

# The Future of Transport Sector Cooperation in the Baltic Sea Region

A Proposal for Institutional Framework and  
Substance of Baltic Sea Transport Policy on the  
Eve of EU Enlargement



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**Nordic co-operation in the transport sector**

includes infrastructure, traffic safety, research, co-ordination of comprehensive international co-operation and development in areas neighbouring the Nordic region. The ministers of transport and traffic safety are in charge of co-operation in the transport sector and the Nordic Committee of Officials for Transport Questions is an executive committee

**The Nordic Council of Ministers**

was established in 1971. It submits proposals on co-operation between the governments of the five Nordic countries to the Nordic Council, implements the Council's recommendations and reports on results, while directing the work carried out in the targeted areas. The Prime Ministers of the five Nordic countries assume overall responsibility for the co-operation measures, which are co-ordinated by the ministers for co-operation and the Nordic Co-operation committee. The composition of the Council of Ministers varies, depending on the nature of the issue to be treated.

**The Nordic Council**

was formed in 1952 to promote co-operation between the parliaments and governments of Denmark, Iceland, Norway and Sweden. Finland joined in 1955. At the sessions held by the Council, representatives from the Faroe Islands and Greenland form part of the Danish delegation, while Åland is represented on the Finnish delegation. The Council consists of 87 elected members - all of whom are members of parliament. The Nordic Council takes initiatives, acts in a consultative capacity and monitors co-operation measures. The Council operates via its institutions: the Plenary Assembly, the Presidium and standing committees.

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# Preface

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This report has been produced for the Nordic Officials Committee on Transport Questions (NÄT) within the Nordic Council of Ministers in December 2003.

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# Summary

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The Baltic Sea region, as part of the EU, is faced with considerable changes due to the EU enlargement and the proposal for a new Constitution for the Union. One is tempted to ask the following question:

*“Is the existing structure for cooperation effective in the situation, when all the countries around the Baltic Sea - except Russia - are members of the EU?”*

This report answers definitely that the existing cooperation structure in the transport sector does not meet well the current and the foreseen needs of the Baltic Sea region. Despite several cooperation fora existing today, new needs and concerns cannot be adequately addressed jointly, such as:

- *How to strengthen Baltic Sea region’s visibility and influence on the transport agenda of the EU?*
- *How to implement efficiently the EU transport policies at the regional level?*
- *How can the new member states adapt themselves quickly to the EU processes and mobilise necessary resources for project implementation?*
- *How to carry transport dialogue with Russia at the regional level?*

Further concerns include the clear need for improving the efficiency of the use of scarce resources, and increasing project financing. A definite “Focal Point” is lacking, which prevents an efficient transport dialogue between the public and private sectors as well as with other stakeholders in transport.

The report recommends an eventual establishment of the Baltic Sea Transport Forum (BSTF), which is proposed to operate at three levels: (1) annual meetings of transport ministers, (2) a steering committee composed of senior transport officials, and (3) thematic activities performed by the restructured transport fora and working groups. The themes are envisaged to include activities like maritime transport (motorways of the seas), infrastructure development, logistics and telematics, environment, security and safety.

Of utmost importance is that the BSTF will be given a recognised status within the EU Commission’s transport development framework. Other helpful features include the improvement of research and development cooperation, and the creation of a firm financial framework for the implementation of programs and projects.

As the next step, the report recommends the nomination of a Task Force, preferably by the Prime Ministers of the Baltic Sea States. The Task Force has a mandate to carry the dialogue with interested parties and other stakeholders and come up with the final and workable solution for organising the BSTF.

The report sees that many of some dozen existing transport fora and working groups must either be merged or dissolved so as to achieve the necessary clarity of the structure, efficiency of the work procedures, and time and financial savings for the participating individuals and organisations.

# 1. Point of Departure

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## The EU enlargement and the new EU Constitution

The EU enlargement and the proposed new Constitution for the Union revises the existing rules and sets new ones for the institutional balance of the EU. In the new European architecture these developments will eventually lead to new structures of cooperation. New rules of the cooperation game will emerge affecting consequently decision-making processes. Clarification of objectives, pragmatic networking, intensified regional co-operation and new “alliances” based on common interests are likely to emerge as prominent topics of discussions in the enlarged EU of 25 members.

In the future, the EU enlargement process continues in the form of the Wider Europe/New Neighbourhood initiative. Here Ukraine, Belo-Russia and Moldavia will be involved, but of utmost importance will be the step-by-step integration of Russia into the EU economic space and markets.

The foremost and most visible change today is the enlargement of the European Union in May 2004, when almost the entire Baltic Sea basin will be encircled by EU member states. After that, the Baltic Sea area will form a growing and dynamic economic space with almost 100 million people offering a great business potential. The EU membership of the Baltic Sea states and the region’s increasing economic interdependence provide the political basis for the future cooperation. The Baltic Sea area will become an important logistical bridge between Central Europe, new members and the new neighbours of the EU.

These developments alone will require an in-depth assessment of the existing Baltic Sea transport cooperation and its frameworks and fora with regard to political commitment, memberships, working agendas, networks and the whole rationale of cooperation.

## 2. Background

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### Old and new EU member states in the Baltic Sea area

When Finland and Sweden joined the Community in 1995, transport policies of the EU started to affect the Baltic Sea region to a larger extent. During the second half of the 1990s, the vehicles for integration for Poland, Estonia, Latvia, Lithuania were the pan-European corridors, which were devised first to help the countries in the approximation of their transport policies with those of the EU. Later, the development of the TINA network was started in order to stitch together the two quite different transport systems – pan-European corridors in the east and the TENs in the west. A lot was done during that time with the help of the Nordic Countries, Germany and the Commission, particularly as it concerns corridor cooperation such as Corridor I (Via Baltica), Corridor II and Corridor IX.

During the accession negotiations, Poland, Estonia, Latvia and Lithuania took major steps forward in the adoption of the EU transport legislation. These steps include issues of harmonisation and elimination of obstacles in areas such as access to markets, labour rules, vehicle/vessel regulations, environmental legislation and taxation.

After May 1, 2004, the uniform EU legislation, regulations, rules and technical standards will be applied in the whole of the Baltic Sea region – except in Russia. Harmonised legal basis makes possible the creation of an integrated and efficient transport market in the region.

### 3. Shared Values, Differing Priorities and Limited Resources

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#### Starting point: shared values, common features and concerns

*“Mare Balticum”* connects the countries around the Baltic Sea linking effectively both the north with the south and the east with the west. Transport is in the very heart of the widely shared Baltic Sea vision and identity.

Throughout the 1990s, both freight and passenger transport volumes have steadily increased. Everything indicates that this growth will continue. An efficient and sustainable transport system, including high quality infrastructure, is necessary for supporting this growth while minimising the rising problems. Furthermore, efficient transport is the precondition of a well-functioning internal market and is a catalyst of economic growth. All the Baltic Sea states share this view.

Within the enlarged EU the sentiment for devising common transport policies and harmonising transport systems only gets stronger with the growing regional trade. It can be assumed that particularly the new member states will benefit from the opening markets, which bring new business opportunities and employment to the region. The benefits to the old member states will be realised, when the majority of the Baltic Sea countries begin to apply the same legislation and regulations concerning trade, transport, labour rules and, particularly, the environmental protection.

Another Baltic Sea region feature is that large northern parts are characterized by long distances, severe ice conditions and low population density. These conditions, which prevail in a number of countries, influence greatly the nature of transport as well as the structure of trade that differs from the EU average.

