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Background

This document contains an action programme for development of Euroregion Baltic (ERB) in a short and medium-long perspective, based on the long term strategy for development of the region. The strategy is presented in a separate document.

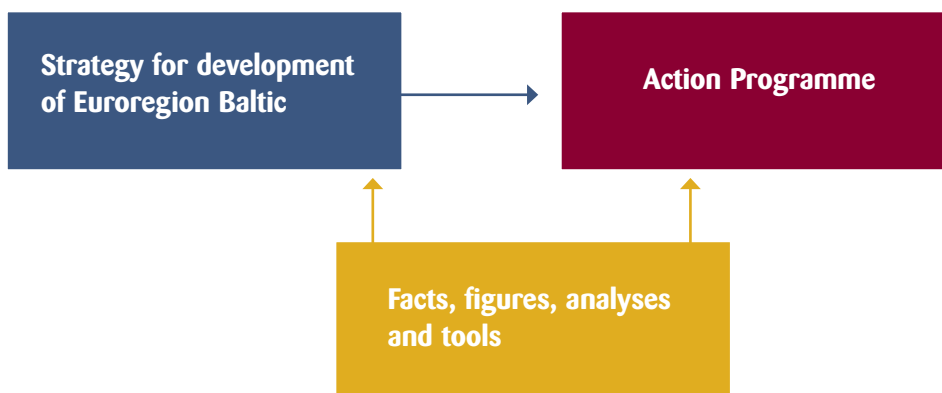
The strategy and the action programme were drawn up during the implementation of the Interreg III B co-financed project Seagull and adopted by the ERB member regions and the ERB Board and Council in autumn 2005.

The action programme concretises activities to be carried out in order to implement the major parts of the strategy. It describes actions within the four focus areas of the strategy:

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

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 summarized 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 focus areas of the strategy and the prioritised actions to be implemented.

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





1. A competitive business environment

The strategic focus of the development programme is sustainable economic growth. The implication is that the ERB cooperation will concentrate on measures that will add values to sustainable economic growth of the member regions by using different aspects of the economies of scale potential of ERB.

With a territory of 6 million people and a business sector of considerable size, the ERB also forms a sizeable market for goods and services. One important aim of the ERB efforts in this field is to focus on different activities that can make it easier for firms in the ERB member regions to sell products on this enlarged “home” market.

The public sector in their public procurement of goods and services should take this into consideration and actively ask for offers from firms in all ERB member regions, in compliance with EU regulations. The region’s businesses can on their part, by adapting to demands for sustainability in activities and production of goods, strengthen their long term competitiveness on an international market characterised by growing demands for sustainability in the supply of goods and services. Also in this perspective, ERB should be seen as an asset and a basic market on which firms can improve competitiveness within the EU internal market and globally. The ERB cooperation will be targeted towards activities which will improve the conditions for private businesses in these aspects.

One important initiative by which public authorities can advance the long term competitiveness of the private sector is through enhancement of competence build-

ing in network cooperation between academia, and the private and public sectors. ERB activities will be implemented with the aim of adding values to the member regions own endeavours in this field by initiating an ERB-wide Triple Helix network by initiating a network comprising academia, private business actors and representatives of the public sector from all member regions.

ERB will be able to contribute to the long term development of the competitiveness of the ERB private business sector and the quality of R&D in this field.

One fundamental prerequisite for economic growth is that the volume of work and productivity is secured at a high level. This is one important reason why ERB efforts should also consider the development in rural areas as a target area for activities aiming at sustainable growth. The special feature of rural development should therefore – as far as possible – be integrated in all measures aiming at sustainable growth. But it is also obvious that special measures are needed to mobilise the rural population for the restructuring of their traditional labour market. The ERB should pay considerable attention to the issue of EU rural development policies and their implementation.

1.1 Establishment of an ERB structure for innovation and SME development

An ERB platform for innovation and SME development should be established as an ERB-wide public-private partnership with universities and industry concerning innovative clusters and networks (the triple helix concept).

- As a basis for the triple helix concept a study should be carried out in order to analyse research institutions and business resources in the ERB.
- A web based tool-box should be further developed, offering models and examples and serving as a contact point for organisations and persons involved in issues related to innovative centres and clusters.

- **At least one Learning Centre (LC – see explanation in the list of abbreviations) should be established before the end of 2007 in each of the member regions in Latvia, Lithuania, Poland and Russia.**

Analysis and proposals

The experience from the seminars regarding Innovative Centres and Clusters held during the implementation of the Seagull project, and the expert reports produced, show the necessity to make use of and develop knowledge within the field of innovative centres and clusters.

Some summary statements that have risen from the work are:

- “Best practice” should be made available in an easy accessible and concrete way (as proved by a lot of good examples during seminars in 2003-2004). Make available already established or new models for building attractive business climate.
- New business centres need not only economical support, but also knowledge sharing.
- Establishment of learning centres facilitates for further knowledge build-up.
- Already existing and new models for analysis and planning shall be made accessible and widely used.
- Networks between universities and academies in the ERB are not common yet. More activities would also be welcome on the commercial arena. Better linking with the academic world would seem beneficiary.
- There is also a demand for a certain level of trust and coordination in order to establish a fruitful interplay between industry, community and academy – the triple helix cooperation.

The concrete proposals for actions presented here are meant to facilitate implementation of large and small scale triple helix-like solutions within the ERB.

In order to facilitate a competitive business development in the ERB, it has been found that the Triple Helix or triple helix-like models are very beneficiary. This is proven by expert reports and, above all, by practical examples given during the series of seminars held within the Seagull project.

During the first half of 2006 the ERB member regions should conclude a dialogue with representatives of ERB universities and the private sector concerning the first steps in the process of establishing an ERB-wide Triple Helix in the field of innovative environments and SME development. The dialogue should be based on the joint development programme and integrate findings of e.g. the Interreg III B project Baltic Business Development Network.

A triple helix concept should be presented for joint adoption by the ERB members before the end of December 2006 in order to strengthen the innovative environment for local industry and entrepreneurs. As a basis for the triple helix concept a study should be carried out to analyse the research institutions and business resources in the ERB. The objective should be to identify the cooperation potential of mutual interest for the universities, the prospect of expanded exchange of students and enhanced research activities in competitive business development, energy and environment.

In order to facilitate and support the implementation of the triple helix, the ERB partners should take concrete joint actions concerning:

- cluster match-making based on the mapping of clusters carried out within the Seagull project;
- further development of a web based Toolbox (including support for networking);
- development of Learning Centres as models to be used for knowledge building in a broad sense. Direct networking for cluster match-making should be initiated and networks between Innovative and Learning Centres should be developed.

Cluster match-making:

The study *The role of regional industrial platforms and clusters in the development of ERB* shows clearly that match-making between clusters in a triple helix concept could be a strong development factor for the ERB. The study presents interesting development areas for such cooperation. Match-making should be implemented through creating meeting places between companies. It should be up to the ERB Board and Council to decide the forms for such meetings. It is essential that representatives of companies, academia and the public sector will participate. A first meeting should take place during 2006.

Development of a web based tool-box:

The “tool-box” that is already under construction can offer models and examples, and be a contact point for organisations and persons involved in the questions related to innovative centres and clusters. Naturally “real work” has to take place locally. *Think globally – act locally* is a message repeatedly confirmed in the course of the seminars conducted within the Seagull project.

Through mutual support, knowledge sharing and a strong networking within the ERB, some mistakes can certainly be avoided. Partnerships for future work in innovative projects can be arranged more easily. The tool box is meant to have the same function in different countries – the one of being a concrete “tool” for different phases of establishing innovative environments, science parks, etc. Here, one will be able to find useful guidance and information for process-related work from the initiation to outcome stage.

Its first version is accessible at www.eurobalt.org/seagull-wp3/tool_box.html. However, new information will be collected and a more useful form and design are yet to be developed.

The main topics of the tool box so far are:

- Documents and policies.
- Reports.
- Models and methods.
- Library.
- Network contacts.

An active network was frequently highlighted as a facilitating factor by persons participating in the activities carried through. Face-to-face meetings are important but need to be supported by on-line tools, considering the distance between network participants in the ERB.

The importance of sustained work with the tool-box, active content provision and an updated contact list were emphasised in a questionnaire sent out to contact persons in January 2005. Willingness to contribute with material was stated by several partners. The need to use database techniques to enable relevant search possibilities and a reasonable simple administration seems obvious.

Learning Centres:

The concept of Learning Centres has met a great deal of intensive and positive response, seen as an effective way of distributed learning. The idea of Learning Centres emanates from distance learning. Today it is more common and relevant to talk about net-based learning, as this form and special pedagogy is also used when you do not have to struggle with long distance between learners. Such learning centres, connected to university institutions, are now in force in many of the towns in south-east Sweden and on Bornholm.

Distance education is most widely delivered by means of video conferences. The student is situated in a facility with the necessary equipment and the teacher may be located in a university hundreds of kilometres away. The local facility that is

included in this type of distance education infrastructure is called Learning Centre (LC). A LC can also, and often does, include other kinds of infrastructure. At present, videoconferencing does not always mean state-of-the-art studios but can also be implemented in the form of IP-based, small scale standard web-cameras connected to ordinary computers.

Flexible learning offered in this way reaches students who would otherwise have limited access to education. One of the aims of locating higher and other forms of adult education to learning centres is to reach professionally active adults who remain geographically immobile. Another objective is to reach young people from homes with no tradition of higher education. Learning Centres are thus becoming an enabling organisation when it comes to attracting groups who would normally not study at all.

A LC takes care of local marketing, study guidance and recruitment of students. It provides premises for self-studies, group activities and technical equipment. The learning centre's potential thereby overlaps with some of the functions traditionally associated with an institute of education. It provides a wide range of services for the students as well as for the teachers. Practically, all the activities connected to a course can be carried out at the LC.

In addition to the "alone-at-home"-element with distance education, many students value personal contacts through a local study group. Due to the concentration of social and support functions at LCs, the number of students opting off courses is low. Flexible learning generally requires discipline, dedication and motivation. These are all easier to come by in the context of the LC. Students at LCs achieve as good results as those attending ordinary universities or colleges.

There is a lot of ongoing research and business oriented collaboration in the shape of tailor-made courses for companies, EU-projects, business networks and more. A growing trend is also to expand or develop these aspects and to include them into the LC concept. A learning centre could be viewed as a "satellite", or as an extended part of one or more universities and could as such also offer research and develop-

ment contacts, customised company courses and access to the expertise available at the universities that are cooperating with the local LC. This is an extremely interesting aspect of the LC concept and will lead to a very exciting development in the not so distant future: the business meeting point. This would be a local facility with access to all the resources that one or more national or international universities can offer – but with the use of the LC concept available at a local level for students, the municipality and, naturally, the local and regional companies.

LCs can be seen as a local business point, a hub, with connections to the services offered by most universities and other learning institutions world-wide.

Comprehensive horizontal perspectives

All ERB activities shall be characterised by good governance in political and administrative decision-making and implementation. Gender equality contents, youth participation in policy making and a sustainable development are also important horizontal perspectives and have to be a subject of reflection for all proposed activities in this action programme.

In addition, prerequisites to include the Kaliningrad Region in the proposed actions should be highlighted.

