[14] and Habitats directives[15] (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. Coordination is also needed with measures under the Common Fisheries Policy. (Lead: Germany; Deadline for progress review: to be determined) ***FAST TRACK***

- ***2.2. "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/OSPAR[16] guidelines on the voluntary interim application of ballast water exchange standards should be implemented. 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, Sweden and Germany; Deadline for progress review: to be determined)

- ***2.3. "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 and Germany; Deadline for progress review: to be determined)

[14] Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds

[15] Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora.

[16] 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.

3.	**To reduce the use and impact of hazardous substances**	Coordinated by Sweden

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[17]) 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 Joint Baltic Sea Research and Development Programme[18] (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:

[17] 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.

[18] Decision 862/2010/EU of the European Parliament and of the Council on the participation of the Union in a Joint Baltic Sea Research and Development Programme (BONUS) published in the Official Journal on 30.9.2010 (OJ L 256)

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.

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)[19]. 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[20]. 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.

- ***"Assess the need to clean up contaminated wrecks and chemical weapons"***, where it is required to protect sensitive marine ecosystems, taking into account earlier work carried out by HELCOM.

- ***"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 BONUS Joint Baltic Sea Research and Development Programme[21].

[19] In particular but not exclusively 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.

[20] Including the Stockholm Convention on Persistent Organic Pollutants and the Convention on Long-range Transboundary Air Pollution.

[21] Decision 862/2010/EU of the European Parliament and of the Council on the participation of the Union in a Joint Baltic Sea Research and Development Programme (BONUS) published in the Official Journal on 30.9.2010 (OJ L 256)

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Flagship projects (as examples):

- ***3.1. "Develop tools and indicators for the assessment of biological effects of anthropogenic chemical stress in the Baltic Sea"*** by investigating the causality between chemical pressure and biological effects at different levels of biological organisation. One outcome of the project will be recommendations for effects monitoring of hazardous substances in the whole Baltic Sea area. The project will also contribute to capacity building and strengthening of network via workshops (BEAST project financed by the Bonus Joint Baltic Sea Research and Development Programme). (Lead: Finnish Environment Institute. Deadline for finalisation: 31 December 2011)

- ***3.2. "Assess the need to clean up 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[22] 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: Chief Inspectorate of Environmental Protection, Poland, with the involvement of all nine contracting HELCOM partners; Deadline for finalisation: to be determined) ***FAST TRACK***

- ***3.3 "Sustainable management of contaminated sediments".*** A guideline and a tool-box for treatment technologies, an assessment and decision support system will be developed, and field tests to validate and demonstrate treatment methods under various conditions will be performed. A durable network will be created through interaction with key target groups and a participatory approach to all work packages (SMOCS project financed by the Baltic Sea Region Programme). (Lead: Swedish Geotechnical Institute; Deadline for finalisation: 16 December 2012)

- ***3.4 "Development of HELCOM Core Set Indicators"*** (HELCOM CORESET) for hazardous substances and biodiversity to support regular updating of the thematic assessments, which assess whether HELCOMs strategic goals and ecological objectives have been reached, and whether the implementation of the Baltic Sea Action Plan has been successful. The indicators should be fully in line with Good Ecological Status (GES) as defined in the EU Marine Strategy Framework Directive, and the ensuing guidelines or criteria. The project will ensure the necessary cooperation and coordination, and finally also the marine region-wide harmonisation needed to set Baltic Sea specific targets for GES related to hazardous substances and biodiversity. (Lead: HELCOM secretariat; Deadline for finalisation: 30 June 2013)

[22] 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/ and the work in HELCOM http://www.helcom.fi/environment2/hazsubs/en_GB/chemu/?u4.highlight=ammunition

- ***3.5 "Control of Hazardous Substances in the Baltic Sea Region"*** by identifying the sources and inputs of 11 hazardous substances and substance groups which are addressed in the HELCOM Baltic Sea Action Plan, and develop measures to reduce the load of these substances. The project also aims at improving knowledge of best practices and capacity building (COHIBA- project co-financed by the EU Baltic Sea Region Programme 2007-2013). (Lead: Finnish Environment Institute (SYKE). Deadline for finalisation: 2012)

- ***3.6* "*Innovative Management of Hazardous Substances in the Baltic Sea Region*",** (InnoMaHaz) transfers the knowledge from COHIBA about mapping sources and evaluating cost-efficiency of measures to a set of emerging hazardous substances, *e.g.* pharmaceuticals. In addition to the established measures evaluated in COHIBA, innovative measures will be analysed in terms of cost-efficiency and ease of implementation. This analysis will target selected fields, which have been identified in COHIBA as potential gaps, *e.g.* import of products (such as textiles), flame retardant use in the building sector or new urban infrastructure concepts for waste, waste water and urban run-off. Relevant stakeholders will be involved in the project *e.g.* SMEs in the Baltic Sea states. With these activities, InnoMaHaz contributes to an innovation network for management of hazardous substances in the Baltic Sea Region. (Lead: Germany (Fraunhofer); Deadline for finalization: to be determined)

- ***3.7 "Reduce the use of the Substances of Very High Concern** (SVHC) **in the Baltic Sea Region".*** The project aims at bringing forward substances relevant for the environment in the Baltic Sea, such as the recommendations on hazardous substances made through the Baltic Sea Action Plan (BSAP) to the REACH candidate list. One central part of REACH is the "candidate list" of SVHC, listing chemicals, which use most likely will be severely restricted in the future. The SIN-List is a database with 356 chemicals and chemical groups that fulfill the REACH criteria for SVHC. (Lead: The International Chemical Secretariat. Deadline for progress review: tbd)

- ***3.8 "Make the Baltic Sea Region a lead in sustainable development for pharmaceuticals"*** by establishing a network on pharmaceuticals with the focus on sustainable development where good practice and experience are exchanged between people with knowledge of medical products, health and environmental aspects within the region. Focal points should be established in all Baltic Sea Region member states in order to increase the knowledge and to make a platform for further discussions towards the goal of sustainable development. (Lead: Swedish Medical Products Agency. Deadline for progress review: tbd).

4.	**To become a model region for clean shipping**	Coordinated by Denmark

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 air pollution and 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 Joint Baltic Sea Research and Development Programme[23] (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 SOx Emission Control Area (SECA) with limits on sulphur emissions under the MARPOL Convention[24] (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.

[23] Decision 862/2010/EU of the European Parliament and of the Council on the participation of the Union in a Joint Baltic Sea Research and Development Programme (BONUS) published in the Official Journal on 30.9.2010 (OJ L 256)

[24] 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).

