



The strategy in brief	2
------------------------------	----------

Background	4
-------------------	----------

EUROREGION BALTIC

Euroregion Baltic in Baltic Sea Region, European and global contexts	7
---	----------

- **General** 7
- **The EU cohesion policy** 8
- **Competitiveness through regional business cooperation** 13
- **The ERB cooperation in view of the EU enlargement 2004 and in a global context** 14



VISION

ERB 2015 – a vision	21
----------------------------	-----------

- **Goals for the ERB cooperation** 21
- **Vision for the ERB development** 22



STRATEGY

The strategy for the next 10 years' development	25
--	-----------

- **General** 25
- **Strategic challenges** 26
- **The overriding goal** 27
- **Four strategic areas of activities** 28
 1. **A competitive business environment** 29
 2. **Transport infrastructure** 32
 3. **Social dimension** 34
 4. **Environment and energy policies** 36
- **The implication of setting sustainability in focus** 37
- **Kaliningrad Region in the ERB cooperation** 40
- **Other horizontal objectives** 43
- **Exchange of best practises and bench-marking** 53



IMPLEMENTATION

Preconditions for implementation of the development programme	59
--	-----------



Annex: Definitions, explanations and abbreviations	63
---	-----------

The strategy in brief

The strategy is based on the vision that ERB in the year 2015 is a region characterised by prosperity and good living conditions of its citizens. The ERB is then internationally recognised as a forefront region with regard to sustainable growth and integration of old and new market economies in the Baltic Sea Region, representing real social and economic cohesion.

The strategy is *focussing on value added for the ERB member regions* in terms of competitive advantage for common sustainable growth in the South East Baltic Sea Region. The task of the strategy is to put focus on the Euroregion as such and how joint efforts in prioritised areas of activity can provide added values in the development process of the respective member region.

The strategic areas for activities are:

- **A competitive business environment**

In a European perspective, measures will be taken that help to strengthen competitiveness of the ERB business world and promote innovation and an attractive investment climate. The emphasis will be put on sustainable growth through a prosperous SME sector, increased knowledge contents for products and services, and on environmental and energy issues as well as social and regulatory transparency and stability.

- **Transport infrastructure**

The ERB cooperation will highlight the importance of transport infrastructure as a means of facilitating the growth of trade and improving competitiveness of industry

and service business – as well as of helping to develop tourism in the region. The ambition is that ERB becomes an advocate and a driving force of the enhancement of the member regions' development aims, a political lobbyist at national and European levels.

• **Social dimension**

Cohesion activities within the social field are very important for the sustainable development within ERB. It is necessary to reduce unemployment in order to facilitate economical growth in the region. Labour market cooperation should be pursued as a means of equalising sub-regional imbalances in the supply of and demand for manpower in the member regions.

• **Environment and energy policies**

Joint initiatives should be taken in order to increase knowledge and common understanding of EU initiatives within the environment and energy sectors. The ERB goal is to become one of the leading regions in implementing EU initiatives and regulations in a direct dialogue with responsible EU bodies.

Other objectives:

Sustainable development is in focus for all planned cooperation activities. Other important horizontal objectives are *Good Governance*, *Gender Equality* and *Youth Participation*.

Kaliningrad Region as the only non-EU region within ERB is proposed for special attention and actions within the ERB development programme.

Exchange of best practises and bench-marking are seen as important instruments for implementation of the activities within the strategic focus areas.

Background

This document contains the long term strategy for development of Euroregion Baltic (ERB). It was drawn out within the framework of the Interreg III B co-financed project Seagull, and later adopted by the ERB member regions and its Executive Board and Council in autumn 2005.

The document analyses development opportunities of ERB in a wider Baltic Sea Region perspective as well as in a European and global context with particular focus on sustainable growth. It comprises a vision of the region in 2015 and presents the goals for the ERB cooperation.

Four strategic areas of activities for the period of 2006-2015 are identified as essential for the further cooperation within Euroregion Baltic. They are:

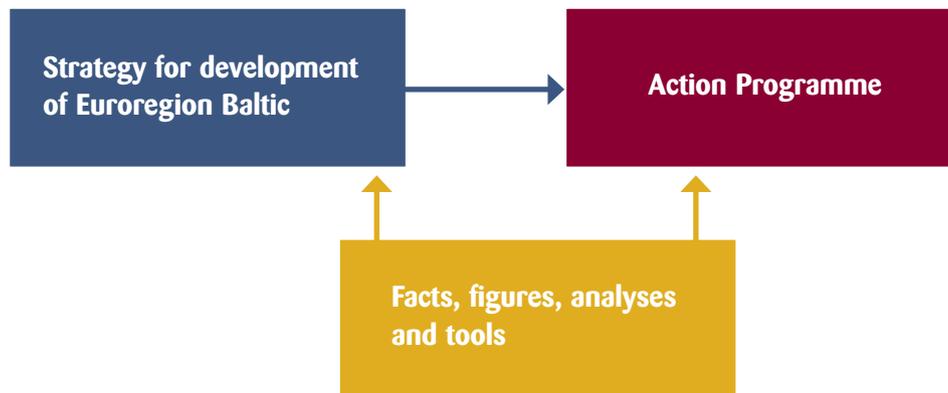
- **A competitive business environment;**
- **Transport infrastructure;**
- **Social dimension; and**
- **Environment and energy policies.**

The document also describes implementation principles for actions within the strategic areas.

A programme specifying prioritised actions to be implemented during the coming years is closely connected to the strategy. This action programme was also developed within the Seagull project and adopted by the decision bodies of ERB. It is presented in a separate document.

Furthermore mapping and fact finding activities, as well as a series of surveys and expert studies relating to various parts of the project were carried through within the scope of the Seagull project. The main results of these activities are put together in a third document called *ERB – facts, figures, analyses and tools*. The contents of this document form an important background and justification of the chosen cornerstones of the strategy and the prioritised actions to be implemented.

The three documents together form the Joint Development Programme for ERB:





Euroregion Baltic in the Baltic Sea Region, European and global contexts

General

There is today a common agreement amongst economists as well as politicians and business leaders that the Baltic Sea Region (BSR) will be one of the fastest growing regions in Europe and also in the broad global context. This is first and foremost due to the growth potential in the new EU member countries and the north-west Russia. Even if the rapid growth rates of up to 7% of GNP during the last few years do not persist in the years to come, recent prognoses forecast an average rate of about 5% for the 10 new EU countries. This implies that growth rates higher than 5% can be generated by the new EU members in the BSR. Despite considerable uncertainty, economists predict even faster growth rates in North-West Russia. Considering the size of the economy, Russian growth may genuinely be a strong driving force in the BSR economic development. In other words, trade and cooperation with Russia may be considered extremely important in efforts taken to benefit an enhanced development in the BSR.

The large social differences between countries and regions within the BSR, not least regarding living standards, underline the importance of cooperation in the areas of economic development and social integration. Regions and cities have a crucial role to play in this process. In this perspective, sustainable development is one of the most important objectives for the region. Transport and environment are particularly sensitive topics for which close collaboration is essential. A recent strategic con-

ference hosted by the large cities around the Baltic Sea highlighted as of key interest to define the Baltic Sea as the cleanest sea in Europe. Accordingly the involvement and commitment of the Russian Federation in the BSR politics is crucial.

The conference identified sustainable development as the main issue when supporting growth in the region. Decoupling economic growth from fossil fuel consumption and waste production was pronounced a possible vision for the future BSR. Economic innovation and entrepreneurship must be strengthened, which therefore require better organisational and political frameworks. Improving networks, clusters and integration of education and research are considered the key factors for a positive development.

Branding of the Baltic Sea Region, both internally and externally, as a leading European region remains another such factor. Equally important seems the need to make the BSR voice audible in Brussels through enhanced cooperation, both internally and with other regions. It should be noted that the BSR status in the EU policies has yet to be strengthened (e.g. up to recently the region has been discriminated from participating in the Trans-European transport networks “TEN”).

The EU cohesion policy

In March 2000 in Lisbon, the European Union set a strategic goal for the next decade, focusing on sustainable economic growth and knowledge-based economy with more and better jobs and greater social cohesion. The transition towards a sustainable society is a long-term process requiring structural changes in the economy and society, but also in the way policies are developed and implemented.

In Gothenburg in June 2001, the European Council agreed on a strategy for sustainable development and added an environmental dimension to the Lisbon process for employment, economic reforms and social cohesion¹.

1 | The Commission 2001. A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development. COM (2001)264 final. http://europa.eu.int/eur-lex/en/com/cnc/2001/com2001_0264en01.pdf

THE LISBON & GOTHENBURG STRATEGIES OF EU DEVELOPMENT

By 2010 EU should be the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion (Lisbon 2000).