Sustainable development:

Sustainable development includes sustainability in terms of stable development for the society, not only considering environment but also economic development, social aspects, gender issues, etc.

The issue of sustainability becomes a natural and necessary point of view when actively building cooperation in a triple-helix way. Leaving this aspect out costs too much in commitment, investments and other resources.

Good governance:

The Triple Helix concept as such makes the public bodies an important and neces-

sary part of development, both for business and innovations. All parties involved get a higher degree of knowledge about each other. Transparency in the process can be used to enforce acceptance and involvement from the public who can very much influence everyday life of the society.

Gender equality:

The aspect of lifelong learning is highly supported by established learning centres. A variety of people favour the possibility of attending training and education courses in a way that can be adjusted to their life conditions, as opposed to the full time study at a university with courses given during the day.

The Learning Centre concept supports the achievement of a higher degree of equality in general and gender equality in particular. It seems that especially women will find the opportunity of studying on their own premises useful, as most often their prime responsibilities are for household and children.

Youth participation:

The concept of LCs brings new opportunities also to young people. The triple helix model includes support to new SMEs through e.g. start-up incubators attracting young citizens with business ideas.

Kaliningrad Region:

The region will have good opportunities to participate in all the three activities proposed in support of innovation and SME development. The Seagull II project as well as the new measure for bilateral cooperation with the Russian Federation in the BSR Interreg III B programme open up for an active participation on the part of the Kaliningrad Region.

Added values for the member regions

Improved conditions for entrepreneurship and development of SMEs will be crucial factors for a sustainable and prosperous economic growth of the ERB area. Using the territory as a basis for networking activities in this field, the ERB regions and their universities and industry can get access to extended competencies that would be unattainable if they acted single-handedly. This, one may expect, will bring benefit to the long and medium term socio-economic development of the ERB member regions, adding value to their attractiveness to economic investment and sustainable development.

In conclusion, knowledge sharing and knowledge building are essential for the development of the ERB. Practical and structured application of exchange of experiences as well as knowledge building are bound to be much more effective than “reinventing the wheel” by individual partners.

1.2 Establishment of an Academy on Rural Development – an arena for exchange of knowledge between theory and practise

An Academy for Rural Development should be established within the ERB with the overall aim of supporting improvements of the preconditions in rural areas, which will in turn enhance the general living conditions in the ERB member regions.

- **Based on an already existing institution, the Academy should accumulate, analyse and distribute know-how, best practices and experience and other inputs from relevant sources concerning rural development. It should found its activities and results on good governance, gender equality and sustainable development, among others.**
- **The Academy should aim at becoming an experiment arena for developing EU concepts concerning implementation of new methods, policies, etc. in rural development, based on the uniqueness of the ERB.**

- The establishment of the Academy is proposed to take place in cooperation with appropriate organisations, universities and other institutions/stakeholders in the ERB member regions.

Analysis and proposal

A commonly embraced standpoint in regional policy-making in all the ERB member regions as well as at national and EU levels, is that rural development should be recognised as a special field of activity. The point of departure is twofold: in most regions there exists a reason to give special attention to the social situation of the rural population due to the deficit of employment opportunities, difficulties in getting access to the work supply on expanding labour markets, and a poor supply of private and public services. Secondly, effective utilisation of all productive resources lies within the interest of society.

The Seagull project identified problems that the ERB member regions have in common, but also those they differ in. For instance, it is obvious that one of the main concerns in regional development policies in the ERB regions in Poland, Russia, Lithuania and Latvia have to be targeted towards the issue of provisions for employment and living conditions in rural areas. The reasons are a relatively large rural population in relation to the urban one and a high rate of unemployment that causes acute social problems. This remains in sharp contrast to what characterises rural areas of Sweden and Denmark, which have already gone through an extensive decrease in working opportunities and population in the last fifty years. Characteristically, if not occupied in the very few farms still existing, is that inhabitants in working age commute to jobs in cities or towns. The recent development also shows an emerging group of entrepreneurs with their activities in rural areas but in close distance to larger cities and smaller towns. In conclusion, the rural areas remaining out of range of comfortable commuting are depopulated and their inhabitants are of old age; otherwise they live there for recreation.

The challenge for the ERB member regions in the Baltic states, Poland and Russia will be to tackle the situation by restructuring the farming sector in order to strengthen its competitiveness and to counteract and balance a further fast decrease of employment opportunities in order to avoid growing social problems. The situation also needs taking care of the potential for improved sustainable economic development to be found in rural areas and amongst rural population. Experiences, competences and knowledge gained by the Swedish and Danish ERB regions in rural development would probably prove important while making and implementing the coming policies.

The future EU Rural Development Policy 2007–2013, now the “second pillar” of the Common Agricultural Policy, aims at putting in place a consistent and lasting framework guaranteeing the future of rural areas and promoting the maintenance and creation of employment. The EU draws up four principles that must always be considered in rural development: *multi-functionality* of agriculture, *multi-sectoral and integrated* approach, *flexible* support founded on subsidiarity, decentralisation, and consultation at regional, local and partnership level, and finally *transparency* in constructing and managing programmes, based on simplified and more accessible legislation.

The new programme offers an unique opportunity to refocus the work in the rural areas and in what rural development means for the Union. It seems reasonable to observe the Article 158 of the Single European Act, saying:

“In order to promote its overall harmonious development, the Community shall develop and pursue its actions leading to the strengthening of its economic and social cohesion. In particular, the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands, including rural areas.”

The Seagull project has proven that the international/transnational work is an effective tool in the achievement of local, regional and national goals. The cooperation and exchange of experience and best practice means an effort of self-analysis and improvement. The regional dimension is essential while improving European competitiveness and innovation. When looking at the rural development matters at the ERB level, it becomes evident that the European goals can only be reached when the different actors and sectors have the opportunity to cooperate to the benefit of the future sustainability in the region.

This is the reason why ERB should establish a Rural Development arena that so far is called *Rural Development Academy*. Hereby the ERB will get the opportunity to acquire practical knowledge and networking capacity required in trans-regional understanding. Accumulation of experience, knowledge, good practices, benchmarking, research and innovation can take place through the construction of a physical and virtual arena, which will have the overall goal of improving the preconditions for a sustainable rural development, resulting in enhanced living conditions of the ERB citizens.

The creation of such an Academy is well in line with the Competitiveness and Innovation Framework Programme (CIP), proposed by the European Commission to the European Parliament and the Council for the years 2007-2013. The CIP will bring together common framework specific Community support programmes and relevant parts of other Community programmes in fields critical to boosting European productivity, innovation capacity and sustainable growth, whilst simultaneously addressing complementary environment concerns.

Ideally, national and regional authorities should use the CIP and the new Rural Development Fund as the main instruments to bring those lagging behind up to the levels of excellence; thus boosting regional competitiveness and innovation and reducing disparities. The Commission points out that the member states must support measures and activities that follow best practice examples in the field and networking activities.

The process of establishment of a joint arena for rural development in the ERB is proposed to take place in cooperation between relevant organisations, universities and other institutions in the member regions – regional/local stakeholders and the local and regional organs representing different countries, municipalities, authorities, rural development offices and NGOs that manage these questions.

The main objective should be to create a permanent resource for competence building and distribution, R&D and consulting in support of rural development in the ERB member regions, and to develop methods and structures that constitute a framework in the fields concerning rural areas all over Europe.

Subjects to be covered could be for instance agriculture and forestry, diversification within and beyond the agricultural sector, access to public services, social and economic cohesion at the regional level, stakeholders contribution and bottom-up local partnerships, rural partnership dialogue and EU rural development policies in practise. When in full operation the Academy should design and support common projects, increase the mapping on the qualifications requested in the improvement of knowledge in the rural areas, accumulate innovative ideas and disseminate them to the actors concerned in and among the regions.

The Academy should also function as a support centre to systematic networking and exchange of good practices/benchmarking activities within the ERB, accessible to all who are interested in keeping this forum alive.

The Academy/Arena is planned to work in a permanent and, as far as possible, resource saving and competence improving manner through participation in relevant academic networks at the regional and national levels. Subjects to be covered will correspond to the European, national, regional and local priorities – through a permanent methodology¹ based on the exercise of:

- compilation,
- analysis,
- comparison,
- information and reaction.

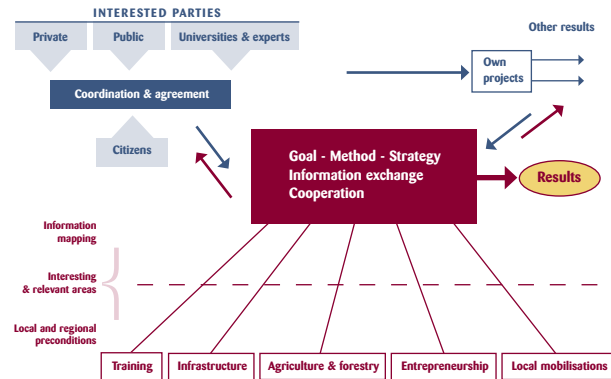
Since both the problems detected and the ways to solve them are many and not relevant for all the situations or conditions in the region, this methodology will allow a more efficient and effective work in the region.

The proposed Arena is suggested to be based on the following structure:

1. Mapping of information – relevant arenas.
 2. Exchange of experiences, ideas and knowledge.
 3. Coordination between actors-considered relevant areas.
 4. Accumulation of possible knowledge from other actors.
 5. Dissemination, compilation and analysis of information.
-
6. Resulting in ERB
 - Guidelines.
 - Special educational programme.
 - Seminars.
 - Projects.
 - Infrastructural investments.

1 | This methodology is known in Sweden as "Omvärldsbevakning" and the translation into English can be different. Examples include: business intelligence, environmental information, information mapping... among others. The method is based on the compilation of information, its analysis and dissemination. This is in order to adequate the action to be taken (by possible organisation) in a proper way, adjusted to the resources, possibilities and interests.

Structure, Arena for Rural Development



The above-enumerated actions are common and well established in each ERB member region. Since the actions aim at completing the local, national and European goals, the idea with the arena is to coordinate different actions/activities in order to take advantage of each member region's strengths, to support each other in the fight against problems and highlight the uniqueness of the Euroregion Baltic efforts.

The establishment of the arena should take place in a process that includes:

- Continued contacts among the network in Rural Areas.
- Preparing a compilation of the actors of interest.
- Finding feasible financing.
- Logical and possible construction to achieve the proposal presented above.
- Based on the activities that the Arena should include, the structure should be built in steps.

Comprehensive horizontal perspectives

The establishment of an Arena on Rural Development should also consider some horizontal goals.

The *sustainable development* aspect could be pursued by the Arena/Academy through research regarding how to achieve social sustainability, that is another key factor in dealing with rural development. The Academy can also be a tool to help looking beyond agriculture for the future development of rural areas.

The future Rural Development policy 2007-2013 will focus on:

- improving competitiveness for farming and forestry,
- environment and countryside,
- improving quality of life,
- diversification of the rural economy.

Sector-specific focus is necessary but not sufficient for sustainable rural development. More integrated approaches are also needed – integrating hardware (infrastructure and agricultural technology) with software (institutions and capacity building), with an increased focus on rural infrastructure. Solutions in rural development must be based on community participation, and empowerment must strengthen rural governance in accordance with the principle of subsidiarity (bottom-up perspective) and must foster growth of the private sector and the use of market mechanisms.