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 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 VI) provides for establishing marine areas as a NOx emission control areas. New rules would require that ships built on and after 2016 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.

Flagship projects (as examples):

- ***4.1. "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, including sewage (see Flagship Project 4.4). (Lead: HELCOM; Deadline for progress review: to be determined) ***FAST TRACK***

- ***4.2. "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"***. Their use should be promoted including through economic incentives in order to come to a level playing field. (Lead: Finland and Sweden; Deadline for progress review: to be determined by the lead Member State) ***FAST TRACK***

- ***4.3. "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: HELCOM; Deadline for progress review: to be determined) ***FAST TRACK***

- ***4.4. "Eliminate the discharge of sewage from ships"***, especially from passenger ships, by following up on the proposal by HELCOM to the International Maritime Organisation to designate the Baltic Sea as a control area for sewage discharges from passenger ships, whereby cruise and passenger ships will be required to treat their sewage to remove nutrients or deliver it to port reception facilities. (Lead: Finland; Deadline for progress review: to be determined)

- ***4.5. "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: Region Blekinge; Deadline for finalisation: 24 January 2012)

- ***4.6. "Conduct a feasibility study on LNG infrastructure for short sea shipping".*** Short Sea Shipping must be developed as a sustainable transport alternative encompassing intermodal transport as well as transport of bulk cargo. With the coming cuts in the allowed sulphur content in bunker fuel and limitations on emissions of nitrogen oxides, the competitiveness of short sea shipping is put under great stress and new technologies must be considered. Engine manufacturers have started to offer liquefied natural gas (LNG) as an alternative to oil, but his alternative demands an infrastructure of LNG filling stations. A feasibility study shall form the basis for further action in this field (Lead: Danish Maritime Authority and the Nordic Council of Ministers; Deadline for progress review: to be determined)

5.	**To mitigate and adapt to climate change**	Coordinated by Denmark

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 Joint Baltic Sea Research and Development Programme[25] (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

[25] Decision 862/2010/EU of the European Parliament and of the Council on the participation of the Union in a Joint Baltic Sea Research and Development Programme (BONUS) published in the Official Journal on 30.9.2010 (OJ L 256)

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):

- ***5.1. "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)

- ***5.2. "Implement fully the EU – Russia Energy Efficiency Initiative"***, particularly the annual work programmes of the Joint EU – Russia Thematic Group on Energy Efficiency of the EU – Russia Energy Dialogue, to be implemented jointly by the EU and Russian side. (Lead: European Commission, DG ENER; Deadline for progress review: 31 July 2010)

- ***5.3. "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 and Germany; 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[26].

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 7th 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)[27]and the Competitiveness and

[26] 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)

[27] 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) [28]:

- "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

[28] Some of these projects also benefit from a framework loan from the European Investment Bank (EIB)

6.	**To remove hindrances to the internal market in the Baltic Sea Region including to improve cooperation in the customs and tax area**	Coordinated by Estonia

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[29] 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 an insufficient or non-transparent way, limited competition in network industries due to barriers

[29] 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)

for market entrants, 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.

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[30] 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[31], 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[32]. 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. Until recently, queues of lorries formed regularly at crossing points from Finland, Estonia and Latvia. The main reason was the growth of EU-Russia trade, complemented by inefficient procedures and inadequate infrastructure on the Russian side. Although the congestion has decreased due to the economic crisis since the beginning of 2009, streamlining customs legislation and improving infrastructure in Russia will help avoid similar problems in the future.

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

[30] Commission Communication "A single market for 21st century Europe"; COM (2007) 724 final; 20.11.2007

[31] http://ec.europa.eu/internal_market/score/docs/score18_en.pdf

[32] According to 2006 Eurobarometers, http://ec.europa.eu/internal_market/strategy/index_en.htm#061204

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 other neighbouring countries, 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.

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 EU-Russia Strategic Framework for Customs Cooperation aimed at facilitating trade, strengthening safety and security and the fight against fraud and investing in customs modernisation*** agreed by the EU Commissioner for Taxation and Customs Union, Audit and Anti-Fraud, Mr Šemeta, and the Head of The Federal Customs Service of Russia, Mr Belyaninov in December 2010. The EU-Russia Working Group on Customs Border Issues sees to the implementation of the specific objectives of the Framework.

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, postal services, related logistics and the broader communications sector, 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 and application of the Services Directive and other relevant directives, especially those effecting SMEs and those aiming at the liberalisation of service markets (e.g. the Third Postal Directive which sets a deadline for the full market opening by 31st December 2010 for the majority of Member States). 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. The alignment of taxation policy should be also pursued, including inter alia gradual approximation of excise rates for cigarettes with Russia. This would diminish tax fraud and smuggling of excise goods into the EU, and also contribute to the budget and health objectives, addressing problems which are difficult to fight by means of reinforced border controls only. Additionally this would contribute to trade facilitation in the region by reducing the need for strict and detailed controls at the border.

Flagship projects (as examples):

- **6.1. "*Remove remaining single market barriers"*** by strengthening the practical cooperation between the responsible authorities. The project consists of 5 areas divided between 2 leaders: **1. Identification of the internal market barriers to trade between the countries of the region and taking actions to remove them - responsible: Poland**[33] The general objective to be achieved under the project should be to collect extensive information on the barriers on the internal market which hinder the free movement of persons, goods, services and capital between the countries of the region. **2. Cooperation aimed at the implementation of the Commission *Recommendation on measures to improve the functioning of the single market* - measures ensuring better coordination of single market issues (recommendation no. 1) – responsible: Poland** To establish a cooperation group (modelled on the Nordic-Baltic group or within that forum) which will meet periodically to exchange experience on the implementation of Recommendation no. 1 on measures to improve the functioning of the single market on measures ensuring better coordination of single market issues. **3. Intensification of cooperation between the SOLVIT Centres of the countries from the region – responsible: Poland**[34] To carry out a joint campaign to increase awareness of the existence of SOLVIT among SMEs and to provide them with reliable and objective information on the type of assistance they may obtain at SOLVIT. **4. Exchange of best practices on the practical functioning of Product Contact Points and Points of Single Contact – responsible: Sweden**[35] The project should aim at providing a platform for exchange of experience regarding establishing, financing and developing the contact points in the Baltic Region. **5. Provide better information to citizens and business about the Goods Package (including mutual recognition**

[33] Willing to participate: DK, EE. SE, FI – focusing on certain sectors

[34] Willing to participate: DK, EE, SE. It is to be further confirmed which countries are willing to participate in SOLVIT+ module of this project – DE and DK are resistant.