A leading principle for sustainable growth should be decoupling environmental degradation and resource consumption from economic and social development (Gothenburg 2001).

When integrating sustainable development (SD) into regional policies, the EU uses a horizontal approach, which means that all structural and cohesion fund interventions must be in accordance with the principles of sustainable development. The Lisbon and Gothenburg Strategies, as well as the European Spatial Development Perspective (ESDP), are strategic elements towards a more sustainable regional development. Programme measures and priorities of regional policy instruments will focus on aims and objectives in this strategy, and the EU structural policy after 2006 will be based on the strategies from Lisbon and Gothenburg².

The challenge of the cohesion policy was immensely expanded by the integration of the new member states in 2004. This is shown by the fact that some 92% of the citizens in the new member states live in regions with GDP per head below 75% of the EU25 average, and over two third in regions where it is below half of the average. Another circumstance to consider in this perspective is that the recent enlargement added less than 5% to the EU GDP but almost 20% to the Union's population. This means that GDP per head in EU25 will be 12.5 % less than the average in the previous EU15. The EU cohesion policy will therefore be considerably restructured to be able to focus on the narrowing of these disparities between old and new member

2 | Marie-Colette FitzGerald, DG Regional Policy (2004) EU regional policy and sustainable development. Framework, instruments and outlook. http://sustainableregions.net/uploads/documentbank/115_document.ppt.

states and, at the same time, on enhancing the preconditions for sustainable growth in the EU at large according to the Lisbon strategy.

The recent discussion about the Lisbon/Gothenburg strategies has underlined the challenge now facing the EU member states. Based on this discussion the EU Summit 22-23 March 2005 adopted a revised Lisbon and Gothenburg strategy, the EU Growth and Job strategy, launched by the European Commission 2 February 2005. Based on new guidelines for the implementation of the strategy all 25 member states are requested to send their national reform programmes to the Commission before 15 October 2005.

On the one hand the EU strategy has to strengthen its efforts to fulfil its original goal of turning the EU into the most dynamic and expansive economy in the world by 2010 (which many economists and politicians believe is in fact quite unrealistic). On the other hand, it should not downgrade sustainability just to a horizontal objective. Ageing populations in Europe pose another threat that needs to be taken account of. In the near future fewer and fewer people will have to provide for the welfare of more and more old age pensioners. It is where the cohesion policy aims should be perceived, too. That is why the volume of working hours must not be diminished and why it will be crucial that the rates of unemployment decrease. Accordingly, entrepreneurship, enhanced infrastructure and support to innovative environments and SMEs remain in focus of the cohesion policy aims, both in general and as means to develop polycentric settlement structures at BSR, national and regional levels. The ERB is not in any way a "region" where these conclusions can be neglected.

Combat unemployment

Unemployment constitutes a major problem in the new member states – not least in the BSR where in Poland almost 20% of the people in working age have no job. The rates in the Pomeranian Region and especially in Warmia-Masuria are even

higher. Regarding competitiveness, in particular business environment and obstacles hindering development of firms, investigations show that although it has improved considerably in the new member countries in the last decade, it is still lower than in the old member countries. In some other respects the new member states have proved more advanced than several of the older ones.

The potential of attracting investment and expanding productivity will be fundamental for the new EU member countries' ability to keep and strengthen their growth. The great disparities in labour costs between the new and old member states will diminish but at a relatively slow pace, according to the recent analyses. This means that the new member states will become specialised in intensive labour production while a continued specialisation in intensive capital, knowledge and research production will occur in the old member states. Intensive labour industries in the latter countries will meet tighter competition from the new member states while intensive capital, knowledge and research production will acquire improved possibilities as a consequence of the integration with new member countries. In addition it is necessary to realize that economic growth and raised wage levels in the new member countries and Russia will mean a mobility of work places to India, China and South-east Asia. This is why the new emerging BSR market economies also have to highlight their abilities for advanced, capital and technology intensive production – the sooner the better.

Mobility of workforces

The consequences of the EU enlargement on the work force mobility are disputed. Studies show that work force migration will be reasonably low – a few hundred thousand per year for the EU as a whole. But EU calculations predict at the same time that a migration of about 180 000 persons per year would result in a growth rate expansion of 0.3% in the next four years. Mobility effects are expected to be considerably larger in countries bordering the new member states.



Russia is already a large market in the BSR and a significant expansion is still expected. It is important to realise that trading with Russia will benefit constructive cooperation between the Russian Federation and its neighbours in the BSR. As much as 40% of Russia's exports today are transported through the Baltic States, and Russia has a large trade surplus with these states. The transit traffic generates from 7 to 9 per cent of Estonia's and Latvia's GDP.

Competitiveness through regional business cooperation

Besides the positive and reciprocal effects of expanded trade in the BSR, several analyses highlight the effects possible to attain through enhanced industrial links and cooperation between companies from the new and old member countries and Russia. Around the Baltic Sea there are a number of examples of such industrial collaborations. Swedish and Finnish firms within the IT sector and the telecom and forestry industries cooperate with Baltic firms, while German firms in the automotive industry have developed close ties with their Polish counterparts. The potential cooperation fields with Russia are identified in several reports, e.g. energy, metal, food, IT and telecom sectors. While Russian firms concentrate on the raw material, firms in the neighbouring Finland and Sweden focus on the final product and exports to third countries.

The crucial role of SME development

It seems reasonable to point out the existing capacity for the creation of a stronger base for SMEs in the BSR. Analyses claim that connections are feasible between SMEs in the area, which can make the region's economy stronger and more competitive and sustainable. Such development could be characterised by intensive regional integration, specialisation and "cross border" clusters. It should also be noted that there are recommendations to include traditional sectors (not only high-tech and so-called new industries) into these kinds of SME efforts.

Labour market challenges

Regarding labour market and the supply of crucial labour factors, numerous analyses stress the European dilemma of an ageing population and the need of making special efforts to expand the supply of workforce. The competition regarding highly educated people in the labour market is already considerable and will continue to grow.

A more open labour market in the BSR, based on systematic cooperation assisting labour migration and facilitating stable working conditions, can be one of the strong factors enhancing the potential for sustainable economic growth to the benefit of the BSR and its “member” states.

The ERB cooperation in view of the EU enlargement 2004 and in a global context

The years after the fall of the iron curtain have seen the development of a large number of mainly bilateral local and regional projects in the South East Baltic Sea supporting human aid and other areas. Since then the development has proceeded very fast – proven for instance by the fact that all Baltic States and Poland joined the EU in May 2004, not merely Estonia and Poland as originally planned. Accordingly the cooperation now can and should be focused on mutual aspirations for sustainable development – in economic as well as social and ecological terms.

Introducing EU policies and support to transnational contacts has given a strong impetus to a further development of already established links, not only allowing the actors involved obtaining a win-win situation but also initiating substantive cooperation projects. One important new characteristic is the focus on regional actors as coordinators of different activities.

The Seagull project has been a good example of the present situation of transnational regional cooperation at the regional level, providing added value for all the partners involved.

Cooperation between the ERB member regions

The economic expansion in the new democracies is proceeding rapidly and is expected to keep its pace for many years. The conclusion is that what could in 1998, when ERB was founded, be vaguely anticipated as a potential for the ERB to benefit from, now becomes a reality. Cooperation between the EU member regions,



based on equal footing, access to the same EU funding, and identical obligations to EU laws constitutes the general European issue, strengthened even more by closer integration of neighbouring countries to the EU.

By receiving EU funding for the realisation of the Seagull project, the ERB partners agreed on the conditions stipulating that the project contents and implementation process will be based on and contribute to EU priorities and policies concerning regional development and cohesion at large, and in particular those related to the Baltic Sea Region. Those priorities refer to measures in favour of sustainable development including activities aiming at enhanced economic, social and ecological cohesion.

The EU policy notices a broad range of effects of economic development to be addressed by special measures like urbanisation and concentration of economic activities, structural unemployment, strain on the environment and social exclusion. Requirements are made towards improved spatial planning implemented at the regional level, political priorities enhancing cohesion between and within regions (for instance through polycentric settlement structures), modernised transport infrastructure, and restricting environment strains.

Frames for the development programme

The objective of the Interreg III B BSR programme, as stated by the EU Commission, is: "Strengthening economic, social and spatial cohesion by promoting trans-national economic relationships in order to reach increased level of BSR integration and to form a region with sustainable growth prospect". The EU policies in this respect set important framework conditions for the ERB Joint Development Programme. The operational goals and measures of the programme should accordingly be directed towards sustainable economic growth, i.e. economic growth with strong social and environmental considerations. In addition, this is entirely in line with the regional strategies in the respective ERB regions, which the ERB development programme is supposed to complement and add value to. The special feature of the programme should be to develop added values for the ERB members by promotion of transnational activities between them.