#### Unbalanced transport system and differing priorities

At present, the old member states (Nordic countries and Germany) in the western Baltic Sea region have well-developed transport infrastructures and logistical systems, which allow the political attention to be drawn to the protection of the environment and to the efficiency increases of transport. In this respect the new member states have a lot to catch up. At present, the overwhelming priority of the new member states is in the expansion and modernisation of transport infrastructure. While the environmental and efficiency issues are solved to a great degree in the modernisation process, they are not among the primary objectives of the governments.

Eliminating of borders and increasing mobility is a commonly shared objective around the Baltic Sea. An increasing concern is that passenger and freight transport in parts of the region is already now at a high level and continuous economic growth and integration will push this traffic to further growth. A situation is emerging where benefiting parties of the transport growth will be different from those that bear the

consequences. There is already evidence of social and political forces that indicate potential conflicts between the transport growth and other uses of this precious body of water.

A very visible feature is the competition between the seaports and transport operators over freight and passenger flows. In many quarters it is felt that the competition will become biased due to still considerable imbalances in wages, labour rules and environmental conditions between the new and old member countries. While competition is good, close cooperation in harmonising of laws and regulations as well as their strict and uniform enforcement will be in the focus of discussions in the short and medium term.

## **Scarce resources of the new member states and the EU**

The EU will have, according to the new constitution, increasingly federal-like responsibilities. Particularly in the new member states the Commission carries considerable weight in investment decisions by the sheer power of money. The structural and cohesion funds of the EU represent a considerable proportion of the total transport investment budget of each country. However, the administrative and managerial resources present currently a great predicament both to the accessing country governments and the Commission. The Commission confirmed this in July 2003 by stating that new member states may not be able to take advantage of the money reserved to them, because there are still deficiencies in the national preparations.

Despite the foreseen problems the Commission still relies primarily on national program and project preparation. In the old member states this method works fine mainly due to much stronger and more experienced administrative capacity but also due to more limited financial input from the Commission. A crucial task will be to increase and strengthen the administrative capacity of the new members, particularly as it concerns their capacity to receive EU funding for the development of their transport infrastructure.

## 4. Changing Political Architecture and Important Players

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### Northern Dimension, New Neighbourhood and Wider Europe initiatives

**Northern Dimension (ND)** is a major policy framework covering the Baltic Sea region. ND is relatively new concept, emerged in late 1990s. It has got its start from a proposal from Finland and is now on the Commission's agenda. Despite much attention in recent years, ND is organisationally unclear and weak, as it has no organisational structure or funds of its own. Furthermore, it denotes to a loosely defined geographical area, which extends far beyond the Baltic Sea Region. Its transport objectives are generally embedded in economic, business and general infrastructure priorities and focus mainly on transport bottlenecks and traffic safety, most notably safety at sea.

**Wider Europe and New Neighbourhood initiatives** concern the enlarged Union's relations with its new eastern and southern neighbours. The initiatives offer the neighbouring countries a stake in the internal market of the EU. They also include a transport dimension, where priority areas are infrastructure networks, environment and people-to-people contacts. The initiatives are aimed at promoting coherence and stressing regional cooperation. Furthermore, the New Neighbourhood initiative is designed in such a way that it reinforces ND. The interplay between these initiatives and ND is seen important.

During the past year, the Commission has produced three communications: (i) Concept of the initiative, (ii) Creation of a new neighbourhood instrument, and (iii) Establishment of a local border traffic regime. The Commission is presently consulting with partners and its intention is to present the first action plans next spring. In Northern and Eastern Europe the action plan includes Russia, Ukraine and Moldova.

### Southern Dimension and Euro-Mediterranean transport development

In parallel with the EU enlargement to the East the EU cooperation has also extended to the Mediterranean area forming the Southern Dimension as a result of the Barcelona process. Under the direct guidance of the Commission, the Euro-Mediterranean Partnership is to be widened and deepened with an aim to strengthen the political, economic and social ties between the two shores of the Mediterranean. In the practical side, the improvement of transport links between the EU and the countries to the south has been stressed.

A communication on the development of the Mediterranean transport network was issued in June 2003. Transport is seen as having a significant role in this effort and the communication proposes encouragement for the regional transport cooperation with the

help of MEDA programs. Further efforts have been taken to mobilise and combine the sources of funding. A particularly significant measure has been the creation of a new Facility for Euro-Mediterranean Investment and Partnership (FEMIP) within the EIB in autumn 2002. This will lead to a gradual increase of the EIB funding for the Mediterranean countries to 1.4 – 2 billion euros by 2006.

## Central European dimension

From the EU perspective Germany and France are together with the Commission the main parties for transport policy preparation and decision-making long into the future despite the enlargement of the EU to the north, east and south. In the Baltic Sea region also Poland, situated at the logistical crossroads in the heart of Europe, enjoys a significant role.

Germany is traditionally important within the EU framework, but also increasingly so with regard to the future of the Baltic Sea cooperation. The federal Germany, however, with its government in Berlin sees itself belonging only partially to the Baltic Sea community. This presents a problem for the full-fledged cooperation. In Germany the regional administrations are strong and any new structure must include the regions/states along with the government. The active role and involvement of the Northern German länder (Schleswig-Holstein, Hamburg, Mecklenburg-Vorpommern) is crucial for the development of a genuine Baltic Sea cooperation in transport.

Poland with its nearly 40 million people will be an important force in adapting the common transport policy for the Baltic Sea area. At present, Poland faces problems, which include underdeveloped infrastructure and lack of administrative and financial resources, which hampers the modernisation of the country's transport system. Environmental concerns present additional problems both to Poland and its neighbouring countries due to the very rapid motorisation. Despite the foreseen problems, transport can prove to be an economic blessing for Poland. Careful policy development and implementation is needed to balance the transport sector development and its attendant adverse effects.

## Wider international fora

An important backdrop for the EU Commission and the specific Baltic Sea region transport groups are the several traditional transport forums for international cooperation and rule harmonisation, where the discussed issues touch upon the Baltic Sea transport as well (e.g. IMO, ICAO, ECE, CEMT, OECD).

## Russia and EU-Russia dialogue

Russia and the EU Commission have agreed to carry out a permanent dialogue – PCA, Common European Economic Space. The intention of the dialogue is to integrate Russia properly with the rest of Europe. In the process, transport in variable forms is of considerable importance. The PCA dialogue has particular consequences for the other Baltic Sea states.

In recent years, Russia's economy has grown steadily and the Russian government has been very adamant in investing in its seaports so as to support and protect the foreign trade. For instance, the Russian oil companies, with the consent of the government, have constructed new oil ports (e.g. Primorsk, Vysotsk ) on the Gulf of Finland. The St. Petersburg/Leningrad region is growing rapidly into a global centre of freight transport and logistics. The area has already become controversial due to fast growing export of crude oil and oil products. The Russian question has been coupled with the contested status of the Kaliningrad residents, which has raised new infrastructure and operational demands for the Baltic Sea region transport system.

The transport objectives of Russia have been specified in the new transport strategy, which the Ministry of Transport of the Russian Federation issued in December 2004. A separate transport strategy has been prepared for Northwest Russia.

# 5. EU Transport Policy Development Trends

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## Common Transport Policy

The White Paper “European Transport Policy 2010: Time to Decide” (2001) is the document which lays out the Common Transport Policy (CTP) of the EU today. The CTP aims at refocusing Europe’s transport policy on the demands and needs of its citizens and includes a large number of new recommendations for the future development of transport in Europe. Among others, the Commission proposes an Action Plan with intent to bring about substantial improvements regarding the quality and efficiency of transport. The Paper proposes some 60 measures in the areas such as passenger rights, safety and particularly road safety, congestion prevention, sustainable mobility, harmonising fuel taxation of commercial transport, high quality transport services, major infrastructure work, Galileo (Europe’s radio-navigation system), and managing globalisation.