[35] Willing to participate: DK, EE. DE – only as regards PCP

principle) and the Services Directive – responsible: Sweden.[36] This project could take the form of a group sharing best practice information, which should aim at identifying what kind of information efforts have been carried out regarding: The content of the new legislation and the role of the new contact points. Furthermore, the project should aim at identifying if and what kind of additional information efforts could be beneficial to the region. (Lead: Poland and Sweden; Deadline for progress review: first results are achieved in June 2011) ***FAST TRACK***

- ***6.2. "Implement European space for maritime transport without barriers 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 analysing the present legal and administrative barriers and initiating necessary changes to the regulatory and administrative framework through better regulation strategies, and by developing EU integrated maritime information reporting systems (single window) agreed at EU level. (Lead: DG Mare/Swedish Maritime Agency tbc; Deadline for progress review: to be determined)

- ***6.3. "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[37], 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; and make it easier for citizens and private enterprises to report digitally to public authorities, which also will support the strategic action "Remove remaining barriers to the cross-border provision of services" (as described on page 27). Such work should have a high focus on market access for foreign citizens and enterprises by avoiding the creation of structural barriers by increasing the security level for interoperable e-signatures to an unnecessary high level. Joint projects should be developed within the field of information society; these would include electronic voting and other public and private electronic services. (Lead: Estonia; Deadline for progress review: to be determined)

- ***6.4. "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)

- ***6.5. "Monitor implementation of the priorities of the EU-Russia Strategic Framework for Customs Cooperation"*** for ensuring trade facilitation and the protection of citizens, and combating fraud. The Strategic Framework is based on three broad priorities: a) Safe and fluid trade lanes; b) Risk management and fight against fraud; c) Investment in customs modernisation. (Lead: European Commission, DG Taxud/EU-Russia Working Group on Customs Border Issues; Deadline for finalisation: to be determined)

[36] Willing to participate - EE – but the content needs to be discussed in more detail

[37] COM(2008) 798 of 28.11.2008

- ***6.6. "Monitor border situations"*** by carrying out the project evaluating the implementation of the EU-Russia customs cooperation strategy,. One of the main objectives of the project is to monitor and evaluate the practical effects of the implementation of the pilot project on exchanges of advance customs information, which was a part of the EU-Russia strategy for customs cooperation. (Lead: European Commission, DG Taxud/EU-Russia Working Group on Customs Border Issues; Deadline for finalisation: first half of 2012) ***FAST TRACK***

- ***6.7. "Coordinate the use of the digital dividend."*** Coordination of 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. Development of enhanced models for cooperation between Member States for multilateral coordination and market control (Lead: Sweden. Deadline: to be determined).

7.	**To exploit the full potential of the region in research and innovation**	Coordinated by Sweden and Poland

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[38], and the BSR INNO-Net project that is funded under the EU initiative PRO INNO Europe[39]. It is also important to fully utilise the opportunities to cooperate within the framework of the European Research Area (ERA).

[38] http://www.clusterobservatory.eu/

[39] 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 trans-national 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):

- ***7.1. "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. In addition, an objective is to ***"develop a regional foresight programme"***, which will help identifying desirable directions of cooperation in R&D and innovation. (Lead: Sweden and Lithuania; Deadline for progress review: to be determined) ***FAST TRACK***

- ***7.2. "Create a Baltic Sea Fund for Innovation and Research"***. The aim is to develop financial instruments that promote transnational and transregional innovation and research focussing on the specific strengths of the Baltic Sea Region. This will be achieved by using both tested and successful financial models as well as by developing new ones that all will support the coordination of existing funding (2007-2013) as well as future funding (2014-

onwards) for research, development and innovation at the EU, national and regional levels, as well as private funding. (Lead: Region Skåne. Deadline for finalisation: to be determined)

- ***7.3. "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)

- ***7.4. "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: Lithuanian Biotechnology Association and BioCon Valley® GmbH, Greifswald (Germany); Deadline for progress review: to be determined)

- ***7.5. "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[40]. 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)

[40] 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.

8.	**Implementing the Small Business Act: to promote entrepreneurship, strengthen SMEs and increase the efficient use of human resources**	Coordinated by Denmark and Germany

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[41], 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

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

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".*** The ambition of this project proposal is to establish a regional platform in the field of offshore renewable energy to support and increase the level of cross-border collaboration between key actors in the BSR. The action constitutes the main implementation of the strategic action under PA8 entitled "Jointly develop entrepreneurship in offshore renewable energy, particularly wind, to make the Baltic Sea Region a lead region in this field".

- ***"Entrepreneurship training as part of the school curricula".*** The ambition of this project proposal is to formulate a strategy for closer collaboration in the Baltic Sea Region (BSR) to promote entrepreneurship education "***Effective support for entrepreneurship in BSR clusters"***. The ambition of this project proposal is to provide evidence and new impetus to designing effective support measures for entrepreneurship in selected BSR clusters, including the establishment and development of strong eco-systems for entrepreneurs. The target group includes policy makers and cluster managers in the Baltic Sea Region.

  The project proposal supports the overall implementation of activities within PA8 and will also contribute to achieving high level policy objectives of the EU by focusing on the grand societal challenges identified in the Europe 2020 strategy, in particular welfare technology.

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**.**

- ***"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):

- **8.1.** "***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)

- ***8.2. "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. (Lead: Poland; Deadline for progress review: to be determined)

- ***8.3. "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: Germany; Deadline for progress review: to be determined) ***FAST TRACK***

- ***8.4. "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: Germany and Sweden; Deadline for progress review: to be determined)

- ***8.5. "Baltic Supply***". The project sets up supporting structures for SMEs in order to facilitate access to inter-regional supply markets in north-eastern Europe. The project establishes a service network of Regional Development Agencies, Business Development Organisations, government agencies and knowledge institutions that will help small and medium sized business to identify new business opportunities and to join forces across regional boundaries for sustained success on interregional supply markets. For this purpose the project establishes the "European Business Support Network" as a virtual and personalised service infrastructure offering innovation, market development and training services by network partners. Market focus is on the 3 below mentioned industries: Maritime Industry, Food, Energy (Lead: Germany; Deadline for progress review: to be determined)

- ***8.6. "Make the Baltic Sea region a leader in design".*** The ambition of this project proposal is to establish a regional platform in the field of design to support and increase the level of cross-border collaboration between key actors in the BSR. The action constitutes the main implementation of the Flagship project under PA8 entitled "*Make the Baltic Sea Region a leader in design*". No flagship project leader has yet been appointed and the Danish Enterprise and Construction Authority is therefore willing to lead the implementation of the Flagship project if the Commission can agree with this. (Lead: Denmark; Deadline for progress review: to be determined).