The Kaliningrad region

The participation of the Kaliningrad Region in the ERB cooperation is important and natural considering the geographic location of the region and in view of sustainable development in the other ERB partner regions. It is important that Kaliningrad Region's own aspirations to develop its contact networks with the neighbouring EU member regions in order to enhance the options for sustainable growth and

improvement of the social situation of its inhabitants are taken as a point of departure. In a short term perspective, it is therefore crucial to base the joint development programme for ERB on well founded conclusions from the development of EU-Russian Federation relations. It is hard to conceive long term development in the area without a closer integration in EU-Russian border areas and it seems to be wise to really consider the Kaliningrad Region's own development strategy in which the region's strategic position as unique border region to EU is underlined as an asset of itself.

Development trends in the BSR

At the 5th annual Baltic Development Forum summit in Riga, between 5 and 7th October 2003, 450 decision makers from more than 10 countries discussed a variety of current political and economic issues in the Baltic Sea Region. The main theme was how to turn the Baltic Sea Region into a global frontrunner by exploring the mix of old and new democracies, of mature and emerging markets and of existing and newfound alliances.

The meeting recommended:

- That the countries of the Baltic Sea area must come together to ensure success and prosperity after the enlargement of the EU in May 2004. The Baltic Sea countries are to a large extent individual players rather than a team. Several barriers to trade and investments remain a challenge for the region. These challenges must be further defined and met in concert. The region must position itself more clearly vis-à-vis the rest of the world, including the EU.
- That the new member countries of the EU continue their efforts to implement EU legislation. The importance of the competitiveness of the region's small and

medium sized companies within the EU's Single Market must remain a high priority in the years to come.

- That for security reasons as well as economic reasons Russia will remain an important factor in the new chapter of European history.
- That Baltic Development Forum should take on the task to coordinate some of the different efforts which have been proposed for the development of Kaliningrad Region. Baltic Development Forum must try to define the common ground between the EU and Russia in the attempt to support a constructively development of Northwest Russia and the Kaliningrad Region.
- That concrete actions must be taken to avoid environmental damage to the Baltic Sea, including crude oil leaks. Such environmental disasters could seriously hamper economic development and prosperity in the region.

Discussions during the summit indicated the need of an Action Plan or a Road Map for the region, including ideas for improving the various sectors and potential industry clusters within:

- *Information and Communication Technology:* The region has a global top ranking in internet and mobile penetration and a highly skilled ICT workforce. Private companies and public institutions should cooperate to gain full advantage of this.
- *Transport and Infrastructure:* The region is developing rapidly and is expected to continue doing so. However, removal of trade barriers has generated new demands for mobility and efficient transport solutions.
- *Health Care, Biotech and Life Sciences:* Investments in the health sector are a key to economic growth and improved quality of life for citizens. Cross sector research

and knowledge exchange should be strengthened within the region in a public-private partnership.

- *Energy and Environment:* Russia is a leading supplier of oil and natural gas. At the same time the country is under pressure to improve energy savings and diversify its economy. Safeguarding energy supply through clever cooperation between all countries in the Baltic Sea Region is therefore very important.
- *Tourism:* The region has the potential to attract tourism from all over the world. The tourism industry makes significant contributions both directly and indirectly to the economy, creating jobs and providing a significant source of foreign investments.

The conclusions made by the Forum are highly relevant for the ERB development.



ERB 2015 – a vision

Goals for the ERB cooperation

The ERB was 1998 founded with a set of long term goals, formulated in general terms, but without a vision of what should be the situation and nature of ERB in a long term perspective. The goals decided are:

- **Improving the conditions of life of the inhabitants of the region.**
- **Promoting mutual contacts in the region.**
- **Tightening the bonds among local communities.**
- **Eliminating historical prejudices.**
- **Supporting activities aiming at a sustainable environment in the member regions.**
- **Promoting cooperation between local and regional authorities.**

The goals give the broad framework for the ERB joint development programme. As it is considered crucial that the ERB development work can proceed in a structured way, the ERB strategy contains two cornerstones: the methodology and focus areas of activities. The assumption behind this focus on two cornerstones is that the long-term ERB strategy should be recognised as a key instrument in the chain of steps from vision to implementation activities.

The strategy should concentrate on a small number of carefully *selected strategic areas*, recognised by the member regions as justification to become committed part-

ners in the ERB cooperation. The strategy and its implementation must therefore be understood by the member regions as *bringing added values* to each region's own development *through operating at the overall ERB level*. In addition, it will function as justification for different kinds of concrete projects and actions in the member regions.

In accordance with the methodological approach the ERB development activities should be conducted in a continuous process in six steps, starting with the vision and ending with implementation of projects and processes.



The Seagull project has mainly dealt with the fourth and fifth steps (strategy and programme) in this chain, taking the third step (goals) as granted. The methodology for the ERB development work implies in addition *that the goals, like the vision, the strategy and the development programme should be continuously evaluated and revised based on new experiences for instance gained in the process of implementation of the first action programme*.

The strategy and the action programme now adopted are based on the following vision:

VISION FOR THE ERB DEVELOPMENT

The ERB in the year 2015 is a region characterised by prosperity and good living conditions of its citizens. The ERB is internationally recognised as a forefront region of excellence with regard to sustainable growth and integration of old and new market economies in the Baltic Sea Region, representing real social and economic cohesion.





The strategy for the next 10 years' development

General

Based on the ERB vision and considering the ERB partner dialogue within the Seagull project, the SWOT analysis and ERB in a wider European development context, the conclusion is that the first ERB development programme should focus on value added for the member regions in terms of *competitive advantage for common sustainable growth in the South East Baltic Sea Region*.

The South East Baltic Sea Region should be interpreted as comprising both the land areas of the ERB member regions and the Baltic Sea water areas between the regions.

With this points of departure one important strategic objective is to relate the ERB development activities to the new EU Cohesion Policies for the period 2007-2013. The aim should be to develop good conditions for EU support to ERB and its member regions' development activities.

To be successful in this approach on the EU level, it will be crucial that the ERB member regions and the ERB joint bodies initiate a constructive dialogue on ERB development issues also with the respective national governments. The ERB council and board will therefore develop its role as lobbyist on national and EU level to the benefit of the member regions.

Initiatives to attract EU funding of different forms will accordingly be a prioritised working method for implementation of the prioritised actions of the development programme. The unique composition of the ERB as a cross-border region containing also the Kaliningrad Oblast territory of the Russian Federation will be given special attention. Very important will be to carry through competent analyses of the restrictions and possibilities provided by the EU-Russian Federation political relations.

Strategic challenges

Compliance with overriding ambitions and political aspirations for the future, harboured by the local and regional actors in ERB is fundamental for the composition and contents of the strategy and action programme.

One important experience of the Seagull project is that there are considerable differences between the ERB regions not only concerning contents of their development strategies and the roles of the authorities responsible, but also regarding the methods and definitions on which the development strategies are based. For example, the concept of sustainable development is interpreted in different ways in various member regions. The perception of development strategies and programmes, as well as their nature of instruments influencing development preconditions differ widely in different areas of activity. This presents a problem when the ERB bodies and the member regions' decision bodies need to agree on a particular strategy for the whole ERB. Therefore, definitions of some important terms are presented in the annex to this document.

The strategy should also fit into the overall vision and development ambitions of other major actors in the region. Only by striving towards commonly set goals, our efforts are likely to succeed. More specifically, the strategy needs to take into account the European Union policies designed to strengthen regional cohesion through the use of structural funds.

All national governments of the EU work towards the application of the Lisbon and Gothenburg priorities. Naturally, they must also constitute a basis of the task to be performed by the ERB, i.e. acquiring the position of a strong player representing about five million inhabitants in five EU member countries and about one million citizens in the Kaliningrad Region of the Russian Federation, to the benefit of all the ERB member regions.

The *common aim* for all development efforts in the South East Baltic Sea Region should be at sustainable growth (as indeed for all EU policies). Sustainability in this respect covers both *social, economic and regional cohesion as well as ecological sustainability*. In this context, the South East Baltic Sea Region covers land areas of the ERB member regions as well as maritime areas between them.

The overriding goal

The regional strategies in the different ERB member regions show no deviation with respect to sustainability – as they all focus on long term *sustainable growth as a means to enhance the conditions for improvement of the socio-economic situation for their citizens*. The main strategic focus of the ERB joint development programme is that the ERB cooperation can add considerable value to the member regions' work in order to attain their objectives. The joint development programme is based on the commonly recognised notion that the development of economies of scale is one really important factor enhancing economic growth.