The above recommendations apply particularly to the EU enlargement. Other relevant areas of the CTP include regulated competition, linking up the modes of transport, eliminating bottlenecks, unblocking the major routes, placing users at the heart of Transport Policy, rationalising urban transport, managing the globalisation of transport and creating a more assertive Europe on the world stage. In addition, the Commission’s White Paper on European Transport Policy strongly emphasizes the need to finance infrastructure, maintain the share of rail in transport, revitalise railways and improve traffic safety in the applicant countries.

The CTP focuses very much on the problems of the densely populated core area of the EU. Therefore, it has been pointed out that the CTP does not pay adequate attention to the problems in the parts of the Community, which are more peripheral and sparsely populated and have their own specific features and conditions. In the Baltic Sea region it has been felt crucial that the concrete implementation of the CTP will maintain market accessibility and regional balance in the whole of Europe.

## Sustainable development

The CTP embodied in the White Paper constitutes the Commission’s first practical contribution to the sustainable transport strategy, as adopted by the Gothenburg European Council in June 2001: “*Transport in Europe must be compatible with environmental protection*”. To this end, the Commission has proposed a wide range of measures which encourage the use of least polluting modes of transport as well as promote the use of clean fuels.

## Infrastructure, revision of TEN guidelines and TEN financial regulation

In the beginning of 2003, the revision of the TEN guidelines of 1996 was launched with the aim of condensing the current TEN network into a limited number of most important transport corridors of Europe, so called main trans-European axes. The EU Council's decision on the TEN revision can be anticipated in the end of 2004.

In early 2003 and connected with the TEN revision work, a High Level Group chaired by Mr Karel van Miert was established in order to refocus the priorities of the trans-European transport network. It was reasoned that the economic catching-up of numerous regions depends on efficient transport connections, particularly in the new member states. The Group's conclusions were published in June 2003. The Group urged that the work on selected links should start by 2010 with the target completion year of 2020.

The priority projects selected by the Group in the Baltic Sea Area include the Motorways of the Sea, the Nordic Triangle (Fehmarn Belt fixed link and missing links of Corridor IX A), Rail Baltica (Corridor I), and Corridor IV (Gdansk-Warsaw-Vienna). The EU Council agreed on 30 priority projects on December 5, 2003.

## Financing of infrastructure and transport development

The amount of investments needed for implementing the priority projects proposed by the Karel van Miert's Group has been estimated at around 220 billion euros. The total cost of the TEN network will amount to 600 billion euros.

State budgets and national decisions continue to bear the central responsibility in financing the infrastructure development of the TEN network and the priority projects. However, lack of project financing presents a great predicament, even if the EU has some funding available for the member countries given that the projects meet certain conditions. For example, according to the new EU financial regulation the share of TEN funding can be up to 20 % of the cost of an investment project. The common funding instruments inside the EU area are: the TEN budget, Interreg, structural and cohesion funds, Marco Polo, and R & D programs.

For external regions the EU is developing new financial instruments within the framework of the New Neighbourhood / Wider Europe initiative. These funds are mainly directed to adjacent countries of the new EU members like Ukraine, Moldavia, Belo-Russia. This new instrument covers also Russia.

International financial institutions like NIB and EIB continue to play a central role in the funding of national and European-wide transport infrastructure projects.

## Safety

Safety at sea has become an important transport issue after the Estonia, Erika and Prestige accidents. This has prompted the Commission to issue "packages" of important legislation concerning sea transport: (1) accelerated phasing-in of double-hull oil takers, (2) safety rules and standards for passenger ships, and (3) specific stability requirements for ro-ro passenger ships.

## Security

The war on terrorism following the September 11, 2001, events has made necessary the re-evaluation of security of all transport modes, but particularly that of shipping and aviation. In May 2003, the Commission issued its communication, which provides the basis for harmonising the interpretation and implementation of existing international codes of conduct. This has already had implications on cross-border transport of people and freight.

## Growth Initiative

In Thessaloniki, the European Council decided to back the European Growth Initiative announced by President Romano Prodi earlier this year in order to boost Europe's economy. The European Council put to record (October 16-17, 2003) the following: *"Speeding up the implementation of European transport, energy and telecoms networks and increasing investment in human capital will be crucial for growth as well as for helping to achieve effective integration of the enlarged Europe, with significant gains in productivity."*

The European Growth Initiative aims to give impetus to the Lisbon strategy through targeted investment in Trans-European transport networks on one hand, and research and innovation on the other hand. The Commission sketched out the first outlines of this Initiative for Growth early in July. The Commission's paper underscores the financial, regulatory and other barriers which, in Commission's mind, all too often hold back and delay investment, particularly private investment in Trans-European Networks.

## Forthcoming issues

The development of the EU transport policy and related matters has been in a very active state in the past years. The activity is bound to continue in the foreseeable future and the need to prepare for it at national as well as regional level is imminent. The following issues can be anticipated in the next two to three years:

2004-2005	The new financial and budget framework of the EU for 2007-2013, which includes, among others, TEN funding and structural funds
2004	Financial instruments for the New Neighbourhood Action Program
2004	Revision of the EU sustainable development strategy (Cardiff process)
2005	Assessment of the implementation of the Common Transport Policy
2005-2006	Monitoring of the Lisbon Strategy, which includes transport
2005	Monitoring of the Barcelona Process, which includes Euro-Mediterranean cooperation and transport
2006	Revision of the Northern Dimension 3rd Action Program, and creation of an Eastern Dimension (?)

2006

7<sup>th</sup> framework program for research and development

## 6. Establishing New Alliances, Reforming Institutions and Identifying Common Projects

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The above described trends and rapid and often diverging developments in the Baltic Sea region, along with the EU enlargement and the development of EU's external relations, suggest that the governments and other relevant parties ought to assess their current policy objectives, institutional frameworks and working methods of transport cooperation.

The reassessment need is underscored by the fact that transport development processes in the Baltic Sea region appear to be generally incoherent and are without a clear structure that all the parties can understand and adhere to. As a consequence, the policies covering the entire Baltic Sea region are difficult to discuss and conceive jointly. This situation benefits nobody, but requires considerable time and manpower devoted to fragmented efforts of coordination.

### Existing institutions for transport cooperation in the Baltic Sea region

The EU vision for enlargement from the beginning of the 1990s unleashed the proliferation of different cooperation forums complementing the older institutions like the Nordic Council. Many of them directly and some indirectly started dealing with transport issues. The forums include but are not limited to the following:

- Nordic Council of Ministers (established in 1971)
- Council of Baltic Sea States (1992) and Baltic 21 (1996)
- Baltic Council of Ministers (1996)
- HELCOM (1974, reinstated in 1992)
- VASAB (forum for regional planning authorities, 1992)
- Steering Committees of pan-European transport corridors (Corridor I, II and IX, 1996)
- Baltic Sea Forum, Baltic Development Forum (fora initiated by private sector in the 1990s)
- Specific projects with a Baltic Sea dimension (e.g. Tedim logistics project)

For more information, see the list of existing fora for international and regional cooperation in [Appendix 1](#).

## Baltic Sea tradition

There has been a long tradition of transport policy cooperation in the Baltic Sea region since 1960s. In the early years the cooperation has more or less been information exchange and meetings between experts from the transport administrations.

Furthermore, this cooperation has first of all been practiced between the Nordic countries. In the 1990s, also the other countries surrounding the Baltic Sea began to take part in expanding forms of cooperation, often at a proposition of some forum or under a EU supported program. The scope of the cooperation started to include also promotion and development of specific transport projects and programs. At the same time, cooperation was extended to cover other areas such as the maritime environment under the HELCOM framework.