Concerning *good governance* the Academy could be beneficial since it would encourage the participation of different strata of society. In the Academy, information is planned to flow freely and in response to different needs of the members. The Academy could be used as an instrument that makes an active use of the tools constructing good governance.

The aspect of *gender equality* will be covered through the inclusion of such actors, activities and methods that allow equal access. Analyses made within the Seagull

project on differences in equality among men and women include the study called Women's choice of living. It focuses on women's decision-making when it comes to their selection of settlement and it aroused new ideas and challenges in this kind of issues. Since one of the common problems identified in the ERB is the necessity to offer better job opportunities for women, we consider the gender equality issue relevant for the Academy to work forward with.

Youth participation in rural development actions is very essential in order to make young people interested in the well-being of their local communities. Such participation could open up for ideas of start-ups of businesses and lay a good ground for entrepreneurship. The Leader+ method mobilises a high degree of voluntary efforts and foster youth participation as well as equal opportunities in rural areas.

Kaliningrad Region: The region has shown great interest in rural development actions during the implementation of the Seagull project and its Russian component (the Tacis financed Seagull RC project). The Seagull II project as well as the new measure for bilateral cooperation with the Russian Federation in the BSR Interreg III B programme open up for an active participation on the part of the Kaliningrad Region.

Added values for the member regions

The Academy on Rural Development will be a source of added value to the member regions since it will:

- strengthen the cooperation within the ERB,
- gain new valuable knowledge about the region and possible solutions to a variety of problems in the area,
- give the ERB a chance of being in the focus of the European Commission's attention and thereby affecting future EU policies,

- become a source of information for local people and different LAGs about ERBs work and new knowledge acquired,
- become a resource to be used while distributing valuable knowledge attained in practical work at the local level for researchers, politicians and other stakeholders,
- become a facility ensuring that the knowledge produced during the Seagull project together with other input is accumulated and continues to be used and developed, and
- become a European arena of experimental structures and methods applicable by other Euroregions. The European Commission could hereby have access to an area with unique qualities and use it as a pilot region for new policies and programmes.

1.3 Tourism development

ERB should prioritise the member regions' contribution towards an effective and systematic cooperation in the tourism sector – one of the fastest growing economic sectors in the Baltic Sea Countries.

- **The cooperation should be initiated by the establishment of a Tourism Development Working Group (TDWG). Interaction between the ERB regions will create a synergy effect affecting development of tourism in the individual member regions as well as in the whole of the Baltic Sea Region. Openness, networking, exchange of knowledge and experience should remain leading principles for TDWG activities. Main goals for the group are:**
 - **to support more intensive connections within the tourism sector between the ERB member regions, and**
 - **to support sustainable tourism development in ERB.**
- **The first steps have already been taken. A pilot project for establishing a TDWG has been carried through. Focus areas for the further cooperation are identified to be:**

- **tourism Market Research,**
- **common Trans-regional Product Development,**
- **network to exchange information and knowledge, and**
- **sustainable Tourism Education and Training.**

Analysis and proposal

Recent debates in the ERB member regions have emphasised tourism development opportunities in the Baltic Sea Region. The trans-regional tourism development problems are confronted due to several reasons.

Firstly, the problems occur in the diverse national characteristics of socio-economic and political structures, as well as in the diverse cultural and traditional patterns.

Secondly, every ERB member region has the potential and current tourism products, though there is less emphasis on the development and promotion of the trans-regional tourism industry.

Thirdly, the ERB region has vivid experiences in the development of the tourism sector, but lacks openness, information and knowledge exchange among its member regions.

Finally, the ERB is in general already a well-settled political umbrella, although with no tourism institutional network under it.

Besides problems of general nature, more specific issues need to be considered, e.g.:

- *Accessibility*: There is relatively poor accessibility to big parts of the region. In order to develop tourism, the accessibility has to be improved.
- *Attractions*: The member regions have a rich cultural and natural potential and a good number of tourist attractions. However, most of them located in the Eastern part of the ERB are still hidden or unknown.
- *Amenities*: The most of the amenities are developed at the national level – not at the trans-national one.

The ERB political platform is a convenient arena to set activities and initiatives for the benefit of tourism development at the trans-national level. One of the main considerations is to manage a dialogue between stakeholders in order to create a common understanding of problems and opportunities that occur in the development process. However, such a common dialogue is not the only product of an effective cooperation and networking. In the ERB case, development of a trans-national tourism industry can be achieved by setting up a cooperation between the institutions related to the tourism sector. For this reason, the member regions have proposed to establish a Tourism Development Working Group (TDWG). Its main task should be to survey and analyse challenges and opportunities for tourism development in the ERB, as well as to initiate and coordinate common tourism development strategies and activities.

Tourism governance in a country consists of national, regional and local levels and five sectors: government administration, self-government administration, and the education, business, and non-profit sectors. Developing tourism industry at the national level encompasses the interconnectedness of these organisations and institutions. Therefore, the Working Group aims at establishing a network of all the level/sector governance at a trans-national and cross-border level.

Establishing good governance in tourism development will create synergy effects that entail socio-economic and political sustainability of the sector. However it is well comprehended that socio-economic and political sustainability is not enough to achieve a long-term development. The TDWG's activities aim at considering sustainable tourism in the region. Meanwhile, sustainable tourism is usually understood in respect of environmental protection. The ERB member regions have unique natural attractiveness that requires conservation.

According to the WTO and UNEP, "protection, enhancement, and improvement of the various components of man's environment are among the fundamental conditions for the harmonious development of tourism. Similarly, rational management of

tourism may contribute to a large extent to protecting and developing the physical environment and the cultural heritage as well as improving the quality of life...” (WTO and UNEP, 1982) There is a close relationship between tourism and the environment and the importance of environmental planning to tourism is becoming increasingly recognised throughout the world. The Swedish and Danish ERB member regions have already shown examples of sustainable tourism development, protecting their natural and cultural uniqueness. Sustainable tourism development is also emphasised in Baltic Agenda 21, and defined as “any form of tourist development or activity which respects the environment, ensures long-term conservation of natural and cultural resources, and is socially and economically acceptable and equitable.” (Baltic Agenda 21 1998).

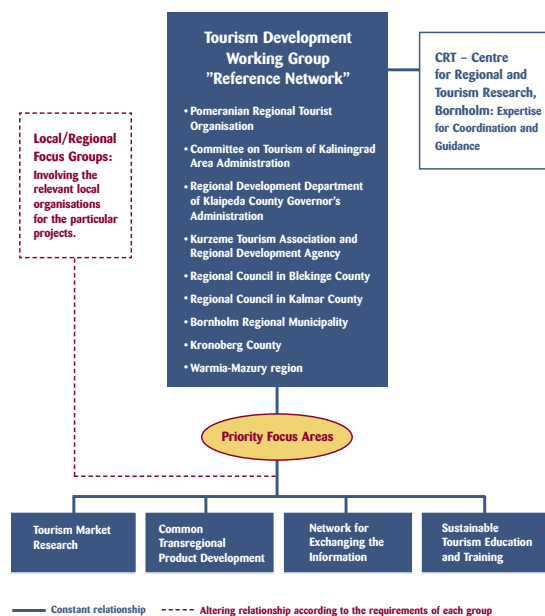
The TDWG should have the following tasks in order to achieve good governance and sustainable development of the tourism sector at the ERB level.

The TDWG should:

1. Conduct working group meetings, where the group discusses opportunities and problems in tourism development in the region; ways and methods to tackle the opportunities and problems, as well as perspectives, resources, sustainable development, etc.,
2. Develop cooperation, especially within the following four focus areas:
 - Tourism Market Research,
 - Common Trans-regional Product Development,
 - Network to exchange information and knowledge, and
 - Sustainable Tourism Education and Training.
3. Establish a tourism institutional network, where all the tourism institutions will be involved – local, regional, public, private, NGOs, educational/research institutions, indirectly related institutions, etc. This will support the openness and information exchange in the tourism sector,

4. Initiate exchange of knowledge and experience in the region: organise educational programmes, training courses, study tours, academic conferences, etc.,
5. Conduct discussions on tools and methods of marketing and promotion of ERB, and
6. Plan specific projects/activities and find funding opportunities for their preparation and implementation.

The structure of the Tourism Development Working Group and the Reference Network



Horizontal perspectives

The proposals are well in line with the horizontal perspectives of the strategy. Establishing a tourism institutional network, where tourism institutions will be connected, will strengthen *sustainability and good governance*. *Equal opportunities* and *youth participation* will be especially observed by the working group in its activities.

A representative of the *Committee on Tourism of the Kaliningrad Governor's administration* participated in the meetings already implemented within the Danish financed project "New visions of tourism development in the Baltic Sea Region". A further active participation from the Russian ERB partner is presupposed and essential.

Added values for the member regions

Tourism development is one of the priorities in each ERB member region. The establishment of the ERB Tourism Development Working Group will offer the member regions possibilities of exchanging knowledge and experience in this sector. There are a number of issues to discuss during the infancy of tourism business development in the eastern part of ERB and there are many answers that western parts can provide.

The cooperation aims at future trans-national development, where a robust institutional network can add values to the improvement of local capacities and amenities, where good governance can enhance the democratic structures and processes, and where collaborative actions can create synergy. Setting up the TDWG will bring new opportunities for trans-national businesses and support improved accessibility to the region. A wide range of stakeholders within the tourism sector working together will also make it easier for the regions to understand each other better in the search of common interests, problems and their possible solutions.

Plan for implementation

The preparation phase including the identification of partners/actors and problems/issues of relevance for a tourism institutional network has already been carried through. This has resulted in the setting up of a preliminary TDWG with representatives of all the ERB member regions and with support from some expert organisations such as the Centre for Regional and Tourism Research (CRT) on Bornholm.

The second phase “Strengthening the cooperation and institutional network” will be implemented during 2006 and 2007.

This phase should contain actions towards enhancement of the cooperation. Therefore, the TDWG should be able to implement the responsibilities elaborated above.

Accordingly, possible activities at the preliminary level should be as follows:

- conducting quarterly TDWG meetings and creating a sustainable cooperation model,
- maintaining the tourism institutional network by:
 - creating the TDWG web-page as a part of the ERB web-site,
 - publishing a quarterly bulletin – exchange of information, and
 - organising a thematic forum,
- initiating educational programmes, training courses, study tours, academic conferences, etc. for the member institutions, and
- planning specific transnational projects/activities within the four abovementioned focus areas, and seeking funding opportunities for their preparation and implementation.



2. Transport infrastructure

2.1 A committee will be established for transport infrastructure issues

The ERB Council will take political actions in order to address the unsatisfactory situation whereby all the ERB member regions have poor access to the main TEN transport corridors currently prioritised at the EU and national levels. The aim is to mobilise support for a concrete long term investment plan aiming at improving the situation, based on suggestions put forward in those transport corridor projects implicating the South East BSR.