The strategic priorities for the development programme should in summary be seen as the result of deliberations on several aspects. The most important are of course *the member regions' own development strategies and opinions* expressed during the process of drafting the joint development programme. These opinions were interpreted as clear expression of which activity areas the ERB cooperation can and should add values to. It was also important to take account of EU policies and priorities relevant for BSR progress. Naturally, the reason behind was to put forward

activities and proposals which can benefit from EU financing means. A proper adjustment to EU policies concerning transnational and interregional cohesion was considered as fundamental in this respect. The focus on sustainable growth and contribution to efforts of creating resources for social and ecological development had this point of departure.

The focus on both horizontal and long term objectives, concrete actions and the interplay between these should be emphasised. A strategic stand is that all proposed activities should have positive, or at least neutral implications as far as the horizontal objectives are concerned.

Four strategic areas of activities

The task of the strategy is to put focus on the Euroregion as such and how joint efforts in prioritised areas of activity under the heading of “Competitive advantage for common sustainable growth in the South East Baltic Sea Region” can provide added values in the development process of the respective member region.

THE STRATEGIC AREAS FOR ACTIVITIES ARE

- 1. A competitive business environment**
- 2. Transport infrastructure**
- 3. Social dimension**
- 4. Environment and energy policies**



1. A competitive business environment

In a European perspective, measures will be taken which help to strengthen competitiveness of the ERB business world and promote innovation and an attractive investment climate. The emphasis will be put on sustainable growth through a prosperous SME sector, increased knowledge contents for products and services, and on environmental and energy issues as well as social and regulatory transparency and stability.

Implication:

Initiatives are needed that create an attractive business environment not only from an economic point of view, including good infrastructure and a well skilled and educated labour force, but also as regards social and regulatory transparency and stability. On this basis *marketing of the ERB to potential investors* in order to attract

increased investment in the South East Baltic Sea Region should be one key activity. There is a market value in the information that ERB provides an effective network of political, economic, scientific/research and “civil” contacts, and in the fact that there are common outlooks and common activities that reinforce the stability of regulatory systems and social safety nets, etc.

Sustainable economic growth and an attractive environment for entrepreneurship and private business is also largely dependant on good governance in public affairs and stability in social infrastructure and labour market. Accordingly, a high rate of employment and mobilisation of people in productive work will be imperative, which not least demands a focus on gender equality and female entrepreneurship on the labour market.

This strategic ERB priority requires that each member region highlight development activities in areas like business environment, infrastructure, education and social regulatory transparency.

Naturally, using ERB as a partnership and coordination arena for infrastructure initiatives is both justified and important to the member regions. That is why the ERB action programme should evaluate and integrate results from important transport corridor projects.

Creation of innovative environments should emphasise both technological and non-technological innovation, including new business concepts and organisational or presentational innovation. It targets services and traditional as well as high-tech sectors. It also takes account of the all-embracing nature of innovation, aiming at creating the basis for an efficient dialogue among all innovation stakeholders: policy-makers, research institutions, civil society and enterprises. The urgent need for actions to solve rural development problems, especially in the Baltic States and Russian and Polish ERB regions, should also be highlighted from this perspective.

Particular stimulation should be offered to R&D within a few defined areas, linked to the region's common land and maritime territory. For instance, such areas could be Environment and Energy technologies and the IT and Biotech sectors.

ERB's attractiveness for tourism, also internationally, should be subject of special attention. Marketing and other related activities, initiated as a result of an international tourism approach ought to focus both on recreation, and cultural and natural environment.



2. Transport infrastructure

The ERB cooperation will highlight the importance of transport infrastructure as a means of facilitating the growth of trade and improving competitiveness of industry and service business – as well as of helping to develop tourism in the region. The ambition is that ERB becomes an advocate and a driving force of the enhancement of the member regions' development aims, a political lobbyist at national and European levels.

Implication:

Such promotion activities are key issues while providing for the preconditions of sustainable growth. Modern transport infrastructure will be fundamental for the integration of the economies and regions in the Baltic Sea area. Good transport infrastructure will also make commuting possible in larger regions. It will thereby increase access to e.g. higher education and work opportunities.

All the ERB member regions consider good transport infrastructure a prerequisite for sustainable economic growth and a prioritised activity area for cooperation. This is also the focus of important EU initiatives: the Trans European Network (TEN) structure which includes roads, railroads and maritime transport corridors and regards possibilities of incorporating the hinterland, but also the EU cohesion policy for the BSR. Improving the transport infrastructure standard, relating both to transport of goods and people, will be in the years to come crucial in the optimisation of the benefits resulting from the fast growth rate in the region to all the ERB members.

Following the economic and political changes in the Baltic Sea area, increased transport opportunities have been a key element in the development of economy and democracy. Being one consequence of the EU enlargement, altered border crossing regulations have stimulated an increasing traffic between countries and regions. Although the economic conditions differ considerably between the ERB members, they are all undergoing rapid changes and thereby generate more demand for enhanced transport infrastructure.

Today, the ERB regions are to a great extent peripheral to the main TEN transport corridors, linking major European and global markets and prioritised by the EU and national governments. Therefore, the ERB regions run the risk of lagging behind those regions with more direct access. Similarly, possibilities of turning the tourism sector into a prosperous business in the member regions seem less feasible.

An offensive ERB involvement in the issue of improving transport infrastructure in the member regions may generate added values to the regions' own strategies and activities in several ways. Transparency concerning policies and investment strategies will be one important prerogative for such successful actions. Joint actions by all or some of the ERB regions relating to transport corridors and investment projects may also benefit individual regions as a transnational BSR infrastructure is a top item on EU's agenda.



3. Social dimension

Cohesion activities within the social field are very important for the sustainable development within ERB. It is necessary to reduce unemployment in order to facilitate economical growth in the region. Labour market cooperation should be pursued as a means of equalising sub-regional imbalances in the supply of and demand for manpower in the member regions.

Implication:

Since the differences concerning social prerequisites in the ERB member regions are immense, it is important to discuss them and take actions in these fields which the ERB Board and Council find suitable for joint actions. Possible joint actions should fall within the framework of social cohesion defined in the EU context.

As underlined earlier, unemployment is a threat to sustainable development in ERB. Possible actions to reduce unemployment must therefore be analysed first.

Labour market and employment policies are primarily policies of national or EU-level concern. Yet, macro regions like ERB could play an interesting role in the construction process of such policies, especially if actions could be formed in close cooperation with the national and EU levels, and ERB could function as a pilot region in policy implementation.

The emphasis on such actions could be on creating the necessary conditions to introduce and/or utilise internal market regulations in favour of mobility, simultaneously promoting attitudes and rules to prevent bad practices in the labour market.

In other words, these activities should be regarded a basis for ERB in its ambition to become a pioneer region while the integrating of new member states will be a focus area for EU initiatives and activities during the years to come. In the situation where manpower shortages appear a considerable problem in some of the ERB member countries, a common labour market could provide a competitive advantage with general appeal. Here, the aim should be to make it easier for people to work in the field in which they have been educated.

The health care sector is an area of initial focus as special measures have already been undertaken concerning exchanges of medical staff. Moreover, the construction sector seems interesting with large entrepreneurs transferring their own staff across the BSR while individual craftsmen and small firms from the new EU member states look for jobs in Sweden and Denmark.

Another ambition should be to acquire a status of a pilot labour market region with reference to an early abolition of transition regulations affecting the free mobility of persons between former and the new EU members.



Joint initiatives should be taken in order to increase knowledge and common understanding of EU initiatives within the environment and energy sectors. The ERB goal is to become one of the leading regions in implementing EU initiatives and regulations in a direct dialogue with responsible EU bodies.

Implication:

The ERB structure should be used for political initiatives with the purpose of effective implementation of various EU initiatives in the prioritised areas. The ERB should be able to become a testing ground for a new form of transnational cooperation in direct contact with Brussels. To this end, it is important that a focus

is laid onto a few central areas. Specifically, management of energy resources and the whole environmental field, both of utmost interest to the ERB, should be prioritised. Concerning energy, the whole region is deeply interested in medium and long-term changes in the mix of energy supply, and especially changes towards more environmentally friendly and safe energy sources as well as energy-saving efforts. Concerning environment, there have already been significant preconditions: so-called environmental “hot spots” at the regional level. General management of water resources is another central cooperation area.

The implicit aim in the ERB’s advancement to the “*EU region of excellence*” in the sense described above should be to attract special attention by the EU decision bodies and thereby improved access to external resources from the European financial institutions.



The implication of setting sustainability in focus

Since the Baltic Sea Region is one of the fastest growing areas in Europe, the potential for economic growth of the region and accordingly for improved living conditions of its citizens is undisputed. One fundamentally important challenge is to enhance and channel the economic growth in a process *with high demands on sustainable development*.