The oldest organisation for the Baltic Sea cooperation is the **Nordic Council / Nordic Council of Ministers (NMR)**, which has since the early 1970s promoted joint activities between the five Nordic Countries in several areas. Cooperation has also covered the transport sector. The modalities of NMR in transport sector are the meetings of transport ministers, the committee of senior transport officials (NÄT) and its theme groups. NMR provides the transport ministers and senior officials a forum to discuss and cooperate in topical transport questions raised, among others, within the EU.

The NMR agenda for transport seems to focus more on general and softer transport issues, such as promoting the emergence of effective, competitive, secure and equal traffic in the Nordic Countries and its neighbouring areas. Emphasis is in discussions and exchange of information, and the approach is more often than not reactive rather than proactive. There have also been some complaints that interest and linkages of the NMR work with the national transport authorities are not as close as they could be.

The major problem with NMR in the EU context is that the Council is very Nordic and it includes countries and territories such as Iceland, Greenland and Faroe Island.

In the past decade, NMR has tried to expand its regional scope by organising joint meetings (N5-B3) with the three Baltic Countries. As Estonia, Latvia and Lithuania have had similar frameworks for frequent ministerial meetings of their own, this has been technically easy. There are now speculations that the countries eventually would form a single and permanent forum NB8. To this end, the Nordic Country Prime Ministers made a decision in October 2003 that Estonia, Latvia and Lithuania will be invited as full members of the Nordic Investment Bank. The memberships will probably be realised in 2005.

Under the Nordic Council of Ministers the Nordic transport ministers have also approached the three Baltic States. Joint meetings on transport issues have now been organised twice. They were earlier under the N5+B3 and today under the NB8 umbrella.

Similar new approaches and developments can be seen elsewhere around the Baltic Sea Rim. The three **Baltic States along with Poland and Finland** and under the Baltic Council of Ministers umbrella have had their first meeting (so called 3+2) at the Prime Minister level focusing solely on infrastructure issues.

One should note that these set-ups leave out three major Baltic Sea countries from cooperation: Germany, Poland and Russia.

The second major Baltic Sea organisation is the **Council of the Baltic Sea States (CBSS)**, which is much younger than NMR, established in 1992, and has all the Baltic Sea countries as members. Thus it avoids the representation problem of NMR. However, as CBSS is principally a cooperation forum for the Ministries of Foreign Affairs, it traditionally has not been very keen, nor strong, in transport questions. Transport nevertheless has been frequently on the CBSS agenda, but more or less indirectly as an issue related to border problems, economic development or maritime safety and security.

Nevertheless, CBSS has also supported a series of meetings of transport ministers, although they have not convened very regularly. To date, four meetings have been held starting in Szczecin in 1992, with the latest meeting in Gdansk in 2001.

The Gdansk meeting decided to establish an **ad-hoc working group on transport** within the framework of CBSS. The group sought a mandate to focus on the current European transport policies and the development of transport infrastructure networks. The ad-hoc working group has been an initiative of Poland, but the active support from other countries is unclear. Only three meetings have been held so far and the group is still seeking a strong agenda.

The key issue in the near future will be whether the other countries around the Baltic Sea find the ad-hoc group attractive so that it could transform itself from a temporary group into a permanent forum for region-wide transport cooperation. At the moment, it does not appear so and the group cannot support the regional coordination and preparatory work in any substantial way.

The **Business Advisory Council (BAC)** within the CBSS framework is worth mentioning as it lists transport among its six development priorities. The BAC's focus is on trans-national transport links important for integration across-BSR and with Europe. BAC has been an interesting and important contributor to the transport dialogue in the region.

**HELCOM** is one of the best-resourced and organised fora, which has the membership from all the countries in the region. HELCOM is also unique in a sense that it performs very concrete work of agreement development aiming at better controls for maritime transport. Within HELCOM there are several maritime transport working groups including ones for winter navigation, pilotage and transit routes.

In addition to the above major forums, there are a number of other organisations that mention transport on their agendas. As a rule, these organisations see transport mainly from one angle and can often be classified as special interest groups. They include **VASAB**, the **Baltic Sea States Sub-Regional Cooperation** and the **Baltic Sea Commission**, which consider transport as an issue of spatial planning and development. **Baltic 21** along with some others are concerned with the environmental aspects of transport and its development. Business fora such as **Baltic Sea Forum** and **Baltic Development Forum** promote business development where they see transport as having an important role. **Baltic Ports Organisation** represents a group that promotes only one transport mode; that is seaports of the Baltic Rim. Similarly the **Union of the Baltic Cities** focuses on the problems of urban transport. Typically, these kinds of forums have set up working groups to follow transport developments so that they can voice their concerns and carry the dialogue at national and EU levels. In addition, a

specific category of fora is focused on regional research cooperation. Of these fora the most notable is the **Nordic Transport Research (NTF)**.

Appendix 2 presents additional examples of new alliances and cooperation practices that have been established and tried in various international frameworks in and outside the Baltic Sea region.

### Financing of regional transport co operation

The best-resourced forum in the Baltic Sea region is the Nordic Council of Ministers with an annual budget of nearly 110 million EUR (811 million DKK) for the year 2003. Of the budget one million is allocated directly to transport networking as well as small and joint projects. Other major policy forums for transport, CBSS and Baltic Council of Ministers, do not have any specific budget for transport cooperation.

# 7. Concerns of Traditional Cooperation Structures

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After the above descriptions of the several cooperation fora in the Baltic Sea region one is tempted to ask the following question:

- *Is the existing structure for cooperation effective in the new situation, when all the countries around the Baltic Sea are members of the EU – except Russia?*

If the answer to the above question is “no” or even a hesitant “yes”, further questions will arise:

- *Do we need a new platform or forum for regional transport cooperation?*
- *What would be the political objective of such a new structure?*
- *What should be done to the existing structure?*
- *Should and could Russia be involved?*

## Unstructured frameworks

In the current set-up, the implementation of the Community transport policies, planning work and project financing are carried out by the member states, and much more limitedly by the Commission at the Community level. However, not all the activities in the transport sector are either Community-wide or purely national. There is an increasing number of transport programs, projects and coordination needs that transcend national borders and which do not fit well in this double-tiered system. The very concept of the Trans-European Networks demands a broader base going beyond national borders, be it infrastructure development or law and regulation harmonisation.

The Commission has accepted the need for a stronger coordination of cross-border project financing and has made proposals for improvements in this regard. However, it has not seen necessary to enhance its capacity e.g. by creating any regional transport planning frameworks or organisations for cooperation apart from the current pan-European Transport Corridors and Areas. The Commission seems to be set on acting only on national basis.

It should be added that the recent developments in the EU, such as the Karel van Miert High Level Group, have focused attention to a very limited number of projects of trans-European importance. Now, a much larger number of transport connections and projects having regional importance and complementing the trans-European axes are at risk to be left in an undetermined state. No framework exists for their further development, unless the concerned countries themselves initiate project specific cooperation every time separately.

## Proliferation of fora

The mismatch that exists between the Commission and the national transport authorities is best revealed and evidenced by the fact that so many organisations have taken to their task to identify, promote or coordinate projects and transport development at the regional level. They have come to this conclusion, thinking from bottom up, that there exist very few suitable bodies for that otherwise.