- The Council should assign the task to a transport Infrastructure Committee consisting of one politician from each ERB member region. The Committee could be functionally combined with an expert group with members from the public and private sectors in the regions involved.
- The task of the Committee should be to carry through and put forward to the ERB Council for approval a common ERB strategy for joint actions regarding trans-national transport infrastructure planning and investments with bearing on the ERB member regions.
- Early in 2006 the Committee should establish a dialogue with the private sector and the relevant national authorities on the need of future infrastructure investments with bearing for the ERB member regions and of closer integration between them.
- A thoroughly investigated analysis should be made and presented in a report on the present situation and future prospects of transport infrastructure in the south-east Baltic Sea area. The report should be presented to the Council in summer 2006. The ERB transport infrastructure strategy concerning the need of future investments of common interest for the ERB partners should be presented to the ERB Council for adoption before the end of 2006.

Analysis and proposal

The fact that the Seagull project does not include own transport infrastructure analyses means that the development programme has to base its considerations on conclusions and results produced by the transport corridor projects with obvious implications for the transport infrastructure in the ERB member regions. It will thus be an important task for the ERB to complete to decide which transport links require its focus and what their environment and energy aspects are. Since relevant transport corridor projects are being accomplished at the same time (SEBTrans Link) or later (Baltic Gateway) than the Seagull project, the ERB will not be able to draw distinct conclusions or make concrete proposals concerning the transport links and hubs. Therefore, conclusions have to concentrate on general economic growth, environmental and energy demands on trans-national transports in the ERB.

After the economic and political changes in the Baltic Sea region at the beginning of the 1990th, communication opportunities have been key issues in the development of economy and democracy in the area.



As one consequence of EU enlargement, changes in border crossing regulations have stimulated an increase in transport and travel between the BSR countries and regions.

Already long before some of the countries involved in the ERB became EU member states, an intensive partnership in common transport projects took place in the area. Such projects as Translogis, SEBTrans, Balticom, Via Baltica and Matros in the Interreg II C programme, and now Baltic Gateway, South Baltic Arch and SEBTrans-Link in the Interreg III B programme have contributed to a common knowledge and understanding of the important task the transport system has in the development of the south-east Baltic Sea area. The latter projects are now further developed in different ways.



Förslag till transeuropeiskt transportnät för det utvidgade EU - Vägnät

TINA-nätverket  Planerad linje  Existerande linje
 Vägförbindelser inom TEN 
 Helsingforskorridorer 

Stora städer •
 TINA-länder 
 EU-länder 

Andra länder 

The economic conditions differ very much between the ERB member regions, but they are rapidly changing and thereby creating an increasing need for transport and communication infrastructure in the area.

The TEN/TINA system describes the “backbone” transport corridors, which give the picture of the main road, rail and sea connections in the South East Baltic region. After EU enlargement the TINA system was incorporated in the TEN and some of the corridors like motorway A1 (Gdansk–Katowice), the railway Gdansk–Warsaw–Katowice and Rail Baltica (Warsaw–Kaunas–Riga–Tallinn) were given priority as projects of European interest. This revision also suggested a “motorway of the sea” in the Baltic Sea.

The ERB ambition is to become an integrated region, where people can travel, trade, study and work. A most crucial factor for this to happen is a good transport infrastructure. Nowadays we lack transport possibilities in the ERB to fully use the potential of development and economic growth.

The region lacks economic integration and dynamics due to:

- low-quality transport links,
- numerous borders,
- scattered urban system,
- dominance of traditional economic structures, and
- historical separation, including the specific situation of the Kaliningrad Region.



2.2 Transport corridor projects of central importance for the ERB development

Improved transport infrastructure is an issue of the highest priority in all the ERB member regions and reflected in their own development strategies. There have also been a lot of initiatives taken in order to start transport corridor projects that concern different parts of the ERB, e.g. South Baltic Arc, SEBTrans link and Baltic Gateway. Due to these ongoing projects, the Seagull project has not included own transport infrastructure analyses. However, there has been a close cooperation with the three corridor projects just mentioned.

This means that considerations about necessary transport improvement in this development programme are partly based on conclusions concerning the results produced in the transport corridor projects.

In line with the ERB strategy, all its activities will put a strong emphasis on environmental claims on production and consumption and on the supply and management of energy resources. This means, among other things, that transport infrastructure has to be planned with due attention to the environmental and energy aspects – with an ambition to reduce the negative impact on environment at a given transport volume and to enhance the use of effective energy means.

The proposed Trans-European Transport Network (TEN) for the enlarged Union has not much to offer to the ERB in its present outline, regarding large investment projects to be implemented, both concerning new roads and railways and maritime traffic. But it is obvious that more investments in the transport infrastructure are needed if the member regions of ERB shall fulfil the ambitions of EU Cohesion policy.

Moreover, the prognosis of an increase in passenger transports over the Baltic Sea between the ERB member regions of 250 percent in the next 15 year have to be faced. Freight transports will increase by at least the same percentage. Air traffic will increase even more, by 500 percent!



The *South Baltic Arc* project has two main objectives: to strengthen the cooperation of regional stakeholders within and among the participating countries in order to enhance regional development, and to reduce welfare disparities within the South Baltic Arc region.

The point of departure of South Baltic Arc is the important transnational transport corridor (road/rail) Via Hanseatica. Its route includes Lübeck–Rostock–Szczecin–Gdansk–Kaliningrad–Riga–St. Petersburg, and connects the Eastern Baltic Sea Region with the core-region of the EU. The activities of the project have been centred on this transport axis. All the ERB members, apart from the Swedish regions and Bornholm, are directly affected by the project.

The *SEBTrans Link* project has identified strong demand for the improved infrastructure in the SEBTrans Corridors. In the SEBTrans North–South Corridor (Oslo – via the Baltic Sea – the Mediterranean and Black Seas), the construction of A1 motorway in Poland is the first priority, as well as the improvement of the Gothenburg–Borås–Karlskrona/Karlshamn/Kalmar section in Sweden.

Enhancing roads promotes local, regional and interregional cohesion most efficiently in the short term, although rail also needs modernisation. Public investment in improved technical facilities and the construction of missing links are required in order to avoid expected bottlenecks in the rail system. In addition, the port infrastructure should be developed in coordination with the hinterland links.

The main objective of the *Baltic Gateway* project is to integrate the Seaways of the Southern Baltic Sea into the Pan European Transport System. Baltic Gateway has the ambition to develop a comprehensive system of high quality transport and related services to connect Scandinavia, North West Europe, the European Continent, the Baltic countries, Russia, Belarus, Ukraine and Asia. This will promote economic growth and a sustainable development in the South Baltic Sea Region, as well as improved accessibility within and between the regions. The important issues of maritime safety and a good environment in the Southern Baltic Sea area are closely connected to the Baltic Gateway project.



Air transports

The capacity for air transports between the ERB member regions is today very low. In order to develop trade, travel and tourism and to meet increasing numbers of passengers, cooperation between the airports in the region proves necessary.

Border crossing

Apart from the investments needed in roads, railways and ports, much remains to be done to solve current border crossing problems, especially between the Kaliningrad Region and the other ERB member regions. In order to fulfil the ambitions of cooperation and development, it is absolutely necessary to facilitate the visa-process to and from the Kaliningrad Region. Service and efficiency at the border crossings should also be improved in the other member regions.

CONCLUSION: Many studies and analyses have already been carried out within the transport infrastructure field, and others are still ongoing. What we need now is political lobbying and decisionmaking!

2.3 Future challenges – transport demands

Key issues for ports and sea transports

Opening of new neighbourhood markets and the growing economies enabled an increasing transport of cargos, both raw materials and finished products. In its final report the SEB Trans project estimated a doubled volume of cargo from 1997 to 2015. According to a new report produced by the Baltic Gateway project in co-

operation with SEBTrans Link (Mariterm AB October 2004) the total cargo volume is forecast to double already in 2010.

Sea transports, e.g. shipping and ferry traffic, and the ports with their “hinterland” connections are the most essential parts of cargo transport systems.

Road and rail corridors like Gdansk – Katowice, Kaliningrad/Klaipeda – Minsk, Liepaja – Riga – Moscow and Gothenburg – Karlskrona/Karlshamn open up for new markets within the Common Market and also for future EU member countries in the South East of Europe.

The Via Baltica (Tallinn – Riga – Kaunas – Warsaw – Poznan – Berlin) and Via Hanseatica (Klaipeda – Kaliningrad – Gdansk – Szczecin – Rostock) corridors are also vital for the cargo transports in the east-west direction.

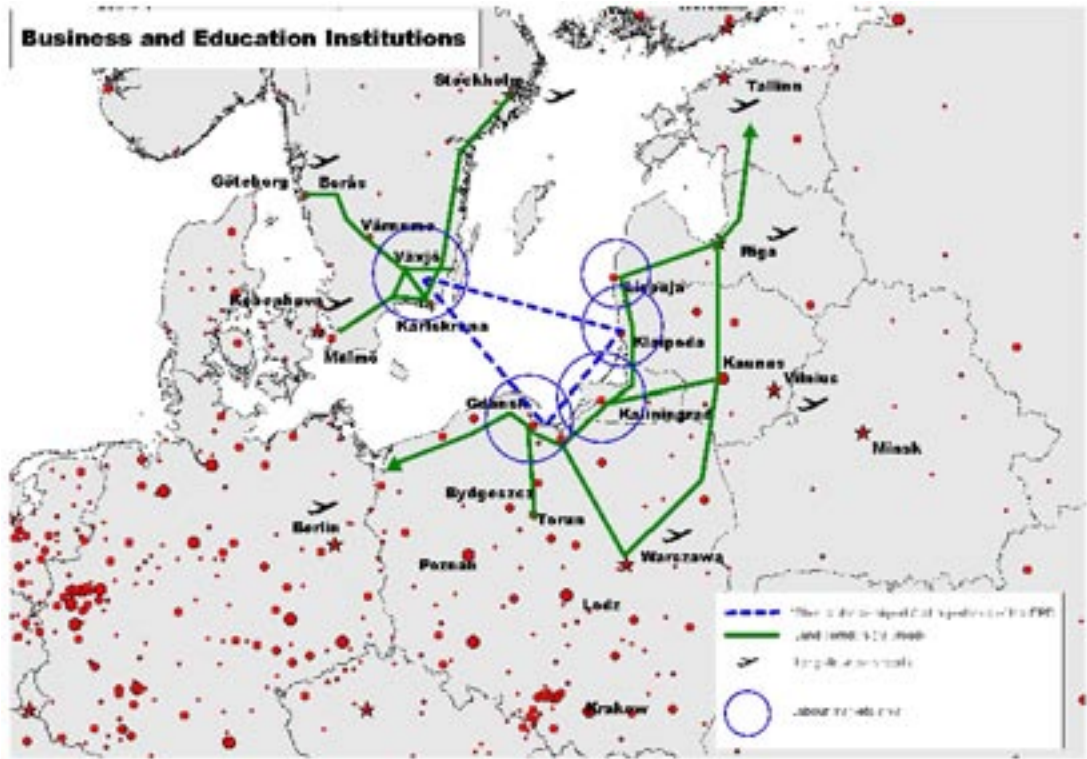
Fast over-day transports – key issues for airlines

In this aspect connecting people and their “know-how” is the most important aim of the transport system. Business and research networks need fast and convenient connections for short visits and meetings inside and outside of the ERB.