- ***8.7. "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: Germany: Behörde für Wissenschaft und Forschung der Freien und Hansestadt Hamburg; Deadline for finalisation: to be determined) ***FAST TRACK***

- ***8.8. "Cooperation between Public Employment services",*** including information on job offers and on working conditions and residence in the Baltic Sea Region through better use of the European portal dedicated to job mobility, EURES. (Lead: Sweden, Arbetsformedlingen (Public Employment Services).Deadline for progress review: to be determined)

9.	**To reinforce sustainability of agriculture, forestry and fisheries**	Coordinated by Finland and Lithuania for rural development and Sweden for fisheries

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, where the forest sector is important for regional development and plays a relevant role in maintaining sustainable employment in rural areas. A more integrated approach to utilising wood and other forest related products is needed.

Fisheries have a long tradition in the Baltic Sea. While some of the stocks are fished within natural limits, others are over fished. In 2008 the Commission launched a 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.

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 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. 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 an ecosystem approach management as well as specific action to be taken such as improved selectivity in fishing gear and an elimination of discards.

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.

- ***"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.

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 supply of wood raw material to the forest-based industries, 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.

- ***"Develop strategies for a sustainable use of and breeding with forest-, animal-, and plant genetic resources"*** that are considered to have positive effect on hindering soil erosion, to minimize the use of acidifying substances, on Carbon capture and storage and finally to conserve genetic diversity. By creating networks within the Baltic Sea region, the aim will be to strengthen and develop the cooperation in the area by exchanging information, built competences and to give advice for policy-making. Furthermore networks projects will be developed within different topics: As examples: Plant genetic resources for agriculture in changing climate, including pre-breeding, Forestry, Carbon capture and storage and adaptation to climate changes, Animal genetic resources, pollution and sustainable breeding programme, education on Genetic Resources. Actions and experience by the Nordic Council of Ministers should be exploited for further cooperation and development."

- ***"Animal Health and disease control"*** should be reinforced. Actions and experience by the Nordic Council of Ministers should be exploited for further cooperation and development, including the Nordic Baltic cooperation in this field."

- ***"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.

Flagship projects (as examples):

- ***9.1 "Develop and improve coordination and cooperation among Member States and stakeholders"*** on fisheries management in the Baltic Sea. A forum called Baltfish has been established to enhance collaboration among Baltic Sea Member States as a first step towards further regionalisation of fisheries management. The forum will elaborate with relevant Baltic Sea organisations including the BS RAC and HELCOM how integration of concerned stakeholders in fisheries management and policy implementation can be strengthened and the forum be developed further in this regard. (Lead: Sweden; Deadline for progress review: to be determined)

- ***9.2. "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. (Lead: Denmark; Deadline for progress review: to be determined)

- ***9.3. "Sustainable rural development"*** Projects must be developed that bring together people in the region for sustainable rural development and livelihood, such as supporting the environment for innovations, youth, rural tourism, agriculture and forestry. New practices on using an integrated approach should be developed. (Lead: Poland and Sweden; Deadline for progress review: to be determined)

- ***9.4. "Ensure sustainable fishing"*** by addressing failures and opportunities in the policy, as identified in the Common Fisheries Policy reform process, by developing an ecosystem based approach to fisheries management. The activity will be carried out in cooperation with public authorities and stakeholders concerned and take into account the recommendations of the HELCOM Baltic Sea Action Plan, best practices and scientific knowledge including the scientific assessments by ICES and STECF. (Lead: Sweden; Deadline for progress review: to be determined)

- ***9.5. "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: Finland; Deadline for progress review: to be determined)

- ***9.7. "Sustainable forest management in the Baltic Sea Region - EFINORD"*** EFINORD interacts with EU especially in policy related issues and integrates forest research of the Nordic region into Europe. The network should focus on sustainable forest management, reflecting regional issues; primarily biomass production and ecosystem services, which are high on the agenda for forest owners, industry, and society at large. (Lead: NCM/SNS; Deadline for progress review: to be determined).
  The EFINORD flagship offers an umbrella for forest and SFM related activities in the Baltic Sea Strategy. The following activities are to be found under the EFINORD umbrella: ***"Environmental performance of wood"*** (Lead: Finland/Ministry of Agriculture and Forestry); ***"Forestry and water protection"*** (Lead: Sweden/Swedish Forest Agency); ***"Sustainable Forest Management in Kaliningrad"*** (Lead: Swedish Forest Agency); ***"Baltic landscape"*** (Lead: Sweden / Swedish Forest Agency); ***"Creating a Nordic-Baltic information service for forests and forestry"*** (Lead: Nordic Forest Research Co-operation Committee (SNS) & North European Regional Office of the European Forest Institute (EFINORD); ***"Management and conservation of forest tree genetic resources in the Baltic Sea Region under changing climate conditions"***(Lead: Nordic Centre of Advanced Research in Forest Genetics and Tree Breeding (GeneCAR)); Sub-project 2: "Cooperation in breeding of Norway spruce" (Lead: NordGen Forest); ***"Hardwoods are good"*** (Lead: Sweden / Swedish Forest Agency)

- ***9.8. "Network of institutions for management and conservation of plant genetic resources (PGR) in the BSR under changing climate conditions":*** The aim is to secure sustainable conservation and use of plant genetic resources relevant for food and agriculture. To accomplish this, networks of institutions within the region are already established to exchange and develop knowledge within the field. This will be expanded to include long-term cooperation for practical cost-efficient solutions in the management of GR and thereby strengthen the food security in the region. The first objective will be to implement the common European database for plant genetic resources (AEGIS) promoting the utilization of the PGR in the region for breeding and research. This could serve as a model of regional collaboration to other European countries. (Cross-cutting theme B: Climate change) (Lead: NordGen. Deadline for finalisation: to be determined)

- ***9.9. "Establish a Forum for Inventive and Sustainable Manure Processing"****, BATMAN,* 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***