These old and new fora seem to fall in several categories that are based on their objectives or background:

- a. Traditional fora for transport cooperation emphasising contacts and information exchange (e.g. Nordic Council of Ministers for Transport and Transport ministers of the Baltic Council)
- b. Fora which have an official or semi-official status in the formation and enforcement of transport rules and regulations (e.g. HELCOM in maritime safety and security)
- c. General promoters of business development which also include transport issues (e.g. Baltic Development Forum)
- d. Regional planners (e.g. VASAB) who see transport only as a component of regional development
- e. Fora that are concerned about transport and its growth mainly on environmental grounds (e.g. Baltic 21)
- f. Special interest groups (e.g. Baltic Ports Organisation)

It should be noted, however, that in all the fora of the Baltic Sea cooperation participation is entirely voluntary, their decisions are made unanimously and are not “legally” binding. They differ, therefore, from the EU regulatory structure, which issue legally binding transport policies and legislation.

## The role of the EU Commission at regional level

The **EU Commission** and its **Directorate General for Energy and Transport (DG TREN)** is now the core framework for transport regulatory and infrastructure development in the Baltic Sea Region. The Commission, that is DG TREN, directs the economic and political integration, among others, by guiding the development of the European transport system. DG TREN also has a mandate to promote connections with the neighbouring countries through negotiating general transport agreements on behalf of the Community. One of the mechanisms for DG TREN includes also the system of pan-European Corridors and Areas.

The ways and means of DG TREN to enforce and implement the Community decisions are not very strong or extensive. DG TREN is also weakened to a certain degree by the fact that DG REGIO controls the Commission’s financial tools for transport system development, namely the ISPA now and the cohesion and structural funds in 2004 and onwards. In this respect the EU differs clearly from some real federations like the US or Russia, which have strong central planning capacities for transport as well as financial resources to back such work up.

## Regional capacity to respond to emerging needs

It should be noted that no framework exists for discussions of legislative and regulatory issues of the EU at the regional level. Nevertheless, the tempo of the EU legislation is increasing in frequency and shortening in response time. For the Baltic Sea states the capacity to discuss and conceive common positions quickly is essential and requires raising the level of “readiness to respond”. Today, well-coordinated responses e.g. to the new EU legislation and policies are possible only limitedly and need a special effort and arrangement each time.

## Decisive questions

From the above discussion it is evident that, paralleling the national perspective, the crucial relationship in several respects is the one between the EU Commission and the Baltic Sea region. Hence, the current situation with the EU and its relationship with the Baltic Sea transport cooperation leave us with some decisive questions, such as:

- *How can the transport issues of common regional interest be best defined?*
- *How can the region voice its interests in the EU context and guarantee the maximum influence in the EU decision-making?*
- *How can the Commission be involved and committed to the regional transport policy and decision-making, and on what conditions?*

## 8. Potential Substance of the Baltic Sea Transport Policy

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The widely shared objectives of transport policies are the promotion of economic growth, generation of jobs and ensuring the global competitiveness of the region. More recently, other considerations have emerged and gained growing importance like the protection of the environment and transport safety and security, which temper the implementation of the main objectives aiming solely at transport system development.

In a more ideal world, the issues of substance, which affect the makings of Baltic Sea transport policies, might be driven from the policies of the European Community, modified by the desires and needs of the Baltic Sea countries themselves, and constrained by the realism that the closeness of Russia presents at times. However, as pointed out earlier, the Baltic Sea region is sharply divided in its views of priorities. While the Nordic countries and Germany are on the tempering side, the Baltic countries, Poland and Russia focus strongly on the economic catching up. This division will present considerable problems in any joint policy work between the Baltic Sea states in the foreseeable future.

Nevertheless, despite the above problems, or should it be said that due to these reasons, a more coherent effort for creation and implementation of a common transport policy in the Baltic Sea region is needed.

To this end, four policy areas can be identified for further deliberations:

- **Maritime transport** is strongly in the focus of the EU transport policies, as more and more of heavy freight traffic must be transferred to more environmentally friendly transport modes, such as short-sea shipping and connecting inland waterways.

Baltic Sea policy issues are likely to focus on ensuring the general competitiveness of the sea transport mode and its integration with other transport modes so as to create a seamless multimodal transport chain. In the foreseeable future, there also remain severe problems of competitive imbalances between the countries due to differing labour, vessel safety and security, and environmental regulations.

A potential development framework for common transport policy in the Baltic Sea region could be the **Motorways of the Seas** concept, which has been included on list of the priority projects of Karel van Miert's High Level Group.

- **Infrastructure development**, where the driving forces will be the revision of the TEN Guidelines, the EU priority projects and the linkages with the neighbouring countries, mainly the pan-European transport corridors and areas outside the enlarged Union.

The Baltic Sea specific policy issues will concern the order, size and nature of the cross-border transport investments, which are highly dictated by the ways and means of financing as well as the considerations of environmental protection.

Further issues relate to the segments of infrastructure that fall outside the EU-wide networks but are necessary on regional or national grounds.

- **Logistics, including transport telematics**, is an issue where the Baltic Sea countries can have potentially a leading role in the EU. Issues concern standardisation of procedures and equipment as well as networking across the countries. Much of this is left to the private sector but the governments are needed as facilitators and coordinators of the process.
- **Environment, safety and security** are the concerns that first of all affect sea transport in the Baltic Sea. Much of this work has already been delegated to working groups under HELCOM. During some transition period there will be safety and security issues, which concern aviation and road transport as well.

**Transport R&D** can become a further policy area that needs to be considered in the Baltic Sea region. Suitable ways and means for networking universities, research institutes and private sector companies need to be explored so that the best skills and information can be drawn to support the increase of transport efficiency and to give guidance to the evolving unification of the Baltic Sea transport system.

## 9. The New Transport Cooperation Framework

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In the previous chapters it has been established that the transport cooperation in the Baltic Sea region needs to be assessed, restructured and new objectives for it set. In particular, the scope of cooperation and its regional coverage should be different from any of the existing fora. There is a reason to believe that the new framework would benefit if the cooperation covers the entire Baltic Sea region, rests on the work of several existing transport working groups and supports an efficient cooperation framework, within which fast responses to any upcoming issue and concern can jointly be discussed and formulated.

The proposed objectives and “added value” of restructuring the transport cooperation framework are:

- Strengthening the Baltic Sea region’s visibility and influence on the EU transport agenda, and facilitating the region’s input in the decision making of the EU.
- Implementing efficiently the agreed EU transport policies and decided legislation at the regional level
- Supporting the new member states to adapt themselves quickly to the EU processes, policy preparation and project implementation.
- Supporting the transport dialogue with Russia at the regional level
- Promoting the Baltic Sea region’s role in relation to other similar regions in the EU, such as the Mediterranean
- Improving the use of scarce resources (money, personnel and time, which includes the reduction of the number of meetings)
- Increasing transport financing in the region and improving administrative capacity in receiving and using the EU funding
- Promoting the cooperation between different transport fora and working groups by intensifying networking and exchange of information
- Providing a practical forum, a “Focal Point”, for carrying transport dialogue between public and private sectors and other stakeholders in transport, with a focus on results

*From the above it follows that the Baltic Sea Transport Forum (BSTF) is advisable to establish.*

*The organisational elements of the Forum are the following:*

1. **Meetings of Transport Ministers.** The intention should be that only one or two annual meeting of transport ministers are organised. The meetings are to be well

prepared so that the needs of several co-operation fora can be dealt with at the same time.

2. **Steering Committee** for transport cooperation, which has the general secretaries, deputy ministers or senior transport officials of the Baltic Sea governments as members.
3. **Thematic activities**, implemented in existing or restructured transport fora and working groups, are the main body of cooperation. It is envisioned that the relevant working groups will be combined, or at least networked, around selected themes. The agendas and mandates of the participating fora with merged working groups will be so modified that they each have a clear responsibility. This responsibility will be implemented in unison with other groups and by networking with them. No working groups ought to perform duplicate work.