In this respect the air links are essential for the region. However fast and convenient public transport, connecting the airports with the main cities and the cities themselves, is equally important.

It is possible to imagine at least two different scenarios concerning the future air traffic in the ERB: Either a limited regional air transport system is built between some strategically located regional airports within the ERB, or a system is constructed of well developed public transport connections to the main airports in the South Baltic Region, e.g. Copenhagen, Stockholm, Warsaw, Vilnius and Riga.

In addition, the need for an efficient transport infrastructure in the different regional labour markets can be recognised in the ERB, for instance Karlskrona – Kalmar – Växjö in Sweden, Gdynia – Sopot – Gdansk – Torun in Poland, Klaipeda – Kaunas – Vilnius in Lithuania and Ventspil – Liepaja – Riga in Latvia.



Tourism and leisure

There are different types of tourism around the South East Baltic, e.g. leisure tourism, tourism to explore nature and cultural heritage, cruising to interesting ports and their hinterlands and north-south and east-west transit tourism.

The ERB possesses favourable conditions allowing an increase in tourism related to a wealth of nature and cultural heritage.

The tourism sector will demand a range of transport possibilities that fit different purposes for which people travel. Ferry lines, as well as safe, clearly marked and beautiful roads connecting places of interest, form a crucial part of the tourism travel around the South East Baltic.

Cheap and convenient flight connections between frequented cities will also be requested by “weekend” tourists.

The SEBTrans-Link project will further elaborate on a transport system connecting the north-west and south-east shores of the southern Baltic Sea, which will enable travelling around the South East Baltic Sea region.

Another form of tourism could be called “transit tourism” and is generated by people going from the north to new southern destinations in Europe like Slovenia, Croatia or Bulgaria, or from the eastern to the western Europe and vice versa.

2.4 Infrastructure development has to balance environmental claims

When considering planning and investments in transport infrastructure it is now and will continue to be more fundamental to consider the environmental impacts, as well as the fact that there is a conflict between transport economies and claims for improved environment. Nevertheless it is also important to note that the construction of the transport infrastructure and development of its use are clearly directed

towards more environmentally friendly solutions. Debates concern the question whether this development goes fast enough and to what extent environmental claims should restrict economic growth. Obviously, there will be no resources to finance sustainable development without economic growth. The fact that the development programme for the ERB – as in fact all national and EU policies – emphasises sustainability in the context of economic growth means that this should be analysed carefully also when taking a stand on transport infrastructure issues.

The European Environment Agency (EEA) has formulated the following general conclusions that need to be related:

- Transport volumes are continuing to grow at roughly the same rate as GDP. The central aim of the Common Transport Policy – decoupling of transport growth from economic growth – has only been achieved in a few EU Member States.
- The vehicle fleet is gradually becoming cleaner due to improvements in the technology in order to meet European emission standards. Improvements are occurring significantly faster than the growth in traffic volumes, with absolute reductions in emissions of harmful substances to the air. Nonetheless, further initiatives will still be needed to reduce people's exposure to damaging pollutants and to achieve the air quality targets set for 2010, especially for NOX and fine particles.
- Transport energy consumption and the resulting emissions of greenhouse gases are increasing steadily due to a rise in transport volumes that outweighs improvements in vehicle efficiency. Current policies are insufficient to stop the growth although average specific emissions of new passenger cars are on their way to meeting the 140g CO₂/km emission target committed to by the automobile industry. International aviation emissions are rising specially fast, and are as yet not covered by the Kyoto Protocol.

- There is strong growth in the use of bio-fuels, allowing the transport sector to reduce its emissions of greenhouse gases when the full life cycle of the fuels is considered. To maximise their environmental benefit, however, it is important to produce bio-fuels in a way that minimises negative impacts.
- Contrary to the aim of the (EU) Common Transport Policy, the shares of aviation and road transport continue to grow, while the shares of rail, bus, and in-land shipping are gradually decreasing. However, because the environmental performance of road transport is improving faster than other modes, the consequences of its growth are not as bad for the environment as might be expected. The rapid growth of air transport is a cause for concern because of its greenhouse gas emissions.
- The relatively high speed and flexibility of road passenger transport improves access to basic services – education, business, shopping areas and health services – but only for those with access to a car. As a consequence, many disadvantaged people do not enjoy the full benefits of transport.

The EEA concludes that:

- *Present price structures are favouring individual transport*

Passenger fares for rail and bus services are increasing faster than the cost of private car use. This trend favours the private car over public transport. The trend could though rapidly be changed if the oil prize will increase more drastically. Transport prices for freight continue to fall, pushing transport demand higher and enabling more transport intensive economic activities and logistics. Both trends are moving away from the Common Transport Policy's target of revitalising rail transport.

- *Signs of promising developments for transport pricing*

Progress is slow in restructuring transport charges towards better internalisation of external costs. The framework regulations being put in place for rail and road trans



port are positive developments towards fair and efficient pricing and a more sustainable transport system. However, air and water transport are still not covered.

- *Infrastructure investment needs to balance economic and environmental needs*

Infrastructure – in particular road and high-speed rail – continue to expand. Extending transport infrastructure is the most common policy response to the need for improved accessibility and capacity. But optimising the use of existing infrastructure through road pricing or congestion charges offers a means of meeting demand with fewer new infrastructure investments.

- *Transport infrastructure is fragmenting natural habitats*

Transport infrastructure networks are generally seen as a benefit but their expansion, traffic growth and urban sprawl pose a significant threat to habitats and biodiversity. Proximity to disturbances, land fragmentation and isolation of habitats create new barriers to natural migration and movement of animal populations.

This kind of conclusion should be considered by the decision bodies of ERB and its member regions in the process of implementing the ERB development programme.

Other horizontal perspectives

Within the ERB framework the member regions can develop transparency in infrastructure planning of potential importance for the development of a continuous transnational infrastructure – to the benefit of business development in the member regions. The actions will thereby support *good governance*.

When it comes to *gender equality* and *youth participation* it is very essential to pay attention to the importance of good public transportation as a means of reducing equality gaps between different groups of populations.

The *Kaliningrad Region's* status as a potential gateway to the Russian market and markets further eastwards should be emphasised in relevant lobbying and other activities taken by the ERB Board and Council.

Added values for the member regions

Transport infrastructure as a prerequisite for sustainable economic growth is recognised as a prioritised area of activities in all the ERB member regions. In order to optimise the benefits of the BSR as one of the fastest growing regions in the years to come, it will be crucial to improve the transport infrastructure standard both regarding transport of goods and people. Located peripherally in relation to the main TEN transport corridors prioritised by the EU and the national governments, the ERB regions run the risk of lagging behind regions with more direct access to these corridors leading to the main European and global markets. The same refers to the possibility of exploiting tourism development potential as a prosperous business sector in the ERB regions.

An offensive involvement in the issue of improving transport infrastructure in the ERB regions will make it possible to add values to the regions' own strategies and activities in several ways.

Based on thorough and comprehensive analyses of the transnational aspects of the member regions' main infrastructure, the ERB will be able to act as a political force at national and EU levels in favour of improved infrastructure links to the main European transport systems.

The EU TEN-T policies name a structural change in the organisation of transport as one focus area. In the years to come, transfer to maritime traffic will be a key factor. The concept of "Motorways of the Sea" aims at introducing new inter-modal maritime based logistic chains in Europe. These chains will be more sustainable and should be commercially more efficient than road-only transport.

Since the Baltic Sea is suggested as one distinctive part in the Motorways of the Sea structure in Europe, it is important for all Baltic Sea shore regions to relate to this concept. It is natural that the ERB puts a strong focus on this aspect in its work within transport infrastructure, offering that ERB Board and Council act as a joint spokesperson on behalf of their member regions. Further analyses and proposals will

be based on the realisation of the fundamental importance that the concept of the Motorways of the Sea in the Baltic Sea develops into a system with well functioning, secondary networks connecting to the main sea transport corridor (the Sea motorway). In this way it will actually help to reduce land transports on roads.

ERB transport infrastructure efforts will be closely linked to the member regions' own activities to improve transport infrastructure in their main ports. It will be an important task for the ERB to disseminate this work and to contribute to full ERB transparency regarding transport infrastructure investments and projects in the member regions. This will be to the benefit of the efficiency in planning and investment, and will enable the member regions to act more competently towards both national and EU transport authorities.

Plan for implementation

The proposed Committee for transport infrastructure should be put in place as soon as possible. During the first half of 2006, the Committee should conclude on ERB infrastructure priorities, based on the analyses and proposals of the final joint development programme. A draft ERB policy 2007-2013 should be put forward to the Council for adoption before the end of 2006.

The ERB member regions should be recommended to promptly include the policy in the revision of their respective regional development strategies.

The implementation of the ERB transport infrastructure policy should be prioritised in the Seagull II Interreg III B project. Possibilities of integrating the Committee expenses and activities in the new project should be investigated as soon as possible.



3. Social dimension

Cooperation between the ERB member regions within the social field has been taking place since the beginning of the 1990s, mainly through bilateral projects between regions and municipalities (twinning projects). This cooperation covers such fields as elderly care, child care, social exclusion, drug problems, educational issues, health issues, culture and arts, schools cooperation, sports, NGO activities, equal opportunities between men and women, democracy and participation in public affairs, good governance in the public sector, etc.

This kind of cooperation has been very central for an enhanced understanding of differences and similarities of cultural, as well as of political and administrative art between the regions and their municipalities leading to diminished prejudices between the countries, better understanding of cultural differences and most essentially: to popular understanding of the benefits of closer cooperation. Therefore it is crucial that the cooperation will continue and be developed further, especially in the form of twinning activities between regions, municipalities and NGOs.

The ERB Board and Council will act actively towards the EU and the national governments of the ERB member regions and in cooperation with the member regions and their municipalities to see to it that understanding of the value of twinning between regions and municipalities is kept up and that funding for such cooperation will be at hand at a reasonable level.

In the joint development programme for the ERB a strong emphasis is placed on sustainable growth and thereby also on wider social aspects that should be considered in relation to growth. In addition to this, such actions within the social field that fall into the framework of the social dimension of the EU cooperation should be prioritised. This means that at least in this first action programme concentrates “social” efforts on the labour market issues as these are currently extremely important in the Baltic Sea area, following the inclusion of Poland and the Baltic States into the EU. Cooperation within the labour market seems even more urgent in a wider perspective of globalisation and threats to the whole Europe concerning future employment opportunities in the increasing world competition. It should at the same time be underlined that the ERB social programme comprehends both support to twinning cooperation and social considerations in relation to the development of growth promotion activities in general.

3.1 Labour market cooperation

A report should be compiled on the ERB labour market for dissemination activities.

- **The report should present a diagnosis of the situation on the labour market within the ERB and be considered the first step to long-term cooperation in labour market issues. Concrete proposals for political conclusions about ERB:s actions in labour market issues are expected as a result of the report.**

An education programme based on the report should be worked out and implemented during two years.