- ***9.10. "Recycling of phosphorus"***. Recycling of phosphorus is an urgent challenge as it is estimated that the world's easily and economically usable phosphorus will last only for 50-150 years. At the same time the phosphorus load on waters caused by agriculture is a cause for eutrophication. New practices on using an integrated approach should be developed to minimize the leakage of nutrients / phosphorus and to maximize the recycling of all kind phosphorus sources in addition to manure. (Lead: Germany together with BATMAN. Deadline for finalisation: to be determined)

- ***9.11. "Reinforcement of animal health and disease control"***. In the Nordic-Baltic region veterinary contingency planning has been on the common agenda for some years and some of the experience will be used in a future cooperation in the whole Baltic Sea Region. One example is simulation exercises that are considered as a very valuable tool for testing contingency plans established for the control and eradication of rapid spreading animal diseases. The efforts made to facilitate training in the Nordic-Baltic region in the use of risk analysis and creation of networks for sharing experiences should be explored. In the event of an animal disease outbreak, the Baltic Sea Region will be working on the intension to provide, within their resource capabilities, skilled and competent personnel to respond to the animal disease situation in the affected country. Actions and experience by the Nordic Council of Ministers should therefore be exploited for further cooperation and development, including the Nordic Baltic cooperation in this field. (Lead: Nordic Council of Ministers, Deadline for progress review: To be determined)

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.

In addition 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[42]	€ 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 7th 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.

[42] Including regional and local roads, airports, urban transport and ports.

Examples of projects (ongoing and planned ones, total cost)[43]:

- 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[44].

[43] Some of these projects also benefit from a framework loan from the European Investment Bank (EIB)

[44] Detailed information available at: 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, culture and health

10.	**To improve the access to, and the efficiency and security of the energy markets**	Coordinated by Latvia and Denmark

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)[45]). 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) low market liquidity; (b) 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.

[45] 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:

- ***10.1. "Monitor the implementation of the Baltic Energy Market Interconnection Plan (BEMIP) correspondingly with the actions of the High Level Group of the BEMIP"***. In particular, priority should be given to ***"connect the Baltic States to the energy networks of the region".*** The need to monitor the progress of the BEMIP emerges not only from Baltic Energy Market Interconnection Plan by its own, but also from the framework of European Union Strategy for the Baltic Sea Region. The function of monitoring relies on High Level Group of the BEMIP, therefore the aim of this project is better coordination between strategic goals of the European Union Strategy for the Baltic Sea Region and BEMIP. 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, 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***

- ***10.2. "Demonstration of coordinated offshore wind farm connection solutions"*** (e.g. at Krieger's Flak (Denmark, Germany) and Södra Midsjöbanken (Sweden)) (Lead: Denmark; Deadline for progress review: to be determined) ***FAST TRACK***

- ***10.3. Implement the Baltic Sea Region Bioenergy Promotion' project.*** The project aims at strengthening the development towards a sustainable, competitive and territorially integrated Baltic Sea Region in the field of sustainable use of bioenergy. (Lead: Sweden; Deadline for progress review: to be determined)

- ***10.4. "Extend the Nordic electricity market model (NORDEL[46])"*** 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)

[46] 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

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 Partners has examined the desirability of a Northern Dimension Partnership on Transport and Logistics (NDPTL) and as a result agreed to set up a Working Group, which started its work in January 2008. A Memorandum of Understanding to form the partnership has been signed between 11 partners[47] and the Commission.

The purpose of this partnership is to identify the appropriate priorities in terms of infrastructure, interoperability, border crossing facilitation that could strengthen the transport system, primarily in the Baltic Sea area, thus to identify the possible sources of financing (National funds, EU funds, IFIs) that could support the implementation of such projects. 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.

[47] Belarus, Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Norway, Poland, Sweden and Russia

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[48]) addressing existing infrastructural bottlenecks in order to ensure optimal connections between the various regions of the Baltic Sea, such as the Oder Waterway (project E30) and connection of the Oder River with the Vistula River (project E70).

    - The stakeholders should jointly identify the infrastructure gaps which are important for the whole region (e.g. on North-South and East-West axes)[49]. 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[50]"*** by removing non infrastructure-related bottlenecks, promoting inter-modal connections, developing the

[48] 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.

[49] 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.

Green Corridor concept through the implementation of concrete projects, developing infrastructure, supporting logistics service providers, establishing harmonised electronic administrative procedures, harmonising control procedures, etc. Timely implementation of the Rail Freight Corridors foreseen in the Regulation for a European rail network for competitive freight (EC Regulation 913/2010) will better connect freight nodes in the Baltic Sea Region to the broader rail freight network. The network will improve operations and impose a strong cooperation between rail infrastructure managers on traffic management issues and investment, and in particular put in place a governance structure for each corridor. It foresees sufficient and reliable capacities allocated to freight on these corridors, the coordination between rail infrastructure management and goods terminal management, the definition of objectives of performance as punctuality and capacity and their monitoring, the coordination of works and easier access to and exchange of relevant information. This will contribute to attractive and efficient rail freight services within the region and with other European regions which is essential for modal shift.

- ***"Increase the role of the Baltic Sea in the transport systems of the region"*** through, inter alia, identifying and implementing Motorways of the Sea[51] 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):

- ***11.1. "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:

[50] Global Satellite Navigation Systems (GNSS), such as Galileo, will contribute to the efficiency, safety and optimisation of maritime, air and land transportation.

[51] 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.

- 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;
- Multimodal (N-S) Transport Axes: from Scandinavia-Germany/Poland to the Adriatic Sea)

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

- ***11.2. "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)

- ***11.3. "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, as well as the Karlskrona-Gdynia 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; Deadline for progress review: to be determined)

- ***11.4. "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 and Lithuania; Deadline for progress review: to be determined) ***FAST TRACK***

- ***11.5. "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[52], the eco-driving project ECOWILL and road safety promotion cooperation programmes). (Lead: Lithuania and Sweden; Deadline for progress review: to be determined) ***FAST TRACK***

[52] 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.

12.	**To maintain and reinforce attractiveness of the Baltic Sea Region in particular through education and youth, tourism, culture and health**	Coordinated by 1) Tourism: Mecklenburg-Vorpommern (Germany) 2) Health: Northern Dimension Partnership in Public Health and Social Well-being 3) Education and youth: Hamburg

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, leisure and culture 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[53] of citizens in the Baltic Sea Region so that it has dynamic people willing to invest energy in

[53] 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. The potential of culture-led development should also be explored in a better way.

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 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.

- ***Education: "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.