As argued earlier, ERB should be seen as an asset and additional resource that adds extra value to regular development efforts performed by its member regions – value unattainable by a member region itself. It is an asset emanating from the fact that ERB is a politically governed cooperation. Despite no legal status, it possesses a potential of 6 million people that constitutes a base complemented by individual activities in the member regions.

The development programme for ERB focuses on a wide range of important measures contributing to a prosperous climate for trade and industry. In addition, its priorities have to reflect the fact that ERB comprises regions operating in mature market economies as well as regions in the start-up phase of their market economies. The perception should be that cooperation within ERB includes both types of regions, and action is taken in order to:

- *agree* on how to regard ERB as an arena for cooperation and joint actions in favour of sustainable growth in the member regions,
- *strengthen* cohesion within ERB in order to enhance conditions for sustainable development, and
- *agree* on priorities in order to use ERB as an arena for political and economic activities to the benefit of the member regions.

In conclusion

The strategic decision is that the joint development programme focuses on sustainable growth as a basic prerequisite for improved living standards of the member regions' inhabitants. The aim is to expand and take advantage of the potential for sustainable growth and employment in the region, emanating from the fact that all but one of the member regions belong to the EU, and that the new EU members as well as the Kaliningrad Region are all in fast economic growth processes.

By the cooperation all ERB regions can attain added values in terms of sustainable development and economic growth, with due attention to social and ecological aspects and in line with EU and national demands. This strategic choice to enhance factors important to sustainable growth in ERB means that economic, social and ecological measures should all be highlighted. Thus, it seems obvious that a high rate of employment, a good environment and security for workers, environmentally friendly production and transport infrastructure, and healthy environment for the citizens contribute to sustainable growth.

Following the definition, it should be emphasised that the joint ERB development programme has to cope with issues of regional development concerning *economic, social and ecological aspects*. It is the interplay between these three parameters that constitutes sustainability. In the development programme sustainability is adopted as a horizontal goal, meaning that *all measures have to be evaluated in relation to all three aspects constituting the concept of sustainability*. Moreover, this definition of sustainability complies with the OECD definition that stipulates that decoupling of economic growth and environmental pressure is a central objective aiming at lessening negative environmental impact compared with the economic growth rate.



Kaliningrad Region in the ERB cooperation

With its central territorial location within ERB on the one hand, and outside of the EU on the other, the Kaliningrad Region should be given special attention in the joint development efforts to be implemented. Enhancement of the pre-conditions set by the EU and its member states for the Kaliningrad Region's ability to participate in European policies and bilateral and multilateral activities, should similarly obtain special support within the framework of the ERB development programme.

In its regional strategy, adopted with the recognition of the Federal Russian Government, the Kaliningrad Region underlines its key territorial position in the enlarged EU with a potential to function as a bridge and a pilot area for enhanced integration between the Russian market and those of the neighbouring states.

This view is based on a strategic approach whereby the Kaliningrad Region acts as a free economic zone and a free customs zone with the objective of stimulating export and import substitution in the existing companies and establishment of start ups, primarily with international capital. The ambitions declared by the Kaliningrad Region should be a priority for those ERB initiatives which are directed at influencing EU institutions and member governments as well as in concrete cooperation schemes with Kaliningrad partners.

The ERB development programme should include a short and medium-term action plan concerning the activities in support of competence building and participation of Kaliningrad public institutions and economic actors in EU territorial cooperation programmes. This is a task for the Seagull II project to develop.

Furthermore, the action plan should contain concrete goals and measures of the ERB activities relating to the Kaliningrad Region's status as a potential gateway to the Russian market and markets further eastwards. A programmatic approach should be formulated as a joint ERB project, also engaging private industry, R&D institutions and NGOs located in ERB. In connection with the strategic features

supporting competitiveness, labour market cooperation, environment and energy and bench-marking activities, the Kaliningrad dimension should be given special attention.

These basic conclusions regarding the Kaliningrad perspective should be seen as entirely in line with the EU – Russian Federation cooperation agreement of May 2005.

In the agreement the parties highlight as one distinct objective to “create an open and integrated market between the EU and Russia. Work on this space will bring down barriers to trade and investment and promote reforms and competitiveness, based on the principles of non-discrimination, transparency and good governance. Among the wide range of actions foreseen in the road map, an EU/Russia regulatory dialogue on industrial products is to be launched, as well as greater co-operation on investment issues, competition and financial services. It is also foreseen to enhance co-operation in the telecommunications, transport and energy fields, on issues such as regulatory standard-setting and infrastructure development. Moreover, it has been agreed to strengthen co-operation in the area of environment, notably on climate change and the implementation of the Kyoto Protocol....”

Furthermore, the agreement underlines work to create a common space of research and education. The parties include cultural aspects, aims to capitalise on the strength of EU and Russian research communities and cultural and intellectual heritage. The cooperation should be directed towards “identifying key measures to promote economic growth and strengthen competitiveness, reinforce links between research and innovation, encourage close cooperation in the field of education - including the convergence of university course formats and qualifications - and promote cultural and linguistic diversity”.

The Kaliningrad Region has been given special attention in the Northern Dimension Action Plan, where sustainable and sustained economic growth in the Northern Dimension region is the key priority for the period of 2004-2006. The action plan underlines that “the economic opportunities presented by the

enlargement of the Union must be fully exploited. A favourable business climate must be developed on both sides of the future EEA/EU border through, inter alia, the implementation of economic reforms in new EU Member States and in the Russian Federation, and Russian efforts to integrate with the international economy (through WTO accession), and with the EU economy (through the Common European Economic Space initiative)”.

The various cross-border cooperation arrangements in the area are given special attention in the agreement and the Northern Dimension partners will therefore work to achieve a set of key objectives:

- To implement cross-border cooperation initiatives on priority themes such as economic and social development, environmental protection, transport and telecommunication, border crossings and border management, public health, and cultural exchanges.
- To strengthen co-ordination among funding programmes operated by the European Union and by other sources, including international financial institutions and the Nordic Council of Ministers. The Russian Federation shall be involved in the co-financing of activities as much as possible. The European Commission will make every effort to improve the co-ordination of EU programmes, and particularly Tacis and INTERREG, including the possible establishment of a New Neighbourhood Instrument as foreseen in the Communication on “Wider Europe: Neighbourhood”.
- To further stimulate the close involvement of local actors, communities and administrations, strengthening subsidiarity and local ownership of projects. Better results will be achieved by building on existing examples of tri-partite co-operation and by using the expertise of regional and sub-regional bodies such as the Baltic Sea States Sub-regional Co-operation, the Union of Baltic Cities and the Barents Regional Council.



- To address the key challenges faced by the Kaliningrad Region in its future development as a Russian exclave surrounded by the European Union. The EU, the Russian Federation and other partners will work on the implementation of cross-border projects dealing with economic and social development, environmental issues, health issues, the fight against organised crime as well as adequate infrastructure on the border crossings and efficient border management.

In conclusion:

The ERB strategy regarding Kaliningrad Region is well in line with the most recent and basic EU-Russian cooperation agreements. The ERB cooperation as such – as a Euroregion – has direct support in the Northern dimension Action Plan. The fact that this strategy and the connected action programme present concrete priorities and activities makes ERB a unique case viewed in an EU perspective. It should accordingly be made as a special strategic objective to implement activities including Kaliningrad Region in a direct dialogue with parties responsible for the Northern Dimension Action Plan.

Other horizontal objectives

Based on an agreement between representatives of political bodies in six different states, the democratic dimension of the ERB cooperation is plain and clear, though not uncomplicated. It will be fundamental to carefully relate the democratic aspects of the policies and projects to be implemented to the preconditions at hand in the respective member regions. In practice, all activities must be related to the democratic standards to which the member organisations have to answer, as well as to their implications for the principles of local and regional democratic self government that the ERB members directly or indirectly have to live up to. While all the countries concerned fulfil the fundamental conditions for democracy set up by the Council of

Europe and by the EU in the Copenhagen criteria (EU demands on member states as democratic societies), there are also variations to consider in the ERB work as regards the implementation of democracy and self governance at local and regional levels. But the practical implications are to be seen as variations in the preconditions for implementing certain measures, not obstacles of a more principal nature.