The Baltic Sea transport cooperation framework will include two more elements in addition to Transport Forum (BSTF):

**The European Commission**, particularly DG TREN and DG REGIO. It is essential that BSTF will have a recognised status within the Commission's transport development framework. It should be at least identical to Euro-Mediterranean cooperation or stronger. In the long-term, BSTF should be seen as the regional tool of the Commission in the Baltic Sea region.

**Financial Framework** is the key ingredient for the implementation of any policy and program. The framework rests, first of all, on the EU financing mechanisms (structural and cohesion funds, Interreg, and the new neighbourhood instrument). Secondly, strong involvement from the international financing institutions should be ensured, particularly that of EIB and NIB. In EIB a special funding arrangement, such as FEMIP for the Mediterranean, should be sought.

The Nordic Investment Bank (NIB) could be reserved a special role in the Baltic Sea region, if its resources and mandate can be refocused. The NIB lending is already considerable in the Baltic States and begins to increase in the transport sector. The institution is capable of financing transport projects alone or in cooperation with other financial institutions. An especially helpful role might be in financial facilitation and advising in project financing. The NIB could also provide a number of loan enhancement products including credit lines, loan guarantees as well as leasing arrangements that can support many vehicle and rolling stock procurement projects and programs.

## Existing fora

It is quite clear that, if the BSTF was to be established, due examination of the existing Baltic Sea transport cooperation framework must be performed. It is envisaged that this will be the responsibility of the task force recommended to be established in the next stage.

It is, however, rather clear that many of the existing transport fora and working groups must either be merged together or dissolved entirely so as to achieve the necessary

clarity of the structure, efficiency of the work procedures, and time and financial savings to the participating individuals and organisations.

The savings in time and money should be the most obvious. The BSTF proposal call for restructuring of some dozen different transport working groups existing today, which possibly could be condensed into about 5 theme groups.

# FRAMEWORK FOR TRANSPORT COOPERATION IN THE BALTIC SEA REGION

EUROPEAN COMMISSION

**COUNCIL OF THE BALTIC SEA  
STATES (CBSS)**  
(Prime Ministers and Foreign Ministers)

## 2. BALTIC SEA TRANSPORT FORUM (BSTF):

**MEETINGS OF TRANSPORT MINISTERS  
of the Baltic Sea States**

**STEERING COMMITTEE  
OF SENIOR TRANSPORT OFFICIALS**  
1st Stage: Task Force  
**Secretariat**

### **ACTIVITIES BY THEMES:**

- Maritime transport (Motorways of the Seas)
- Infrastructure development
- Logistics and telematics
- Environment, safety and security (Helcom)
- Research and development (for parts which are not included in other activities)

## 3. FINANCING FRAMEWORK:

- National (transport) budgets
- Financial mechanisms of the EU  
(Structural and cohesion funds, Interreg)
- International Financial Institutions (EIB and NIB)

# 10. Conclusions and Recommendations

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The current situation and the future needs of the transport cooperation in the Baltic Sea region can be summarised as follows:

1. The political and economic environment in the Baltic Sea region has changed considerably, and this transformation will continue in the foreseeable future. The most prominent development is the enlargement of the European Union, which particularly affects the Baltic Sea region. After the enlargement the EU will dominate the region's transport development.
2. As a consequence, the need for cooperation across the national borders increases almost by the definition due to the development of the TEN networks and the transport corridors extending to the territories of the new neighbours of the EU.
3. Furthermore, the region is compelled to present its case and common interest to the Commission ever more strongly. Experience shows that this can best be done through a group of countries sharing common interest and values and speaking with the same voice.
4. Russian question does not fade away. It will rather intensify and cause increasing concerns to other nations around the Baltic Sea. The only strategy in this respect will be ensuring an intensified and constructive dialogue between the parties.
5. Despite many forums for cooperation that exist in the region today, there is no single framework, which easily and readily could become the facilitator of cooperation and the "Focal Point" of regional transport dialogue.
6. The final conclusion is that the existing fora and transport working groups must intensify cooperation. It is even better, if a single framework of cooperation can be created, under which the tasks and mandates of each party can be defined clearly so that efficiency is guaranteed and no double work or competition will occur.

## Recommendation:

### Nomination of a transport Task Force by the Prime Ministers

As a next step it is recommended that a Task Force will be nominated, preferably by the Prime Ministers of the Baltic Sea states. The Task Force has a mandate to study the problem of the Baltic Sea transport cooperation by using several tools including discussions with the governments as well as with existing fora, working groups, and the European Commission. In the end of its work the Task Force will propose the new structure and substance for the transport cooperation in the Baltic Sea region.

As a last note, the Task Force should have adequate freedom in its work so that the existing structures and agreements of transport cooperation do not unnecessarily bind the hands of its members.

# APPENDICES

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## 1. Existing Frameworks for Transport Cooperation in the Baltic Sea Region

Organisation/ Framework	Founding years	Organisation/L ocation	Membership	General Objectives	Objectives in Transport Sector
1. EU (DG TREN) <a href="http://www.europa.eu.int/comm/dgs/energy_transport/">www.europa.eu.int/comm/dgs/energy_transport/</a> <ul style="list-style-type: none"> <li>• <b>Northern Dimension</b></li> </ul>	1951 1995 2004  (1997) 1999	EU Commission, Brussels, Belgium.  Current presidency of the EU	Member countries of the EU (Transport Ministries)  EU-led initiative. No membership. Pertains to loosely defined geographical region i.e. European North	Economic and political integration  Promoting policy dialogue and cooperation on regional development; cross-border cooperation, and security and stability issues	Directorate for Energy and Transport implements European transport policies  Transport objectives are embedded in economy, business and infrastructure priorities and focus on transport bottlenecks and traffic safety (at sea).
2. Nordic Council of Ministers (NMR) <a href="http://www.norden.org">www.norden.org</a>  <ul style="list-style-type: none"> <li>• Council of Ministers                for Transport</li> <li>• Nordic officials'                committee on                transport question                (NÄT)</li> <li>• Theme groups (4)</li> </ul>	1971	Permanent office: Copenhagen, Denmark	Prime and sectoral ministers of Denmark, Finland, Iceland, Norway, Sweden, Greenland, Faroe islands, Åland  Transport Ministers   Senior transport officials   Transport officials	Forum for Nordic governmental cooperation  Exchange of information on current issues of transport politics, support of political discussions in NCM  Effective, competitive, secure, sustainable and equal traffic in the Nordic Countries  Work in four theme groups	Delegated to Council of Ministers for Transport  Effective, competitive, secure and environmentally friendly transport in Nordic Countries and the areas nearby. Special attention to logistics, telematics so as to develop intelligent and strong transport system in the North and the Baltic Sea region; cooperation in and discussion of topical EU questions. <ul style="list-style-type: none"> <li>• Sustainable mobility</li> <li>• Baltic Sea</li> <li>• Intelligent transport system</li> <li>• Traffic safety</li> </ul> Theme groups focus on the four issues above