- ***Tourism: "Mobilise the full potential for sustainable tourism"*** of the Baltic Sea Region (including Russia) by developing common strategies and approaches based on environmental and social responsibility. Building on the commitment of various stakeholders, cooperation could include the exchange of best practices, harmonisation of standards, regional marketing and branding activities, the development of joint tourism products and projects in the region.

- ***Tourism*: *"Facilitate networking and clustering of tourism stakeholders"***representing private business, non-governmental organisations, public authorities, and multilateral cooperation structures in the entire Baltic Sea Region. To this effect, all existing tourism-related network initiatives including the annual *Baltic Sea Tourism Forum* (BSTF) should be utilised.

- ***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)[54] 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.

- ***"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.

[54] 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.

Flagship projects (as examples):

- ***12.1. 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) in order to establish Baltic Sea Region as a region of sustainable development. This cooperation should implement political decisions devoted to Education for Sustainable Development. It could be based on the existing networks of universities such as the 'Baltic University Programme[55]' with almost all universities of the region and the 'Baltic Sea Region University Network[56]' with 40 members. A model could be the UHI Millennium Institute[57]. 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 (Vilnius University); Deadline for finalisation: to be determined) ***FAST TRACK***

- ***12.2. Education: "BSR-Quick".*** The project BSR – Quick aims at qualification for owners, graduates and employees of small and medium sized enterprises. The project encompasses academic education (dual bachelor study courses) and vocational training. By creating a network of universities the missing link between SMEs and the academic area will be bridged. In addition to education and training the project will deliver innovative solutions for individual companies (Lead: Hanse Parlament e.V. Hamburg, Germany, with 40 partners from all BSR countries including Business Organisations, Universities and Ploytechnics, Public Adminstrations. Deadline for finalisation: December 2012).

- ***12.3. Education: "Identify barriers hampering mobility of researchers and students in the Baltic Sea Region and enhance cooperation in the Region in the area of mobility"*** *(the so-called "Fifth Freedom").* (Lead: Denmark, Lithuania and Germany; Project completed : December 2010)

- ***12.4. Education: "Promote school exchanges and develop a ring of partner schools around the Baltic Sea"*** in order to improve mutual understanding and promote language training. (Lead: Hamburg (in cooperation with the German Foreign Office); Deadline for finalisation: to be determined)

- ***12.5. Education: "Baltic Training Programme" (BTP).*** The project BTP supports the internationalisation of vocational education and training (VET) as well as cross-border entrepreneurship. It is divided into two parts: 1) a testing model, where students at VET and their co-operation project ideas are matched with host-companies in another country; and 2) seven stakeholder seminars for target groups such as providers of VET, companies, politicians and civil servants involved in VET. The seminars discuss relevant topics in order to identify needed actions to support internationalisation of VET and cross-border entrepreneurship in the BSR. The area of operations is Estonia, Latvia and the Eastern part of Sweden. (Lead: Norden Association, Sweden; Deadline for finalisation: May 2012).

[55] http://www.balticuniv.uu.se/

[56] http://bsrun.utu.fi/

[57] 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.

- ***12.6. Education and Youth: "Establish a youth resource centre".*** The Youth Resource Centre in the Baltic States is to be built on the model of Youth Centers in Budapest and Strasbourg, but having a stronger focus on building competences within the field of organizational work and would be built for and with young people. The target group of users will be the Baltic Sea Youth Councils, other youth organizations, and additionally extending to Belarus, Ukraine, Moldova, Russia and potentially Caucasus. The activities of the centre should be coordinated with the Youth Resource Centre for Eastern Europe and Caucasus, based in Warsaw, Poland. The centre is to represent a focal point for national and international co-operation between - and development of different NGOs, and it should provide a venue with good working conditions and possible accommodation. (Lead: Lithuanian Youth Council (LiJOT), in cooperation with the national youth councils of Latvia, Estonia, Finland, Sweden, Norway, Iceland, Denmark, Germany, Poland, Russia, Belarus; Deadline for progress review: to be determined)

- ***12.7. Tourism: "Attract tourists to rural areas especially the coastal ones"*** by promoting joint sustainable rural and coastal tourism packages (e.g. farm, food tourism, hiking, winter sports, nature based tourism) and by creating a tourism network made of actors from the tourism sector, research and education, local and the public sector in order to share and disseminate best practices and know-how with regard to products, services and their accessibility. (Lead: Regional Council of Southwest Finland (in cooperation with Turku Touring); Deadline for progress review: 31 May 2012)

- ***12.8. Tourism: "Facilitate sustainable land excursions of cruise ship operators in the Baltic Sea"*** by developing pilot actions in order to elaborate guidelines for the application of sustainability criteria for the product format "land excursions". After the implementation and the evaluation of the pilot actions, it is intended to offer a standardised process for this product in order to promote the dissemination of the results within the cruise ship sector. (Lead: AIDA Cruises, Germany; Deadline for progress review: December 2012)

- ***12.9. Tourism and culture: "Promote the cultural and natural heritage"*** by mapping the main areas of interest in order to preserve and revitalise elements of cultural and natural heritage. Major directions in the further development of attractive and characteristic tourist offers in the Baltic Sea Region will be identified. (Lead: Office of the Marshal of the Pomorskie Voivodeship; Deadline for progress review: 31 December 2012)

- ***12.10. Tourism: "Develop strategies for sustainable tourism"*** by using available sources of information such as the YEPAT database[58] or the Nordic Culture Point. In addition, within the project AGORA 2.0[59], 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 detect features of a common identity of the Baltic Sea Region. (Lead: University of Greifswald (Germany); Deadline for finalisation: 30 June 2013)

[58] www.yepat.info

[59] AGORA 2.0 compiles tools and information concerning sustainable tourism and makes them accessible for interested users. The source for this information are partners representing all three dimensions of sustainability, different levels of administration and tourism management and different thematic interests, projects, actors and stakeholders of tourism www.agora2-tourism.net.

- ***12.11. 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***

- ***12.12. Health*: *"Improvement of public health by promotion of equitably distributed high quality primary health care systems"*** - project aimed helping increase cost-efficiency of the public health system and more efficiently counteracting communicable diseases as well as health problems related to social factors. (Lead: the Northern Dimension Partnership in Public Health and Social Well-being (NDPHS) and the Swedish Committee for International Health Care Collaboration (SEEC); Deadline for progress review: mid-2011) ***FAST TRACK***

- ***12.13. Health*: *"ICT for Health" – Strengthening social capacities for the utilisation of eHealth technologies in the framework of the ageing population*.** The Interreg IV B project "ICT for Health" is managed within the eHealth for Regions network and is aimed at contributing to a better deployment of eHealth technologies through enhancing the social capacity, acceptance and knowledge of citizens and medical professionals. It addresses some of the key challenges of the Baltic Sea Region, namely demographic changes and the large differences with regard to access to, and quality of, health services. (Lead: University of Applied Sciences, Flensburg; Deadline for finalisation: December 2012).