Good governance and gender equality

There is still a need for the ERB member regions to agree on essential democratic aspects to which the ERB cooperation and the joint activities carried out in favour of sustainable economic development should adapt to. One fundamental point of departure will of course be that each ERB member region starts out from its



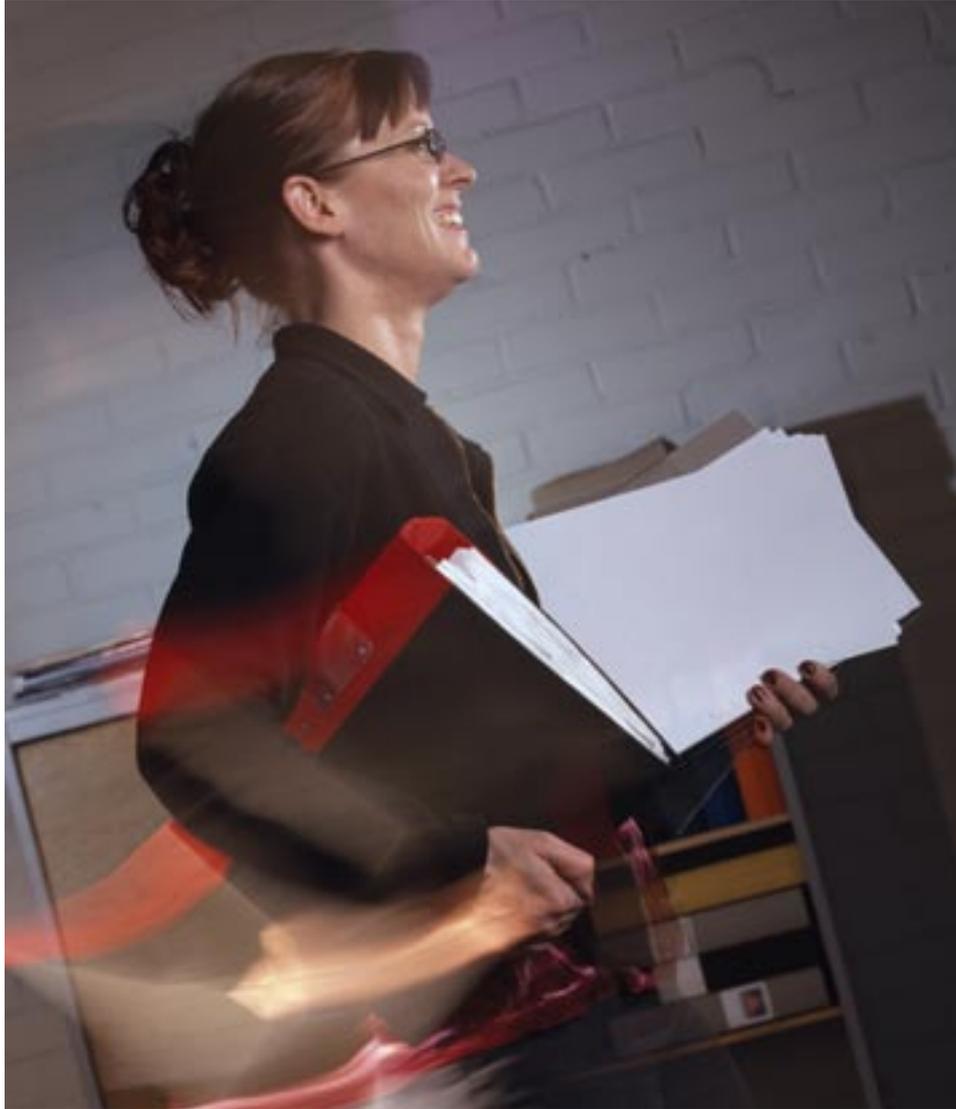
constitution and set of national laws. The issue is not the definition of democracy but the way it is put into practice in the local and regional political policymaking and implementation. The important concept to agree on in this respect should be a more operational issue of “Good governance in local and regional policymaking and administration”.

There is no exact definition of Good governance. The concept applies to political and public administration characterised by criteria like objectivity and fairness in relation to the citizens and private businesses, transparency, non profit driven activities and not interfering with the private market. Good governance is also about the ability to implement commonly appreciated principles like sustainable development and gender equality in public activities, which also constitute horizontal criteria to be considered in all measures proposed in the ERB action programme.

Mobilisation of citizens’ capability and responsibility of taking part in the democratic society is probably one of the most essential measures of good governance. As pointed out earlier, all measures and activities proposed in the joint development programme should be evaluated in relation to their ability to fulfil standards of improved sustainability in terms of economic, ecological and social parameters.

Consequently

- all activities should be characterised by good governance in political and administrative decision-making and implementation and in service production,
- good governance should be considered as a priority area of bench marking activities,
- all measures and activities should be evaluated in relation to their gender equality contents, i.e. every proposal for an ERB action should also be analysed in gender equality perspective, and
- gender equality should be the subject of continuous bench marking activities.



Therefore, it will be important to implement methods enabling internal quality certification of the concrete activities in accordance with the horizontal objectives.

The methods described below and proposed to be adopted as a constant measure in ERB activities and processes have been applied in a more comprehensive manner concerning the prioritised actions described in the ERB action programme.

Good governance as a guideline when realising politics

Good governance is both about achieving desired results and achieving them in the right way. Since the “right way” is largely shaped by the cultural norms and values of a country, there can be no universal template for good governance. Each country must tailor its own definition in order to suit the specific needs and prerequisites. There is plenty of room for different traditions and interpretations. At the same time all is not relative! One could easily distinguish certain values and requests that apply across cultural boundaries. In accordance with the definition of the UN, a list of eight characteristics of good governance could be presented.

Good governance should be realised through:

- *Participation*; providing all men and women with a voice in the decision-making process.
- *Transparency*; built on a free flow of information where actors share knowledge and have access to rules and decisions that will affect them.
- *Responsiveness*; requires that institutions and processes try to serve all stakeholders within a reasonable timeframe.
- *Consensus orientation*; differing interests are mediated to reach a broad consensus on what is in the general interest of the society.

- *Equity*; all members of the society feel that they play an important role and do not feel excluded from the mainstream of the society. This requires that all groups, but particularly the most vulnerable ones, have opportunities to improve or maintain their well-being.
- *Efficiency*; institutions and processes produce results that meet the needs of society while making the best use of the resources at their disposal.
- *Accountability*; a key requirement of good governance that concerns not only governmental institutions but also the private sector and civil society organisations. The law must be followed and measures should be taken to minimise corruption.
- *Strategic vision*; leaders and the public have a broad and long-term perspective on good governance and human development.

In evaluating and implementing the measures and activities proposed in this strategy and in the action programme, the decision process should contain discussions, conclusions and statements about how these guiding principles apply to the activities and processes to be implemented.

Integrating gender equality in the development programme

The European Employment Strategy has contributed to bringing gender equality to the policy agenda and has provided a tool for tackling the gaps in the labour market. The new Employment Guidelines require reinforced efforts by the member states. The structural funds are the most important financing tools for integrating gender equality into the national policies. According to the Structural Funds' Regulations, member states should be able to indicate how they have integrated gender equality, clearly stating how the actions are expected to affect/benefit women and men respectively and also show how their programmes correspond to the overall aim of promoting gender equality.



The Community Framework Strategy on Gender Equality (2001-2005) emphasizes the following issues to promote gender equality: gender equality in economic life, promoting equal participation and representation, promoting equal access and full enjoyment of social rights, promoting gender equality in civil life and promoting changes of gender roles and stereotypes.

A proper integration of these gender equality aspects into the ERB development programme makes claim for a distinct method to be applied. One method to integrate gender equality is the principle of mainstreaming that was established in the Treaty of Amsterdam (art 3). Apart from Gender Mainstreaming specific actions

promoting gender equality are needed. ERB should apply this method in continued work on common ERB development activities.

Steps for gender integration

When integrating gender equality in a programme or a project, it automatically leads to development and change. The following steps and measures should be applied in order to realise a proper gender integration of the ERB development programme:

1. The leading politicians of ERB make a *decision/agreement* to mainstream gender equality into the programme according to EU definitions and recommendations.
2. *Statistics* segregated by sex must always be used in analyses, and new such statistics need to be produced.
3. *Gender equality consequence analyses* should be realised when formulating new project ideas and also be presented before realising the projects.
4. *Knowledge-raising activities*. In the ERB regions there is a great need for more knowledge of gender equality, gender power structures and methods to change them. A programme for knowledge raising activities should be worked out.
5. *A follow up and evaluation system* regarding gender mainstreaming should be elaborated on. The results of the measures should form a new input when further developed goals and projects are formulated.
6. *Equal representation* of women and men in decision-making and working groups is an important prerequisite for gender equality.
7. *Women in decision-making*. In ERB the deficit of women at top positions in both politics and industry is a big disadvantage and a hindrance to sustainable develop-

ment. Mentor-ships, networks and education of both men and women are methods to use in order to change the situation.