- **Constant improvement of education is an unquestionable need and goal in the context of sustainable development and competitiveness. Establishing a flexible education programme, based on the labour market situation, is a challenge for the ERB.**

Analysis and proposal

Questions of employment and education are some of the most important issues in the context of sustainable development. The proper balance between labour demand and labour supply, entrepreneurship, adaptability and life-long learning are some of the key elements of EU strategies. The first five years of implementation of the Lisbon Strategy shows clearly that the potential of the EU labour forces is still used to a limited extent. Several barriers against free movement of labour forces are mentioned in EU documents. Lack of mobility, education and vocational training, mutual recognition of professional qualifications, coordination of social security systems, administrative burdens, restrictions in the context of free movement for persons and services are areas where a lot of possibilities for improvement are at hand.

The documents also mention that a precondition for success of great EU projects is participation of all actors at all levels. The regional level and inter-regional cooperation can play a crucial role in this context.

The European Commission in its communication to the Spring European Council 2005 underlined the importance of elimination of barriers and the role of education. One of the proposals is an Integrated, Life-long Learning Programme.

It is evident that the structural funds are and will be assigned to support the achievement of the Lisbon Strategy goals. Thus, it is important that strategic planning of the regional and interregional cohesion policy will take into account the dimension of the EU projects.

At the same time, interregional cooperation has to be reflected in the National Development Plans and National Action Plans on Employment and Social Inclusion.

By working systematically with these issues on the basis of legitimacy furnished by each ERB member region and in cooperation with the members, it should be possible to make impact on attitudes of the labour market actors, the public concerned and also to influence the policies of the national governments and the EU Commission.

By giving priority to this field of activity, there is a reason to believe that the ERB could develop a position as a forefront transnational region, demonstrating labour market integration between old and new EU members, and also with Russia.

The ERB member regions are themselves – or have direct access to – public sector employers of considerable size. Therefore, they should adopt and implement a common policy with respect to national labour regulations on integration of workforce from the respective member regions. The exchange of medical doctors from Poland in Swedish health care is an example that can be followed, for instance by other categories of medical staff, such as elderly care, etc. The ERB members should focus on the proper implementation of EU rulings with a proactive attitude in support of labour force mobility.

During the Seagull conference in Gdansk in December 2004, some key areas of possible cooperation were defined. In the context of the ERB labour market they are:

- exchange of information on labour demand and labour supply,
- exchange information on recognition of professional qualifications,
- exchange information on vocational training and education, and
- exchange information on recruitment procedures and professional requirements.

The discussion at the conference showed that there is space, needs and values of cooperation in employment and social and educational policies within the ERB.

Another important context related to the labour market issues is the future of cohesion policies. Transregional cooperation with its specificity may add an important value to the cohesion policy and has to be taken into account when discussing it at the national and European levels.

The ERB is not excluded from the major challenges the European community faces. Globalisation, ageing of population, impact of ICT and new forms of industrial relations may create real problems if not managed properly. The rapidly chang-

ing management on the labour market can though turn the situation into a success story. It depends on common, concerted actions.

The main characteristics of the present situation within the ERB are:

- great disparities in the labour demand and labour supply between the ERB member regions,
- growing needs for long term employment in the health care sector,
- lack of knowledge and sufficient professional qualifications of the potential employees,
- insufficient knowledge of foreign languages,
- prejudices,
- political (transition periods for free movement of persons) and administrative barriers,
- barriers in the free movement of services, and
- the risk of brain-drain.

The brief description above leads to the conclusion that the existing problems on the labour markets can be solved or reduced with a better use of the present potential within the ERB. Cooperation in the field of labour market may provide positive results in different areas, like employment ratio, reduction of unemployment and social exclusion, fulfilling labour demands, elimination of barriers for direct investments and growth in the service sector. But a prerequisite for a positive development is a long term strategy for cooperation and active participation of all actors (regional and local authorities, employers and employees organisations, NGOs and media).

Since a strategy should be understood as a permanent process of reflection-action-evaluation and corrigendum, the first step is to diagnose existing problems. Thus, compiling an ERB labour market report seems an appropriate step towards dissemination activities. The report should use comparable indicators and statistics, describe the situation on the labour markets within the ERB applying precise methodology, show weaknesses and opportunities, and reflect dynamism of the situation. It has to formulate a proposal of political conclusions for further actions.

Such a strategy should among other things concentrate on:

- The prospect of working out an ERB code of conduct on the labour market to be implemented in a dialogue with trade unions and companies/employers organisations in the ERB regions.
- Identification of bottlenecks that, despite of EU rulings, still restrict free mobility of workers in EU-member regions of ERB.
- The content of an ERB labour market information programme to be implemented and systematically reviewed.

Some conclusions need to relate to education needs (in a general context including vocational training). The educational programme, as a second proposal should be based on the conclusion of the labour market report. However, a general part of the programme may be prepared in parallel. The educational programme should be addressed to a wide spectrum of users: youngsters (general information on culture, administration, recruitment procedures, requirements and language knowledge), low-skilled workers (language, vocational training), high-profile workers, labour market administrations, etc. The programme should to the largest possible extent use information and communication technologies.

Horizontal perspectives

The proposed actions concerning better understanding of differences on the labour market between the ERB member regions will without doubt contribute to *sustainability* – not least as they will support business competitiveness. They also contribute to *good governance* since both the report and the proposed educational programme will support cooperation between public, private and trade union organisations and enhance transparency of the labour market rules in different countries. Such transparency will also support *gender equality* and *youth interests*.

Added values for the member regions

- Filling the gap between national and regional action plans on employment and social inclusion.
- Making transregional contribution to the Lisbon Strategy and cohesion policy by formulating common goals.
- Best use of potential within the ERB.
- Improving common administrative capacity.
- Contribution to better understanding between the member regions.
- Strengthening the ERB identity.
- Better understanding among citizens since such cooperation is closer to them than transnational agreements.
- Profits from diversity.

Implementation

Steps towards compiling a report on ERB labour market:

1. Formulation of the final political frame for the report (ERB Council and Board).
2. Calculation of project costs, time-table and sources of financing (ERB Board).
3. Appointment of a project leader.
4. Establishing a working group. The group should represent all the regions. The members must have access to regional information sources (public administration, social partners, universities, NGOs, etc.) and be able to respond to the political demands.
5. First meeting of the group:
 - concept of the report,
 - decision on methodology, indicators and time schedule,
 - decision on the content of the regional contributions.
6. Second meeting:
 - information on progress,
 - information on problems,
 - possible corrigendum of the methodology, agenda, indicators.
7. Third meeting:
 - presentation of the contributions from the member regions,
 - analysis,
 - discussion on draft conclusions.
8. Presentation of a draft text to the ERB Board, discussion.
9. Possible amendments.

10. Adoption of the final report.

11. Presentation to the public.

The education programme:

1. A seminar-debate on the goals and scope of the educational programme.
First conclusions.
2. Presentation of the conclusions to the labour market report expert group.
3. Confrontation of the report findings with the first programme conclusions.
A seminar on the contents, target groups, scale, possible methods of financing, budget projections concerning the educational programme. Presenting the outcome to the ERB Board.
4. Adaptation of the project, financial decision.
5. Preparation of details (time schedule, staff, methods, logistic, management, formula).
6. Start of activities.



4. Environment and energy policies

4.1 Pilot area for modern water management

The ERB Council initiates the creation of an ERB Water Forum, with the objective of establishing an ERB pilot area for transnational and cross-border cooperation and implementation of modern water management methods, including the EU WFD, for the benefit of the environment and sustainable development of the region.

Permanent expert competence will be established whose main target will be to facilitate the implementation of sustainable water management, for example by:

- gathering and refining experience from actions implemented by the ERB partners,
- promoting regional competences, mediating contacts and enhancing cooperation between public administration, science and industry, and
- defining opportunities for transnational projects within the ERB area.

Special focus will be put on:

- establishing river basin water management cooperation for cross-border basins and Water User Partnerships with great extent of private, public and academic participation (Triple Helix), and
- carrying out projects aiming at decreasing the outflows of nutrients from small and diffuse sources, i.e. farms, farming land, smaller settlements and private households.

Actions will be carried out in order to combine practice, science, policy and decision making regarding water within the ERB and to discuss common questions, priorities, etc.

Analysis and proposal

At the CBSS Ministerial meeting in Luleå Sweden on August 29th 2003, the Ministers of Environment from Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland and the Russian Federation, and the Commissioner for Environmental issues of the European Commission agreed on a declaration on Environment and Sustainable Development. The declaration emphasises the central role of water management and the need for cooperation in developing and implementing action programmes for pollution reduction.

In an EEA report² some key factors for sustainable development and water management are discussed. These factors are in many instances relevant for the development of the ERB. They are:

Agriculture:

Development of agriculture and water management is connected in several ways. There is a need of sufficient water to be abstracted for agricultural uses such as irrigation or good quality water for watering of livestock. At the same time the agricultural sector influences water by potentially polluting activities such as the use of fertilisers and pesticides. Withdrawal of water itself also influences the aquatic eco-systems. Agriculture is thus an important driving force in the sustainable management of water.

Domestic use:

Good drinking water quality is crucial for human health and for the development of regions. Urbanisation and other changes in population and its distribution and density are other key factors within the field of resources.

2 | EEA. Sustainable water use in Europe - Part 1: Sectoral use of water. Environmental assessment report No 1. http://reports.eea.eu.int/binary/enviasses01pdf/en/tab_content_RLR. 2004-09-30

Industry:

Industrial activities generate higher water demand and put pressure on water resources and the environment. The impact can be direct, e.g. emission of pollutants, production of hazardous waste and consumption of natural resources in production processes and cooling, as well as indirect through the subsequent consumption and use of industrial products. In parallel to a general decreasing trend, it has been observed that demand for better quality and a greater variety of products may increase water requirements in certain industrial sectors.

Tourism:

The development of tourism is also closely related to water issues. Seasonal increase in population, often during periods of minimum or low water resource renewal, puts pressure on water resources through direct consumptive use and through the supply of leisure facilities for the tourists. Consumption of water by tourists is often higher than by local consumers. The largest proportion of water is not consumed but used and disposed of as waste. The result is large volumes of sewage discharged to sewage treatment plants, to the sea or to rivers. In all cases, if water is not treated, recycled or disposed of properly, it will cause pollution. Clean waters for bathing and other recreation are necessary for a good development of tourism.

Climate change:

Climate change, resulting from global warming, is a global environmental issue identified by the EU as one of the key environmental themes to be tackled under the Fifth Environmental Action Programme. Climate change could have considerable consequences on the flood regime. Changes in storm magnitude and frequency could give rise to a spectacular increase in run-off in short periods of time, which would aggravate the effects of floods. The impact of these changes will depend very much on local hydrological, ecological and water management conditions.

EU Water Framework Directive (WFD)

Some years ago, the European Commission identified a need for a single piece of framework legislation to resolve different kinds of problems related to water and water use. In response to this, the Commission decided the WFD will have the following key aims:

- to incorporate all requirements for management of water status into *one single system*,
- to coordinate all the different *objectives* for which water is protected (ecology, drinking water, bathing water, particular habitats) and to fill any gaps,
- to coordinate all the *measures* taken on individual problems and sectors in order to achieve the objectives so defined, and to define the relationship between emission limit value measures and quality standards, and
- to increase *public participation* in water policy in order to provide for greater transparency, with the advantages in enforceability, etc.