- ***12.14 Health: "PrimCare IT - Counteracting brain drain and professional isolation of health professionals in remote primary health care through tele-consultation and tele-mentoring to strengthen social conditions in remote parts of the Baltic Sea Region".*** The Interreg IV B project "PrimCareIT" project aims at raising the attractiveness of remote primary health care for medical professionals by the means of tele-consultation and tele-mentoring, including social media. IC- technologies have a strong potential to reduce professional isolation and provide opportunities for professional networking, continuing medical education and career development for younger and experienced doctors and health workers in remote areas. PrimCareIT has been developed under the umbrella of "eHealth for Regions" network and it complements and reuses outputs from the flagship projects ImPrim and ICT for Health. (Lead: South Ostrobothnia Health Care District (SOHCD), Seinäjoki Finland; Deadline for finalisation: March 2014).

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 to security in the region. 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-EU 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 7th 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)[60]:

- 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 in 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

[60] 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 in 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[61], 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.

Icy waters cause difficult navigation conditions that affect the safety and reliability of maritime transports.

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.

[61] Source: HELCOM

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 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, A*utomatic Identification System (*AIS), V*essel Monitoring System (*VMS), *Long Range Identification and Tracking of Ships* (LRIT), earth observation satellites and maritime patrol, 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[62]. Further dialogue between relevant authorities, including the armed forces, to investigate the possibility of operating jointly national assets at regional level should take place.

- ***"Winter navigation".*** Improving the safety, efficiency and environmental sustainability of winter navigation by enhanced cooperation between relevant authorities, transport operators and research institutes. Examples of strategic areas of cooperation: development of methods for conducting Formal Safety Assessments, optimisation of the infrastructure for winter navigation incl. icebreaking resources, assuring the necessary icebreaking capacity and development of ITS-solutions for winter navigation.

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 adopted in 2009.

[62] In the framework of the CleanSeaNet initiative, in accordance with directive 2005/35.

Flagship projects (as examples):

- ***13.1. "Baltic Sea Maritime Functionalities Project"***. 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: Finnish Border Guard; Deadline for finalisation: 31 December 2011)

- ***13.2. "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[63]. 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: Swedish Coast Guard; Deadline for finalisation: 31 December 2011) ***FAST TRACK***

- ***13.3. "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: 2013)

- ***13.4. "Become a pilot region for e-navigation***[64]***"*** 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 (Efficient, Safe and Sustainable Traffic at Sea (EfficienSea) project, financed by the 'Baltic Sea Region' transnational programme). (Lead: Danish Maritime Authority; Deadline for finalisation: January 2012) ***FAST TRACK***

[63] Cooperation should also be developed with other relevant projects such as MARSUR organized by the European Defence Agency and SUCBAS lead by Finland. The aim of SUCBAS (Sea Surveillance Co-operation Baltic Sea) is to adapt and develop a multinational co-operation within Sea Surveillance in the Baltic Sea area. Participating countries are Finland, Sweden, Estonia, Latvia, Germany, Denmark, Poland and Lithuania.

EDA MARSUR aims at developing a solution that fulfils the need for a coherent common recognized maritime picture for ESDP maritime mission and tasks taking in to account the inter pillar approach. The project includes 14 Member States (CY, DE, ES, FI, FR, GR, PT, UK, BE, IT, IE, NL, PL, SE) as well as EUMS, EMSA, FRONTEX, JRC, EUSC, European Commission.

[64] 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."

- ***13.5. "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.[65] (Lead: Maritime University of Szczecin, Poland; Deadline for progress review: to be determined)

- ***13.6. "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: Baltic Sea Regional Advisory Council; Deadline for progress review: to be determined)

- ***13.7. "Conduct a pre-study on possible funding for a formal risk assessment for LNG carriers in the Baltic Sea Area".*** Maritime transportation of liquefied natural gases (LNG) for energy consumption has become an increasingly important market. This is expected to affect the Baltic Sea Region as well. Experience with accidents relating to LNG ships and LNG terminals is very limited. There is a need for a formal risk assessment (FSA) for this type of maritime transportation within the Baltic Sea Region. The purpose is to identify any preventive measures and regulations in relation to safety and security. The FSA should involve both government and industry stakeholders with the scope to develop model procedures, contingency plans, guidelines and legislative incentives. The initiative is only possible through proper funding and a pre-study on possible funding should be undertaken (Lead: Maritime University of Gdynia, Poland; Deadline for progress review: to be determined).

- ***13.8. "Minimising the risk of transportation of dangerous goods by sea"***. Oil transportation in the Baltic Sea poses a transnational risk to the marine environment. Maritime oil transportation is also vulnerable to security threats. In order to effectively compare different management options for safety systems, a detailed assessment of the current state of the system is needed. In addition, risk assessments based on realistic traffic growth scenarios, accident probabilities and their likely consequences are essential to evaluate the options. ("Minimizing risks of maritime oil transport by holistic safety strategies" (MIMIC) is an international project is led by Finland and co-financed by European Territorial Cooperation IV A Central Baltic Programme) (Lead: Kotka Maritime Research Centre, Finland; Deadline for progress review: to be determined).

[65] 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.

14. To reinforce maritime accident response capacity protection from major emergencies	Coordinated by Denmark

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.[66] 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. Building upon the Community Civil Protection Mechanism, which facilitates co-operation in civil protection, interventions in the event of major emergencies, which may require urgent response actions, further ways of strengthening the regions, preparedness for weather hazards should be explored. This work should also take into account community cooperation in the area of prevention inter alia the European Commission's communication "A Community approach on the prevention of natural and man-made disasters."

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.