8. *Entrepreneurship*. Research has been carried through in e.g. Sweden regarding entrepreneurship from the point of view of gender equality. A number of female entrepreneurs feel that they do not “fit in” the system. To stimulate enterprising especially among women seems to be a question of high priority in all ERB member regions. Therefore, efforts developing and supporting networks of entrepreneurs are important, and in particular efforts to assure that interests of women are considered.

Youth participation in ERB policy-making

An active participation of young people in decisions and actions at both local and regional level is essential if there is to be a more democratic, inclusive and prosperous ERB. The fundamental thesis of building a sustainable society is defined in the Brundtland declaration. It is necessary to involve the people who are actually going to live in the future – the youth of today. Therefore, a youth perspective should be included in all ERB activities. This means that the ERB structures have to find methods that tend to attract and involve young people in the ERB development. Without involving the decision makers of tomorrow, sustainability within ERB and its priorities will be weakened.

- Young people should be given the preconditions for living an independent life, for example the right to good education and the possibility of getting both a job and somewhere to live.
- Young people should have genuine possibilities of participating in the life of their municipality and/or school and influencing the decisions taken through access to public discussion.



- Young people's commitment, creativity and critical thinking shall be seen and utilised as a resource. This should apply to the activities of authorities in municipal and regional politics.

A network of young politicians has already been initiated within the ERB cooperation. This network should work for increased participation of young people in the concrete work and decision-making of ERB.

Exchange of best practises and bench-marking

Exchange of best practises and bench marking are commonly appreciated as important tools in the implementation of development policies at different levels of government. It seems natural to employ these tools in transnational work in order to realise the ERB development programme. In addition to concretely defined activities in the action programme, exchange of best practise and benchmarking between the member regions will be encouraged within and across the focus areas. Since the beginning of the 1990's numerous twinning relations have been established. ERB has all the reason to enhance these relations and use them as an instrument of strengthening bonds between the citizens in the member regions. It is therefore an ERB objective to support the development of twinning relations into concrete cooperation and benchmarking concerning good governance, gender equality, innovative environments, effective water and energy management, improved transport infrastructure, growing tourism sector and rural development.

Systematic and target-oriented networking and benchmarking in areas which are important for regional development will in conclusion be given high priority in the ERB cooperation. This involves areas that are of common interest from an ERB perspective and at the same time have high priority in all the member regions. The latter provides the prerequisites for strong political interest among the member regions. In all networking and benchmarking activities sustainability, i.e. high standards

regarding ecological, economic and social aspects, will be emphasised. Demands for enhanced gender equality will also be highlighted in all initiatives and activities.

Areas for exchange of best practises and benchmarking:

- *Good governance* focusing political and administrative management in municipalities and regions will be a fundamental prerequisite for effective and transparent work in all areas of interest for the ERB cooperation. A well functioning public sector is an important prerequisite for sustainable growth in the private sector, but the public sector also contains own potentials for growth.
- Within the framework of the *social dimension* the ERB members both on local and regional level have much to gain from exchange of best practise and benchmarking. This is also an area with good prospects of supporting with EU funding projects falling within the EU definitions, i.e. social dimension relating to the labour market. Familiarising with the labour market and its conditions in the member regions will be of great importance when the free mobility of people improves as a result of the EU memberships.
- *Water management* is very central for all the member regions and an absolute prerequisite for sustainable growth of ERB in terms of policies and actions in favour of good quality of fresh water and Baltic Sea water, as well as of an efficient supply of high quality drinking water to all consumers.
- *Infrastructure and energy* are key areas for local and regional development and should also be subject for systematic networking and benchmarking, targeting public sector engagement and good practice in planning and investments at local and regional levels. The infrastructure focus should be on the common Baltic Sea area, highlighting transport modality and connections between roads, rail and ports as important issues to be dealt with in local and regional development activities.



Hammershus, Bornholm, Denmark.

Concerning energy the focus should be on activities and strategies in line with the commonly recognised objective to decrease the discharge of greenhouse gases.

- *Innovation and business development* activities in manufacture industry as well as in tourism and the service sector. The focus should be put on exchange of experiences stemming from sub-regional initiatives in support of entrepreneurship and innovative environments, research and development of public-private partnerships.



The Castle of Kalmar, Sweden.

- *Rural development* activities relate to the methodology for promoting rural development from the bottom-up perspective as a method and means. Special attention should be given to rural development in relation to polycentric development and territorial strategies at national and regional level, implemented in line with the EU Cohesion policy.
- Numerous twinning activities have been developed on the basis of joint ambitions between municipalities, regions and NGOs within *the culture and social sectors*. Even if the Baltic Sea Region cooperation has reached a level where mutual benefit in terms of sustainable growth is a common priority, activities in the cultural field



Castle of the Teutonic Order in Malbork, Poland.

as well as a broader social field are not and should not be weighed down. On the contrary, exchange of cultural activities and benchmarking and other activities concerning elderly care, social exclusion, drug problems, health policies, etc. will be crucial for the understanding of common citizens, politicians and the business sector, and thus for the growing trust without which a genuinely prosperous ERB is hard to imagine. The ERB cooperation should strive to gain a role as an internal driving force for intensified cooperation between the ERB members – regions, municipalities and NGOs – in the cultural and social fields.



Preconditions for implementation of the development programme

The main argument for the ERB cooperation and its involvement in regional development is that it adds value to the member regions activities in this field. These values are unattainable by the regions themselves. Therefore, they find it important to take benefit of what ERB can obtain as a stronger actor at national and European levels.

The ERB cooperation is a political cooperation with no substantial budget of its own. Its political bodies – the Council and the Board – can act as far as they can be directly commissioned by the member regions or as far as there is recognition that they do so.

With no real budget means assigned, the ERB bodies can in reality act as a lobbyist seeking support and funding from those who may regard an ERB proposal important for their benefit. ERB will also have a role through its members to inform and argue for its proposals in favour of actions put on the ERB agenda and recognised by the Council and Board.

Although the ERB cooperation started in 1998 and is founded on a set of commonly agreed broad aims, it is important to realise that very concrete proposals for action demand a broad framework of joint values and policy agreements that still remain to be established. Accordingly, in this phase when ERB has adopted its first joint development programme, there are clear limits to the extent to which it can

accept concrete joint proposals in terms of for instance investment related activities.

It has already been stressed several times that the main ERB focus should be on creating added values for the member regions of a *joint* ERB approach, i.e. added value for each region resulting from being part of the ERB - a forefront cooperation region in Europe.

This also means that all activities put forward in the joint development programme should add specific values to the member regions' development intentions that *are not attainable to them individually or in national constellations*. The added values to the member regions are functional or qualitative, or both. The measures to be implemented derive in other words from the fact that they cannot be implemented at all or with the same degree of efficiency by the member regions separately.

That is to say, according to the principle of subsidiarity, that the proposals of the joint development programme only deal with measures that can not be carried out on the ERB *member region level* with the same requests for efficiency. A common denominator is that their ERB origin provides them with the "economies of scale" base compared with a purely regional approach and that they benefit from ERB as a transnational territorial arena of considerable size regarding population and economic activities.

With this in mind the joint development programme has the dual task:

- of putting forward suggestions for such common values and policies that are needed as a basis for formulation of concrete common investments and other proposals, and at the same time
- of proposing as concrete activities as possible based on the findings in this first joint development programme process.

In summary the development programme deals with three categories of proposals:

1. A first category that is directed towards the *activities of ERB bodies* (Board and Council).
2. Proposals with the common aim to *enhance the possibilities to develop* ERB action plans and concrete proposals, and
3. Proposals within the priority areas that must be realised by *other parties than ERB or the authorities of its member regions*.

Implementation prerequisites

Regarding the *first* category the implementation will be effected once the ERB Board and Council have decided so, and after proper consultations of the ERB member regions. The aim of this consultation process should be that the member regions recognise and integrate these priorities in their regional strategies.

The *second* category of proposals can be implemented by ERB after approval and financial contribution (or other) by the member regions and for instance through support from the EU.

The *third* category can only be realised through political/financial actors not directly involved in the ERB cooperation.

It is important to note that in no case the ERB Board or Council can implement a proposal all by themselves. The more concrete an action is with regard to claims for economic means, the less control ERB will have. This underlines the necessity of a thorough preparation and processing of proposed actions amongst the ERB member regions. Successful implementation will be a matter of the quality of such processes and of the following characteristics to be fulfilled.

- Preconditions at hand for realisation by the ERB member regions, their national or regional state authorities, districts and/or local authorities.
- Decisions made by private business actors, Private – Public Partnerships and/or NGOs.
- Financial support by the EU, national decision bodies and/or the international and/or national banking or other financial systems.

Conclusion

All action proposals put forward in the process of creating this first development programme for ERB cannot be implemented during the nearest future. There must be a prioritisation amongst them. Such priorities have been made during the “hearing process” during 2005; the result of which is the formulation of the prioritised activities presented in the action programme.