A thoroughly restructuring process concerning European Water Policy is under way and the WFD is meant to be the operational tool, setting the objectives for water protection well into the new century. The WFD sets out clear deadlines for each of the requirements that adds up to an ambitious overall timetable.

Combat eutrophication problems

Eutrophication of groundwater, surface water and coastal waters is a serious problem within the ERB as a whole, causing severe effects on environment as well as on health and economic development. The Curonian Lagoon is one of the most hard-hit areas. To reach the WFD objective about good ecological standards, and to establish a healthy Baltic Sea, it is necessary to decrease both the water borne and airborne loads of nutrients in the ERB.

The future development of the agricultural sector, especially in the new EU countries and in the Kaliningrad Region, and the effects of diffuse water pollution from agriculture as well as from smaller settlements and private houses are of strategic concern for the development of the ERB and for the possibilities to reach the objectives in the WFD. HELCOM results clearly indicate that losses from diffuse sources are still the main origin of the excessive inputs of both nitrogen and phosphorus entering the Baltic Sea. In this context, also small, dispersed point source discharges (e.g. from scattered dwellings or local agricultural sources such as farmyards) are considered as diffuse sources.

In order to combat eutrophication problems joint and coordinated nutrient reduction measures should be planned for the whole ERB region. It is crucial that local authorities, clients and business partners pursue close and long-term cooperation concerning cost-effective, robust and sustainable solutions. Transfer of knowledge and technology between the ERB member regions also seems essential.

ERB as a frontrunner

The strong importance of water management in the perspective of regional development, the WFD, the common concern of the Baltic Sea and a willingness at both the local and regional levels to take an active part in the work for better water quality are the reasons why water has been chosen as a strategic area for further cooperation within the ERB.

The Seagull Water status report (Seagull Report D 2005) describes the water situation within the ERB. It clearly states the need for a large number of activities and targeted measures concerning water that will secure the Baltic Sea in balance and a sustainable development of the whole region. The analysis clearly indicate that there are many different initiatives and ongoing projects within the ERB concerning water and water management, but no obvious forum for an exchange of experience, information and contact between practice, administration, science, industry and the deci-

sion makers at different levels. That is why an ERB Water Forum is recommended as a way of avoiding double work and bringing more effectiveness and coordination within the region.

It is possible for the ERB partners to create such a positive development by:

- intensive and coordinated work in the fields where the ERB partners themselves have the authority to decide,
- extended cooperation with other actors,
- offering the national level/EU a "full scale laboratory", and
- refining the experiences from actions implemented by the ERB partners in order to create a competitiveness advantage for the region and its enterprises.

The reason why ERB has chosen water as a prioritised field of action is obvious and is presented in the strategy document of the development programme. An ERB Water Forum would contribute to:

- decreased pollution of surface water, ground water and the Baltic Sea water. Naturally this is the main objective. At the same time, it lowers costs for the society and decreases damage to people and environment,
- increased opportunities to use gained experiences as a basis for business development. Long-term work and consequent quality control create useful knowledge that can be exported outside the ERB,
- ERB's status as a front runner in modern water management issues and in implementation of the EU WFD, and
- increased possibilities to attract capital and enterprises. Implementation of modern European methods for sustainable water management is in line with national and international strategies.

Relations to horizontal perspectives

Sustainable Development:

Good and efficient management of water resources is imperative for health, ecology, economy and development in general. If we face a possible collapse of the present ecological system of the Baltic Sea and its effects on health, ecology and economy, it is easy to understand how seriously it could affect societies. Such an example clearly shows the importance of clean water as a basis for a general good development of society in general.

The suggested actions will contribute to an economically and ecologically sustainable development in the ERB. Perhaps, it would be more precise to say that economic and ecological sustainability will be threatened if the pollution of waters continues its present pace or increases. Alternatively, social and cultural values will be preserved and developed thanks to decreased health risks, improved possibilities for fishing, improved access to water and better conditions for recreation and tourism.

Good governance:

It will require more involvement of municipalities, companies, citizens, farmers, NGO:s and other stakeholders in order to take good care of waters in the ERB. Information and consultation will have to be in place when river basin management plans are established if we truly want to follow the EU WFD. River basin management plans must be first issued in draft and the background documentation on which the decisions are based have to be made accessible.

There are two main reasons why the extension of public participation and good governance in water management is recommended. The first one is that the decisions on the most appropriate measures to achieve the objectives in the river basin management plans will involve balancing interests of various groups. The economic analysis requirement is intended to provide a rational basis for this, but it is essential that the process is open to the scrutiny of those who will be affected.

The second reason concerns implementation prerequisites. The greater the transparency in the establishment of objectives, the imposition of measures, and the reporting of standards, the greater the care Member States will take to implement the legislation in good faith, and the greater the power of the citizens to influence the direction of environmental protection, whether through consultation or, if disagreement persists, through the complaints procedures and the courts. This means that good governance issues will constitute an important part of the suggested ERB Water Forum.

Gender equality and youth participation:

It is necessary to involve women as well as men and young people in this process, and the activities will apply to women and men of different ages in a similar way. The ambition is that women and men will take part in an equal way in the proposed activities and that there will be 40-60% men in all activities.

Kaliningrad Region:

The region has shown great interest in water management during the implementation of the Seagull project and its Russian component. The Seagull II project as well as the new measure for bilateral cooperation with the Russian Federation in the BSR Interreg III B programme open up for a continued active participation on the part of the Kaliningrad Region.

Added values for the member regions

A joint work for a healthier Baltic Sea is of common concern and brings added value to all ERB regions. In order to reach a satisfactory status in all waters, it is necessary to establish effective coordination within the river basins. Since river basin areas do not follow administrative borders, cross-border cooperation is an issue that

requires special solutions. Since the ERB has a well established network, covering nine regions in six countries, the organisation is well fitted to take part in activities aiming at better cooperation within trans-boundary river basins, and in line with modern water management methods and the EU WFD.

Implementation actions

Actions have already started. The first Water Forum was carried through in Klaipeda in October 2005.

The Regional Council in Kalmar County decided in September 2005, as a part of the regional development work, to support different kinds of pilot projects aiming at decreasing the diffuse leakage of nutrients from farming land.

As a result of the Seagull project, the ERB homepage will offer a web-based toolbox for key actors and key projects, making it possible to connect different kinds of water experts and exchange experiences.

4.2 Hot spots in the Kaliningrad Region

A special plan will be elaborated concerning ERB activities in order to diminish threats from the 2-3 remaining most obvious environmental hot spots in the Kaliningrad Region.

- **The plan to be worked out by the Russian ERB partner with support of experts from other ERB partners should be presented for adoption by the ERB Board and Council before the end of 2006. The plan should be presenting proposals ready to put forward in the process of attracting funding from EU and other national and international financing institutions.**
- **The plan should also contain at least draft pre-feasibility studies of the proposed actions.**

Analysis and proposal

In many cases the environmental problems are more severe in the Kaliningrad region than in other ERB regions. This is a threat to the Kaliningrad Region itself as well as to the surroundings.

The following challenges are relevant for all regions within the ERB and also in line with the policies and programmes within the European Union. Since Russia is not a member of the European Union, special activities have to be designed to support the Kaliningrad Region in the work for:

- safe distribution of drinking water of good quality,
- elimination of HELCOM Hot Spots, point sources as well as the diffuse pollution to the Curonian and Vistula lagoons,
- safe and resource effective waste management, especially of hazardous waste,
- remediation of contaminated sites and decreased use of hazardous substances (including diffuse pollution of oil hydrocarbons as a problem, or a potential risk),
- renewable energy use and energy saving activities (electricity, heating, transports), and
- protection and development of areas with high biological and cultural values.

There is an urgent necessity of investments in the environmental infrastructure in the Kaliningrad Region. In the last decade the water treatment facilities have been improved on the Polish side of the Vistula Lagoon catchment area. Small and medium sized cities have received mechanical and chemical treatment facilities. Nowadays, waste water treatment plants in the Kaliningrad Region constitute the only significant point source at the Vistula Lagoon coast that remains to be in need

of implementing chemical and biological treatment. However this kind of investments is not enough. Improved methods concerning environmental management and modern environment and energy policies are necessary. In addition, measures aiming at increasing the public and academic participation and the awareness of ecological issues prove an important base for effective, democratic discussions. Since Russia is not a member of the European Union, trans-boundary pilot projects aiming at increasing the harmonization, the environmental cooperation and the coordination between Russia (Kaliningrad Region) and the surrounding EU-regions would be of great significance.

Therefore the ERB under guidance of Kaliningrad Region representatives should put forward a plan diminishing threats against the environment from the most polluting hot spots.

Relations to horizontal perspectives

Reducing emissions from environmental hot spots has naturally very positive impact on sustainable development of the ERB.

Added values for the member regions

The environmental development within Kaliningrad Region is of great importance, not only for the region itself, but also for the ERB and the BSR as a whole. A healthier Baltic Sea is of common concern and brings added value to all the ERB regions.

4.3 Energy management

An ERB Energy Forum should be formed with the task of initiating coordination of energy issues from a broad perspective. The forum should consist of actors from the region representing different countries, municipalities, authorities, energy companies, universities and energy offices.

The top priority issues should be to:

- create an ERB energy action plan,
- arrange high level energy conferences within the ERB area,
- compile energy statistics in the ERB region and its sub-regions,
- build a platform for running business development projects within the energy area,
- form an expert panel for estimating various regional energy projects,
- promote regional activities within the energy field both internally and externally for the ERB region, and
- initiate the establishment of regional energy offices in cooperation with responsible EU bodies within the framework of the Save Programme.

Analysis and proposals

As a precondition for enhanced sustainability, energy production and consumption have a crucial impact on the development of society. Its close connection to environment policy considerations is recognised at all levels of policymaking and implementation – at the EU and national levels as well as the local and regional ones. The interrelation between economic, social and environmental aspects of improved sustainability, and the importance of the energy sector in the improvements are commonly recognised today.

Effective management of energy resources puts focus on both medium and long term changes in the mix of energy supply from different sources. This is particularly true as sustainability, and thus changes towards more environment-friendly and

renewable energy sources as well as energy savings are to be highlighted. The implicit but very central aim of the ERB activities in this area – as in the environmental field – is to get special attention by the EU and thereby improved access to external resources from EU financial institutions.

The work should be focusing on four areas, namely: *electricity, transport, heating and knowledge enhancement*. Knowledge enhancement is about qualifications and business development.

The bio-energy area is already fairly significant in parts of the ERB and has very good chances of becoming even stronger, both within the ERB and outside, where companies should be able to increase their turnover through export measures coordinated in the region.

Wind power has every chance to be substantially developed in the region. Such a development should also contribute to a strong development of the wind power industry. It could be a subcontractor producing parts for other contractors.

Tasks for an ERB Energy Forum

ERB Energy Forum should develop a medium and long term activity plan in support of the member regions' activities in the energy field. In its initial phase, the plan could concentrate on the following:

The main goals are a more efficient use of energy and an increased share of renewable energy on the supply side. The goals should be precise and realistic and should have a time schedule divided into sub-goals. The region has very good opportunities of reaching a high share of renewable energy through increased use of bio-fuel and wind power. This process should be partly supported by the ERB Energy Forum and partly by energy conferences. The conferences should be held in different locations throughout the region and focus on different subjects each time.