[66] 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[67] (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):

- ***14.1. "Assess volunteer troops capacities regarding maritime pollution response, as well as maritime search and rescue operations"***. Using, among others, the 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 tbc; Deadline for progress review: to be determined)
- ***14.2. "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[68], financed by the 'Baltic Sea Region' transnational programme, which is part of the 'Territorial Cooperation' objective). (Lead: Admiral Danish Fleet HQ; Deadline for finalisation: April 2012) ***FAST TRACK***
- **14.3.** For all main hazards of the Baltic Sea Region, including winter storms and floods, ***"develop scenarios and identify gaps"*** in order to anticipate potential disasters, thus enabling a rapid and effective EU response through the Community Civil Protection Mechanism. In addition, and drawing on existing possibilities for funding in the Civil Protection Financial Instrument, strengthen training activities and exercises in cooperation with the countries of the Baltic Sea Region. (Lead: Council of the Baltic Sea States; Deadline for progress review: to be determined)

[67] Agreed in November 2007 by Sweden, Finland, Estonia, Latvia, Lithuania, Poland, Germany, Denmark, Russia and the European Community.

[68] www.brisk.helcom.fi, in addition, there are several projects dealing with on-land response, such as SÖKÖ II and Baltic Master II.

15. To decrease the volume of, and harm done by, cross border crime	Coordinated by Finland and Lithuania

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.[69]

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. Especially mobile criminal groups, concentrated in so called "hit and run" criminality regularly use the northern part of the area for their criminal activities. 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.[70]

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.[71] 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. Europol regional support can also help and back up the desired regional Law Enforcement operational cooperation.

Flagship projects (as examples):

- ***15.1. "Conduct a threat assessment for the Baltic Sea Region"***, in line with the Organised Crime Threat Assessment methodology, concerning organised crime and border security, and longer term threat assessment of critical infrastructure. (Lead: Europol in cooperation with BSTF and Baltic Sea Regional Border Control Cooperation and FRONTEX as concerns external borders (coordinated by Finland); project completed on 31 December 2010)

[69] Europol Organised Crime Threat Assessment 2008

[70] Europol Organised Crime Threat Assessment 2008

[71] COM(2005) 232; COM(2004) 376

- ***15.2. "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). This Flagship Project is linked and will be fulfilled with Priority Area 13 ("To become a leading region in maritime safety and in security") and especially in its Maritime Surveillance and Law Enforcement Flagship Project 13.1: "Baltic Sea Maritime Functionalities Project – BSMF" and 13.2: "Become a pilot region for the integration of maritime surveillance systems" - MARSUNO. (Lead: Finland; Deadline for finalisation: 31 December 2012) ***FAST TRACK***

- ***15.3. "Implementation of the Baltic Sea Task Force on Organized Crime Regional Strategy 2010-2014"*** (Lead: Lithuania; Deadline for progress review: 31 December 2012).

- ***15.4. "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 to develop further the existing Council Decision on the common use of liaison officers posted abroad by the law enforcement agencies of the Member States within the Baltic Sea Region. (Lead: Finland; project completed on 1 December 2010.

- ***15.5. "Take preventive measures against trafficking in human beings"*** and provide support and protection for victims and groups at risk, by means of transnational actions. (Lead: Lithuania; Deadline for progress review: 31 December 2012).

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)

- ***"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 Plan to develop such an integrated tool, and relevant initiatives are also in process with VASAB, Baltic Regional Advisory Council[72] 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. The transnational Interreg project BaltSeaPlan and the DG Mare project Plan Bothnia are first key projects in that respect. (Lead: VASAB and HELCOM; Deadline for progress review: to be confirmed)

[72] 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.

- ***"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[73] and this initiative should be strengthened, in co-ordination with the maritime spatial planning, and completed. The VASAB Long Term Perspective for the Territorial Development of the Baltic Sea Region[74] is a first contribution to that and should be taken into account by other priority coordinators with regard to spatial objectives, conditions and impacts of their actions (Lead: VASAB; Deadline for progress review: to be confirmed)

- ***"Strengthening multi-level governance, place-based spatial planning and sustainable development"***

The action looks to establish dialogue amongst actors at all levels of governance in the Baltic Sea Region (a Baltic Dialogue) in order to consolidate findings and disseminate good methods and experiences. The aim of this dialogue is to ensure the involvement of all levels of governance, including the European Commission, national ministries and authorities, local/regional authorities, macro-regional organisations, financial institutions, VASAB and HELCOM. A second component is to work with showcases building on the regions' special field of expertise, spatial (strategic) planning and water management, and through this work establish good examples and methods that allow generalization. A third component is a "Local signal panel" enabling the Priority Areas and Flagship Projects the possibility to reach all levels of governance. This local panel would make it possible for all actors involved with the Strategy to easily and rapidly pose a question or forward a suggestion and get a "signal" back from the local/regional level (Lead: Regions Kalmar and Västerbotten; 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)

[73] 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.

[74] Adopted by the Ministers responsible for spatial, planning and development of Baltic Sea Region countries in October 2009 in Vilnius

- ***"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[75] and the BONUS Joint Baltic Sea Research and Development Programme [76] are among the most important, together with the planned research programme on costs for no actions (a Baltic "Stern" report[77]). 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)

- ***"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. Support for internet use should include assistance to less advantaged social groups with low income, low education, with actions aimed at supporting digital literacy, ICT training, including fiscal or other incentives aimed at favouring PC ownership including the enterprise replacement of PCs with portable devices with the aim to adopt different work patterns that would favour a better integration of work and family life. (Deadline: to be determined)

- ***"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. (Lead: Poland tbc. Deadline: to be determined)

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[75] Developed at Baltic Nest Institute www.balticnest.org

[76] Decision 862/2010/EU of the European Parliament and of the Council on the participation of the Union in a Joint Baltic Sea Research and Development Programme (BONUS) published in the Official Journal on 30.9.2010 (OJ L 256). The BONUS Joint Baltic Sea Research and Development Programme is coordinated through the BONUS EEIG (European Economic Interest Group) www.bonusportal.org.

[77] 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.

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

This Horizontal Activity aims to support cooperation in the region so that different actors could work together in order to both, recognise the Baltic Sea Region's internal strengths, and to work jointly for promoting the region internally and in the global markets. The overall goal is to strengthen the competitiveness of the Baltic Sea Region, to show globally that the region fulfills the goals of "Europe 2020" and is a smart, sustainable and inclusive region.

The actions involve awareness and visibility raising exercises, policy round tables, opinion surveys and marketing campaigns for the promotion of the region, especially in the fields of tourism, investment promotion and talent attraction. "A positive image the Baltic Sea Region" public relations campaign to promote the region is also planned.

The Horizontal Action Leader has already produced a study on the history of the identity of the region and led several marketing and promotional campaigns. A network of Baltic Sea Region Investment Promotion Agencies has been established. There is also interest for academic cooperation in the region. (Lead: BaltMet; Deadline: 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[78].

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)

[78] Community network of the groups for sustainable development of fisheries areas.