The implementation of the prioritised actions is either the task for ERB as a political cooperative body (mobilising interest of its members), or a matter of ERB and its members to execute political lobbying towards the EU, member states and different international BSR institutions of public or private origin.

The ERB board and council will consider a suitable implementation organisation for each of the prioritised actions, e.g. to appoint an expert or a group of experts to carry out a study, or appoint a reference or working group of politicians and officials or one or more of the member regions' decision bodies to implement a certain part of the action programme, or appoint one or more politicians/officials to execute lobbying in a defined subject area.

Definitions and explanations

Baltic Gateway: An Interreg III B project, possibly affecting the transport infrastructure of ERB, aiming at development of a “quick start programme” regarding prioritised infrastructure investments within the influence area of the project. It has the ambition to develop a comprehensive system of high quality transport and transport-related services. The project involves 38 organisations in seven countries. The work started in March 2003 and will be completed in March 2006. The organisation responsible is Region Blekinge in Sweden.

Cluster: In this context a cluster means a group of companies and associated institutions, geographically defined and working in a particular field, linked by commonalities and complementarities. The aim of the cluster building is to benefit from cooperation in knowledge transfer, staff education, market understanding and marketing, production, administration, logistics, etc.

Euroregion: The first Euroregion, the EUREGIO, was established in 1958 on the Dutch-German border, in the area of Enschede (NL) and Gronau (DE). Since then, Euroregions and other forms of cross-border co-operation have developed immensely and today there is cooperation within more than 150 Euroregions.

Incubator: An incubator is a structure that hosts and assists company projects that rises from universities, other higher education establishments or private or public research laboratories and thus supports entrepreneurship.

Leader+: A Community initiative for rural development under the Structural Funds. Leader offers assistance to the economic development of rural communities in the regions where structures are weakest. The main focus is on organizing rural development, helping people to gain new qualifications, promoting rural tourism, supporting small but innovative firms and promoting high-value farm products.

Northern Dimension: Launched by the European Council in December 1999, the Northern Dimension is today a visible demonstration of regional cooperation, contributing to the overall welfare of the European Union and neighbouring areas.

The Northern Dimension provides a common framework for the promotion of policy dialogue and concrete cooperation. The Northern Dimension concept covers a broad and diverse geographic area, stretching from the Arctic and sub-Arctic to the southern shores of the Baltic, and

from North-West Russia in the East to Iceland and Greenland in the west. Its added value lies in the synergy and coherence that it creates across the activities implemented by all partners.

The Northern Dimension is an EU-led initiative, in which the European Commission shall maintain its overall leading role. Its success depends on the active participation of all actors involved, whether at the national, regional or local level, among the business community, or among civil society generally. The key purpose of the present Action Plan is therefore to provide a clear operational framework for all Northern Dimension stake-holders, setting out strategic objectives, priorities and concrete activities.

SEBTrans Link: An Interreg III B project, possibly affecting the transport infrastructure of ERB, aiming at supporting a fast and qualified preparation process for investments and other initiatives to improve accessibility in the road, rail and sea transport networks in the North-South transport corridor Göteborg-Borås-Växjö-Karlskrona-Gdynia-Lód / Karlskrona-Lithuania / Karlskrona-Kaliningrad. The project that will be completed in November 2005 has partners from Sweden, Poland, Lithuania and Russian Kaliningrad Region. Lead partner is Växjö Municipality in Sweden.

South Baltic Arc: An Interreg III B project, possibly affecting the transport infrastructure

of ERB, aiming at pre-feasibility studies for key infrastructure investments in the coastal regions of Mecklenburg-Vorpommern, West-Pomeranian Region, Pomeranian region and Warmia- Masurian region – the “Via Hanseatica” corridor. The project, completed at the end of 2004, involved regional authorities from Germany, Poland, Russia, Lithuania and Latvia.

Subsidiarity: The principle of subsidiarity means that the European Community has exclusive competence in some areas, in which decisions may only be taken at the EU level. In other areas decisions can be taken either by the EU or by the Member States (shared competence). In these areas a principle of subsidiarity applies. The purpose of the principle is to ensure that decisions are taken as close as possible to the citizens by regularly checking whether action taken at the Community level might equally as well be taken at national, regional or local level. In practice, the principle means that except in areas for which it has exclusive competence, the EU shall only act when this is more effective than action at national level. The principle of subsidiarity is linked to the principles of proportionality and needs, which state that the EU should not take more action than is necessary to reach the goals of the treaty.

Sustainable development: The Brundtland Commission defines sustainable development as “development that meets the needs of the present

without compromising the ability of future generations to meet their own needs.” Sustainable development according to this definition involves three dimensions: ecological, economical and social, the latter including also cultural aspects.

SWOT-analysis: An analysis of a region’s strengths (S), weaknesses (W), opportunities (O) and threats (T).

Triple Helix Cooperation: A concept for cooperation between universities, politicians/public administrations and private sector/companies in order to strengthen innovative processes in the society.

The Gothenburg Strategy: Decoupling environmental degradation and resource consumption from economic and social development (Gothenburg 2001).

The Lisbon strategy: the EU should by 2010 become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion (Lisbon 2000).

Abbreviations

BDF Baltic Development Forum – a yearly high level conference for BSR policy debate.

BSR Baltic Sea Region – the Nordic (Iceland excluded) and Baltic countries, North West Russia, parts of Belarus and Ukraine, Baltic Sea shore regions of Poland and Germany, i.e. the water catchment area to the Baltic Sea.

CAP Common Agricultural Policy (of the EU).

CBSS Council of Baltic Sea States – the joint cooperative body of the Governments of the BSR states.

CIP Competitiveness and Innovation framework Programme (of the EU).

CRT Centre for Regional and Tourism Research (on Bornholm).

CSD Commission on Sustainable Development (of UN).

DK Denmark.

EBRD European Bank of Reconstruction and Development – financial management of the EU structural funds.

EEA European Environment Agency – located in Copenhagen.

EIB European Investment Bank – financed by the EU member states to support EU development policies.

EIF European Investment Fund – branch of EIB for provision of venture capital in EU related activities.

ERB Euroregion Baltic.

ESDP European Spatial Development Perspective.

EU European Union.

GDP Gross Domestic Product.

GIS Geographical Information System – digitalised mapping concept.

GNP Gross National Product.

GRP Gross Regional Product.

HELCOM The Helsinki Commission – inter-governmental cooperation between the states in the BSR to strengthen environment protection in the area.

ICT Information and Communication Technologies.

Interreg EU programme financed through the EU structural funds for development activities, to support transnational, cross border and inter regional cooperation between EU member states with links also to EU's neighbouring states.

Interreg III B Interreg programme for transnational cooperation on spatial planning and regional development for the promotion of integration within the Union and in relation to neighbouring countries.

IP Internet Protocol.

ISD Indicators of Sustainable Development.

JDP Joint Development Programme (for ERB) – the main outcome of the Seagull project.

LC Learning Centre – centre for mobilisation of competences for active learning in specified areas of activities, often connected to universities.

LV Latvia.

LT Lithuania.

OECD Organisation for Economic Cooperation and Development.

O&M Operation and maintenance.

NGO Non Governmental Organisation – voluntary organisation that is not part of the public sector.

NIS Newly Independent States – all former states of the Soviet Union with exception of the Russian Federation and the three Baltic States.

PL Poland.

PPP Polluter Pay's Principle – activities polluting the environment pay for the means to restore the damage.

R&D Research and Development.

RU Russian Federation.

SD Sustainable Development.

SE Sweden.

SME Small and Medium sized Enterprise.

TDWG Tourism Development Working Group (of ERB).

TEN Trans-European Transport Network – EU policy framework for prioritisation of transport corridors/routes and information technology - qualified for EU co-financing of investment projects.

TINA Transport Infrastructure Needs Assessment.

UN United Nations.

UNEP United Nations Environment Programme.

VenCap Venture Capital – supply of capital for investments in projects with high economic risks.

VASAB Visions and Strategies Around the Baltic Sea.

WFD Water Frame Directive – EU regulation of the use of water resources in member states.

WP Work Package – focus area for activities within an Interreg project.

WTO World Trade Organisation – the global organisation for liberalisation of national trade regulations.

Produced by The Regional Council in Kalmar County, Box 762, SE-391 27 Kalmar, Sweden. +46-480-44 83 30.

www.kalmar.regionforbund.se

Layout Kreation, Kalmar, Sweden. Printed by Lenanders Grafiska, Kalmar, Sweden.

Coverphoto by Pelle Hübinette. Other photos by Tiofoto, Region Blekinge, Karlskrona Turistbyrå, The Regional Council in Kalmar County.