The development of modern enterprises within the energy field in the whole region has very good chances of success. In the long run this development could

even be spread to regions outside the ERB area in order to disseminate experience and knowledge but also to generate business.

It will be important to initiate a dialogue with the EU Commission about how EU directives and policies should be implemented in the region. The variety of existing national requirements and goals will obviously be included here. When the ERB has reached a good level of development, the Energy Forum will also become an important actor of dissemination both within the region and outside. One of the goals for the ERB is to become a precursor in the whole the EU.

The establishment and management of regional energy offices are of great importance for maintaining development within the energy field and this process should be supported by the forum.

It is very important that the Energy Forum acquires an operative working method and that a small secretariat is established in order to coordinate the activities.

Considering the energy field a priority by the ERB is connected with three main objectives:

- to cut down the emissions of greenhouse gases in order to get a reduced negative impact on climate,
- to increase the share of domestic energy from the point of view of security and economy. Dependency on imported fossil energy is in these days very high and will exceed 70% in the whole EU in the year 2030 unless measures are taken to change the situation, and
- to increase employment especially in rural areas and to develop environmentally managed companies within the energy sector.

Energy Forum focus areas

Sustainable and renewable energy supply should be in focus with an increased use

of all kinds of renewable energy sources, but with particular stress on bio-energy, including combined heat and power production, and wind power, particularly sea based. Large scale ventures may take place in the Baltic Sea area to achieve the required changes in the secure supply of electricity. Other parts are bio-gas and solar energy that may be of less significance but should not be disregarded.

One important aim should be to strongly support *actions in the bio-energy field* within three areas:

- increased use of pellets in the small and medium segment,
- focus on local heating plants in medium sized societies, often associated with the wood industry, and
- focus on combined heat and power production based on bio-fuel associated with the local heating or the bio-fuel industry.

When it comes to *wind power* also three sub-goals should be prioritised:

- to support the process of substantially increased establishment of sea-based wind power farms in the whole ERB through planning, technical analyses and market analyses,
- to work towards extending the electricity distribution network in order to manage the connection of the future wind power farms on both sides of the Baltic Sea. This refers to big structural investments that require a common strategy for the region, and
- to work towards an increased number of ground-based wind turbines first of all east of the Baltic Sea to acquire local solutions that will increase the share of renewable electricity but also reduce vulnerability.

Measures to be implemented in the Energy Forum activity plan could promote:

- a joint ERB Academy for applied R&D in renewable energy production,
- an updated and coordinated study on electric energy production and consumption in the ERB. The study should include an analysis of the extensive plans to a wind power farm at the “Midsjöbankarna” in the Baltic Sea, including investment needs in an electrical cable connection between the Kalmar/Blekinge and Klaipeda regions. Investment decisions are already taken by a private consortium to build 24 new wind turbines at Utgrunden south of Öland. This is the first step in a major plan including Kårehamn east of Öland and the southern part of the “Midsjöbankarna”. When fully implemented, the offshore wind-power farms only outside the Kalmar region will contribute with a production of 4,5 TWh, which corresponds to the energy consumption of 1 million Swedish households.
- environment-friendly energy production by information and support of dissemination activities for users and purchasers in the public sector,
- improved information and competence building in the public and private sectors about EU energy policies and regulations and their implementation, and
- a joint ERB education programme in primary and secondary schools in effective energy management in the private life of the citizens.

The task is to undertake two powerful ventures in the area of renewable energy that will lead to increased independence, a better economy and environment, and a substantial growth of regional employment. Bio-energy and wind power may both be able to considerably support the required conversion of the energy system in the ERB. The technology is known and it should be broadly implemented. Both bio-energy and wind power mark the regional development with social, ecological and economic overtones. The substitution of oil with bio-energy and wind power energy will provide consistent jobs in the region.

Issues to be developed within the *bio-energy* area should be the following:

- focus on pellets is on the one hand to promote techniques and comfortable solutions among the general public, house-owners, municipalities and small enterprises. On the other hand it is to support the process of creating a local and regional bio-fuel market for pellets. There is also a third purpose of this focus. i.e. training installation engineers in the pellet burners branch in order to provide customers with overall solutions so that only "one conversation is necessary instead of ten". Contacts should be coordinated with the municipalities, chimney-sweepers, electricity works, the construction sector, pellet providers, etc.
- focus on local heating plants (small district heating plants) means that a general local preliminary study should be carried out regarding the technology, fuel, responsible authority, customers and economy and analysing conditions necessary to build a new heating system. Such a system should be powered by renewable energy sources, first of all in the form of bio-fuel, and have a culvert system leading to the consumers. It is important that the technical/economic analyses get support in the process. The Kronoberg and Kalmar regions have a very good experience in this field that could be transferred to other parts of the ERB.
- bio-fuel driven heat and power production should also be focused but here the process runs deeper as it involves more complicated technology and solutions that in turn require longer maturity time.

The priorities for *wind power* should be:

- Support of planning, technology and the market must keep in pace with the regional planning of establishing wind power, exercised by the public authorities. Cooperation should also be initiated between companies that would like to become wind power actors. The role of the Energy Forum should involve being a link between the different actors supporting the process. It could take the form of a wind power market.

- Extension of the regional electricity network is of a long-term strategic importance, partly due to an increase in the transfer capacity between the countries with member regions of the ERB that constitute a common market, but also to increase security. Another important role is to become a possible actor in the future expansion of sea-based wind power. It is a question of a cable line that could transfer about 2000 MW between south-east Sweden and Kaliningrad Region/Lithuania.

To support the process of development of ground-based wind turbines means, among other things, finding locations with good wind conditions, solving the problems of financing and connections to the electrical network. Some wind turbines may be available as new establishments with new structures. However, a strategy may also be drawn up on how to use inexpensive, second-hand works that are for sale in Denmark and Germany.

The energy issues discussed here are also connected to the environmental impact from transport, heat and electricity production that, apart from contributing to the greenhouse effect and fossil fuel scarcity, cause emissions of metals, hydrocarbons, particles and noise.

Horizontal perspectives

Sustainability:

Energy matters together with the emission of greenhouse gases and the accelerating use of fossil fuels constitute a big threat to life on Earth as well as to a stable economic development. Most people consider it the most important environmental issue. The growing impact that greenhouse gases have on the climate is of the highest importance, as is the fact that the finite resources of fossil fuels force us to change our way of using energy.

These questions are also connected to the environmental impact from transport, heating and electricity production that, apart from contributing to the greenhouse

effect and fossil fuel scarcity, cause emissions of metals, hydrocarbons, particles and noise.

The ERB Energy Forum has an important task here of making the decision makers as well as the users aware of these problems.

Good governance:

Good development within the energy field will substantially strengthen the development of the ERB in terms of environment, economy and employment. Triple Helix cooperation within the ERB Energy Forum should be developed in order to make use of the various competencies that are available in the region.

Renewable energy sources play an important role in reducing the emission of CO₂, but above all, in reducing the share of energy imported by the EU.

An increased share of renewable energy encourages quick regional development and supports the environmental goals that have been set within the area of the climate.

As already mentioned, the implementation of the different EU directives and policies is an important task for the Forum. The most important directives are the White Paper on the share of renewable energy, the White Paper on transport, the directive on energy efficient buildings, combined heat and power production, energy services and share of renewable fuel.

It is also important to learn from one another about energy in the region and here the ERB Energy Forum has a vital role in transferring experience and good examples.

Gender equality:

Energy issues are rarely related to equality. However it should be emphasised in a more apparent way. The work towards supporting development and increasing knowledge within the areas of renewable energy and more effective use of energy

goes very slowly, particularly amongst women. This applies to the private sector in general as well as small and medium enterprises within municipalities and the state. It is partly due to lack of knowledge but it is also a matter of attitude and behaviour. According to the experience of ours and others', women have a low profile in the energy field but they should constitute an important target group when it comes to implementing long-term changes.

The percentage of women working with energy issues is very low and must be improved. The ERB Energy Forum has a big task here of involving more women in the work.

Kaliningrad Region:

A more effective energy use is of highest interest for the Kaliningrad Region that is estimated to have a big potential of reducing the energy consumption through more effective use within many areas.

Added values for the member regions

The establishment of an Energy Forum for the whole ERB creates conditions for an integrated strategy and common working method with good chances of achieving changes within the energy field. Some knowledge and various experiences are gathered from across the borders in order to reach the set goals. In respect of knowledge and geography, it is important to have a well composed team which also acts as a leading group for the work on energy in the region.

The ERB Energy Forum should actively support the process of business development by establishing contacts via the actors' natural network. It will also play an important part in annual conferences on energy.

A substantially extended focus on renewable energy, especially bio-energy and wind power, has a positive influence on the environment and on the reduction of the

CO₂ emission. It also contributes to increased employment through local production of energy, and development, running and maintenance of plants.

A common market of bio-fuel will be created and will include raw materials like woodchips and particles, as well as refined products like pellets and briquettes. Companies that produce furnaces and equipment for the energy sector will soon boom.

As far as the focus on the expansion of the regional electricity network is concerned, the construction of a sea cable between south-eastern Sweden and Lithuania/ the Kaliningrad region has recently been proved necessary. This would increase security of supply and create a common electricity market in the regions around the southern Baltic Sea. It would also be a platform for the extension of sea-based wind power in the ERB part of the Baltic Sea region.

There are several germs of cooperation already existing within ERB in the energy field. However they need further support to become considerable actors in the work of altering the energy set-up. It is essential that this process gets support through the forum.



Resources and distribution of responsibilities for implementation of the actions

The proposed actions demand economic and other resources in order to be implemented. Some rough cost estimations have been made in connection to each action proposal, but more detailed budgeting is needed. Such budgeting must be built on more specific implementation plans for each action, which should be tasks to carry out for the responsible working groups or experts appointed by the ERB Board or Council.

The ERB international secretariat, supported by the respective national secretariats, has a central role in initiating more concrete implementation plans for the prioritised actions. This work will presumably be carried through within the Seagull II project, at least to some degree.

It is unrealistic to expect that all the member regions will take equally active part in all prioritised actions, or indeed at all in all of the actions. Therefore, it is essential that the ERB Board investigates possible interest that the member regions may have to actively participate in the actions. Based on such an investigation, the Board should negotiate a division a responsibilities between the member regions for implementation of the actions. One appointed member region should have the main responsibility for implementation of each activity. The composition of other member regions to take part in the implementation of the activity in question will differ from activity to activity.

It is essential to underline that a member region accepting the main responsibility for a given action must – together with other member regions engaged – be prepared to set aside sufficient implementation resources, especially before external funding is secured. Such resources could be man power (working hours) for officials/experts within the administration of the member region(s), costs for travels and accommodation in connection to meetings, expenditures incurred in relation to submitting applications to EU or national funds, etc.

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 organising 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 parts of the Baltic

Sea water catchment area, 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 an 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-Łódź/Karlskrona-Lithuania/Karlskrona-Kaliningrad. The project that was finalised 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 co-operation 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, Poland, North West Russia, parts of Belarus and Ukraine and Baltic Sea shore regions of 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 parts of the EU structural funds.

EEA European Environment Agency (of EU).

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 and analysis 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.