Organisation/ Framework	Founding years	Organisation/Loc ation	Membership	General Objectives	Objectives in Transport Sector
3. Baltic Council of Ministers  <ul style="list-style-type: none"> <li>• Baltic Assembly</li> <li>• <b>Meetings of Transport Ministers</b></li> </ul>	1994  1993	Meetings of Prime Ministers and sectoral ministers Committee of Senior officials Secretariat	Ministries of Estonia, Latvia, Lithuania  Estonia, Latvia, Lithuania. Ad hoc members Poland and Finland.	Coordination of policies and activities in the Baltic States	Transport policy and project coordination
4. Council of Baltic Sea States (CBSS)  <a href="http://www.cbss.st">www.cbss.st</a>  <ul style="list-style-type: none"> <li>• Meetings of Transport Ministers</li> <li>• Ad-hoc Working Group on Transport</li> <li>• Business Advisory Council</li> </ul>	1992  2003  1996	Rotating chair Secretariat: Stockholm, Sweden	Foreign Ministries of 11 Baltic Sea countries and the EU Commission  Transport Ministries  Transport Ministries  National business organisations	Intergovernmental cooperation in the Baltic Sea region  Same as above in transport sector  Input of views and proposals from the business communities.	General priorities on maritime safety and customs cooperation stressing the need to reduce time of crossing the borders to 2 hours. Transport issues delegated to ad-hoc Working Group on Transport  Current European transport policies and development of transport infrastructure networks  Establishment of a well functioning logistics/transport chain

Organisation/ Framework	Founding years	Organisation/L ocation	Membership	General Objectives	Objectives in Transport Sector
<b>5. HELCOM</b> <a href="http://www.helcom.fi">www.helcom.fi</a> <ul style="list-style-type: none"> <li>• HELCOM Maritime</li> </ul>	1974 1992	Helsinki Commission Secretariat: Helsinki, Finland	10 states bordering the Baltic Sea and EU Commission	<p>To protect the marine environment of the Baltic Sea from all sources of pollution, and to restore and safeguard its ecological balance.</p> <p>Working groups:</p> <ul style="list-style-type: none"> <li>• WG on PSSA</li> <li>• WG on winter navigation</li> <li>• WG on pilotage</li> <li>• WG on transit routes</li> </ul>	<ul style="list-style-type: none"> <li>• To reduce lead emissions from the combustion of leaded gasoline.</li> <li>• To reduce emissions from the transport sector affecting the Baltic Sea</li> <li>• To reduce air pollution from ships, especially sulphur in fuel oils</li> </ul>
<b>6. Baltic 21</b> <a href="http://www.ee/baltic21">www.ee/baltic21</a>	1996	Baltic 21 Steering Group (Senior Officials Group) Secretariat at CBSS Secretariat in Stockholm, Sweden	11 CBSS countries; the European Union; intergovernmental organisations; international financial institutions; and non-governmental organisations and networks.	Constant improvement of the living and working conditions of their peoples within the framework of sustainable development, sustainable management of natural resources and protection of the environment. Sustainable development includes three mutually interdependent dimensions – economic, social and environmental.	<p>To minimize the negative environmental effects, the consumption of non-renewable resources and use of land for transportation purposes, to protect human health and the environment, in particular the sensitive ecosystems of the region.</p> <p>To retain the ability of transport to serve the economic and social development of the Baltic Sea Region.</p>

Organisation/ Framework	Founding years	Organisation/L ocation	Membership	General Objectives	Objectives in Transport Sector
<b>5. VASAB</b>  <a href="http://www.vasab.org.pl">www.vasab.org.pl</a>	1992	Committee on Spatial Development of the Baltic Sea Region (CSD/BSR) Secretariat: Gdansk, Poland	Spatial planning and development authorities	<ul style="list-style-type: none"> <li>• Co-operation of urban regions on key issues of sustainable development</li> <li>• Strategic development zones important for transnational integration within the BSR</li> <li>• Transnational transport links important for integration across-BSR and with Europe</li> <li>• Diversification and strengthening of rural areas</li> <li>• Development of transnational green networks, incl. cultural landscapes</li> <li>• Integrated development of coastal zones and islands</li> </ul>	Trans-national transport links important for integration across-BSR and with Europe
<b>6. Baltic Sea Forum (Pro Baltica Forum)</b>  <a href="http://www.baltic-sea-forum.org">www.baltic-sea-forum.org</a>	1992	Secretariat: Hamburg, Germany	Private organisation, mainly major companies	<ul style="list-style-type: none"> <li>• Encourage economic and intercultural co-operation in the Baltic Sea Region</li> <li>• Support the EU Action Plan Northern Dimension</li> <li>• Act as a platform for the exchange of relevant experiences, ideas, and opinions concerning the developments of the Baltic Sea Region</li> <li>• Initiate projects and create contacts between possible partners, organisations and networks in the Baltic Sea Region</li> </ul>	Organising forums in traffic and transport in the Baltic Sea region.

Organisation/ Framework	Founding years	Organisation/L ocation	Membership	General Objectives	Objectives in Transport Sector
<p data-bbox="143 277 432 341"><b>7. Baltic Development Forum</b></p> <p data-bbox="143 405 360 437"><a href="http://www.bdforum.org">www.bdforum.org</a></p> <ul data-bbox="143 1118 398 1177" style="list-style-type: none"> <li>• Transport Round Table</li> </ul>	1999	Secretariat: Copenhagen, Denmark	<p data-bbox="853 277 1189 341">Private organisation, mainly major companies</p> <p data-bbox="853 1107 1104 1139">Company executives</p>	<ul data-bbox="1196 277 1592 810" style="list-style-type: none"> <li>• Advancing growth potential through new partnerships between leaders from business, national and local government, academia and media</li> <li>• Positioning the Baltic Sea region as a dynamic and prosperous economic centre</li> <li>• Integrated region promoting partnership and cooperation, and moving forward with shared priorities, co-ordinated across borders and sectors</li> </ul> <p data-bbox="1196 874 1592 963">Addressing the challenges for the Baltic Sea region's transport infrastructure</p>	<ol data-bbox="1599 804 2094 1414" style="list-style-type: none"> <li>1. Create documentation for a rapid regional economic development and integration of the Baltic Sea region.</li> <li>2. Promote a vision for development of transport systems and infrastructures.</li> <li>3. Promote the development of the Baltic Sea as "gateway to Russia and the Far East".</li> <li>4. Evaluate and promote modern intermodality".</li> <li>5. Support and develop regional air transport.</li> <li>6. Strengthen and promote development of Motorways at Sea and Short Sea Shipping.</li> <li><b>7. Document the economic benefits of harmonization of standards.</b></li> <li>8. Implement a joint programme for operational PPP's.</li> </ol>

Organisation/ Framework	Founding years	Organisation/Loc ation	Membership	General Objectives	Objectives in Transport Sector
<b>8. Baltic Sea Chambers of Commerce Association (BCCA)</b>  <a href="http://www.bcca.de">www.bcca.de</a>	1992	General Conference meeting once a year. Presidium of 5 members. Secretariat: Malmö, Sweden (follows current President)	51 chambers of commerce around the Baltic Sea	To protect and uphold the interests of private entrepreneurship by advising politics in business related affairs, offering services to the business community and providing facilities for contacts, debates and meetings in the region.	2 hour waiting time at the borders.
<b>9. Baltic Ports Organisation (BPO)</b>  <a href="http://www.bpoports.com">www.bpoports.com</a>	1991	General assembly every 2 years. Board of 10 members Secretariat: Ports of Stockholm, Sweden	54 ports around the Baltic Sea	To improve the competitiveness of maritime transport in the Baltic region	<ul style="list-style-type: none"> <li>• increasing the efficiency of ports</li> <li>• marketing the Baltic region as the strategic logistics centre</li> <li>• improving the infrastructure within the ports and the connection to other modes</li> <li>• improving co-operation with the port users/operators</li> <li>• applying new technology in the port sector in order to improve the performance and the integration of ports into the transport chain</li> <li>• improving cost efficiency</li> <li>• good environmental behaviour</li> <li>• organizational development</li> <li>• co-operation with authorities and interest groups</li> </ul>

Organisation/ Framework	Founding years	Organisation/Loc ation	Membership	General Objectives	Objectives in Transport Sector
<b>10. Union of the Baltic Cities (UBC)</b>  <a href="http://www.ubc.net">www.ubc.net</a>	1991	General Conference every 2 years Executive board of 10 member cities. Secretariat: Gdansk, Poland	Over 100 cities around the Baltic Sea	Promoting and strengthening cooperation and exchange of experience among the cities in the Baltic Sea Region, to advocate for common interests of the local authorities in the region, and to act on behalf of the cities and local authorities in common matters towards regional, national, European and international bodies, as well as achieving sustainable development in the Baltic Sea Region with full respect to European principles of local and regional self-governance and subsidiarity	<ul style="list-style-type: none"> <li>• <b>public transport</b> - how to develop the management of public transport systems</li> <li>• <b>cycling</b> - to learn why and how to improve the conditions of cyclists and pedestrians</li> <li>• <b>mobility management</b> - exchange of information on the potential for mobility management-tools to develop efficient, sustainable transport habits</li> </ul>
<b>11. Baltic Sea Commission (BSC)</b>  <a href="http://www.paijat-hame.fi/">www.paijat-hame.fi/</a>	1996	General Assembly meeting annually. Secretariat: Lahti, Finland Working groups: 1. transport; 2. cross-border cooperation	31 regions around the Baltic Sea (none in Russia) BSC is part of the Conference of Peripheral Maritime Regions, which covers the entire EU area.	<ul style="list-style-type: none"> <li>• Bringing EU institutions closer to the citizens from the perspective of Europe of the regions</li> <li>• Safeguard benefits and rights of the citizen in developing Europe</li> <li>• Promote economic and political cooperation and networking between the regions in Europe</li> </ul>	<ul style="list-style-type: none"> <li>• Linking Baltic Sea countries and regions by improving infrastructure and services</li> <li>• Securing connections with EU transport corridors</li> <li>• Securing accessibility in peripheral areas</li> <li>• Promoting multimodal transport system: railways and short-sea shipping</li> <li>• Development of east-west corridors</li> </ul>

Organisation/ Framework	Founding years	Organisation/Location	Membership	General Objectives	Objectives in Transport Sector
<b>12. Baltic Sea States Sub-Regional Cooperation (BSSSC)</b>  <a href="http://www.bsssc.com">www.bsssc.com</a>	1993	Annual Conferences Board of two members from each country Secretariat: Gdansk, Poland Working groups	Open to all regions of the ten Baltic Sea countries.	Regional & economic development working group deals with infrastructure and tourism.	Comments on White Paper on European Transport Policy: <ul style="list-style-type: none"> <li>• Include ferry lines in the Trans European Network (TEN) as part of an integrated network</li> <li>• Extend the concept of "Sea Motorways" also to include ferry connections</li> <li>• Facilitate investments in ferry connections on the same level and conditions as the other components in the TEN.</li> </ul>

## 2. Examples of Evolving Frameworks and Practices

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In the EU area there are two regions that are particularly known for their cooperation. One is the **Benelux countries** and the other the **Nordic Countries**. The two regions are of interest also for the reason that they have responded differently to the basic question of cooperation: “whether to formalise the cooperation or not”. Despite their close and long-standing cooperation the Benelux countries do not appear to be inclined to formalisation in any significant degree, whereas the Nordic Countries have developed rather comprehensive organisations over the years. This study does not allow any deeper investigation into the differences of approach, but one might speculate that location might play a role. The Benelux countries have generally a central location in Europe, and within the EU these countries are very well placed. For one, they have the most of EU organisations located within their borders. The situation is different with the Nordic Countries, which are small and peripheral. The need to be seen and heard is obviously greater for them now than earlier, even if the original purpose of the Nordic cooperation rose from a more general desire for cooperation brought about by the nearness and similarities of history, language, national economies and culture.

**Visegrád.** In the vicinity of the Baltic Sea there is another example of cooperation between neighbouring nations. That is the Visegrád framework, which was established in early 1990 by Poland, Hungary, Czech Republic and Slovakia largely after the model of the Benelux and Nordic Countries. In early 2000, the Visegrád cooperation almost withered, but very recently it has recovered again in anticipation of the EU enlargement in 2004. The countries feel foremost that together they will be heard in the EU better than alone. The countries seem to have great expectations about the effectiveness of their future cooperation. The infrastructure sector, both transport and energy, have been cited as having the greatest potential for cooperation in the beginning. Expert groups have already been created to study railway and combined transport links between the countries.

In 2001, the Visegrád countries renewed their earlier commitment to cooperation. At present, the cooperation is based on annually rotating presidency and summit (high level) meetings twice a year. Each country has its own national Visegrád coordinator. Other modalities of cooperation are currently being studied, but the thinking today is that there will not be any very formal organisations created in the foreseeable future.

**Barents Euro-Arctic Transport Area (BEATA).** A different type of cooperation has emerged in the Barents region after the Helsinki Pan-European Transport Conference in 1997 designated the Barents region as one of the four pan-European transport areas. BEATA is, first of all, a forum for regional cooperation between the Transport Ministries of Norway, Sweden, Finland and Russia. DG TREN is also a member of BEATA. The purpose of BEATA is to create proper conditions for the development of an efficient, integrated and multimodal transport system in the very north of Europe. Over the past years, a good cooperation and division of responsibilities have been created between all the major forums in the region: Barents Euro-Arctic Council (BEAC), Barents Regional Council (BEAR) and BEATA. BEATA is factually the

transport arm of BEAC. In addition, together with the regional transport group of BEAR a major transport study has been just been launched in the region.

The main forum of the BEATA cooperation is its steering committee, which has a rotating chair country. The chair's two-year term coincides with that of BEAC. The Finnish Ministry of Transport and Communications supports the permanent secretariat in Helsinki, which facilitates all the work in the BEATA framework and in its steering committee. The BEATA steering committee reports to BEAC and DG TREN. After the establishment of BEATA, the Barents region has only one primary framework for strategic and long-term transport cooperation. Naturally, remarkable cross-border cooperation takes place inside transport sectors such as between road, railway, maritime, and aviation administrations of the countries, but these activities are operational in nature and mostly very practical.

**Baltic Sea Region Energy Cooperation (BASREC).** BASREC resembles in many ways the BEATA cooperation even though it concerns the energy sector and the Baltic Sea region. The Energy Ministers of the Baltic Sea region launched BASREC in 1999. Cooperation takes place in the framework of CBSS and its membership comprises the same countries as CBSS, including DG TREN. Baltic 21 was integrated in the BASREC work during the first period of 2000-2002.

The intent of BASREC cooperation is to provide a forum for formulating a regional view of energy policy and strategies. The forum gives energy administrations and businesses a natural base for the creation of frameworks and rules for the markets in order to develop energy supply and to reduce environmental impacts of energy production, use and transmission. The BASREC members find it important that the political strategies and frameworks support as consistently as possible the market developments during and after the EU enlargement.

The BASREC work program lists, among others, the following priorities:

- Strengthening co-operation within the Baltic Sea Region
- Implementing the decisions of Northern Dimension
- Contributing to the EU-Russian energy dialogue
- Improving information dissemination.

BASREC has conducted several studies, analysed the developments of energy policy and strategies in the region, published handbooks and studies, and organized seminars and workshops.

In 2002, the Energy Ministers and the EU Commission decided to make BASREC and the Baltic Sea region a testing ground for Joint Implementation Projects for reducing greenhouse gases. The first investment projects in the testing ground could be launched in 2003.

The Group of Senior Energy Officials (GSEO) is the core forum of BASREC. Its chairmanship rotates annually following the CBSS rotation. A permanent secretariat has been set up in the CBSS secretariat in Stockholm. BASREC has currently five permanent working groups.