

NON-PAPER

A Healthy and Prosperous Baltic Sea Region

**- A Swedish contribution to the preparation of an
EU Strategy for the Baltic Sea Region**

14 Maj, 2008

A summary of Swedish proposals for the EU Baltic Sea Strategy

The EU strategy for the Baltic Sea Region (the Strategy) should be instrumental in increasing the Union's engagement in the Baltic Sea Region (BSR). It should promote a proactive approach to the main challenges facing the BSR and to developing ways in which the EU and EU BSR Member States should address these challenges and seize the opportunities. As such it can become a pioneering example of how the Union addresses challenges related to a specific EU macro region, from a transnational and cross-sectoral perspective.

The Strategy should acknowledge the important work done in the framework of the Northern Dimension, and also identify issues and problems that need to be addressed in cooperation with non-EU/EES members, as appropriate.

We propose the following priority objectives for the Strategy.

- **To resolve the environmental challenges related to the Baltic Sea**
 - A road map should be developed for implementation of HELCOM's Baltic Sea Action Plan.
 - An overall aim should be to make the BSR an EU marine and maritime best practice region.
 - The Strategy should focus on reducing the environmental effects of the Common Agricultural Policy and on promoting the implementation of ecosystem-adapted management plans for cod and other commercial fish stocks.
 - The serious threats associated with the rapid increase in heavy tanker traffic in the Baltic Sea call for careful assessment of measures to further regulate vessel traffic.
 - Enhanced research efforts are needed to meet the challenges of climate change on the Baltic Sea basin. The unique features of the BSR call for a coordinated approach to relevant mitigation and adaptation measures.
- **To ensure sustainable economic growth and competitiveness of the BSR**
 - A well-functioning single market being a key driver of increased growth and competitiveness of the EU, national authorities in the BSR should develop closer cooperation and coordination in the interpretation and implementation of relevant Community legislation. One of the key objectives of the Strategy should be the elimination of trade barriers within the BSR.
 - The Strategy should pave the way for a comprehensive view of the BSR as regards transport flows and infrastructure investments, with the objective to improve and facilitate the overall EU work for efficient European transport networks.
 - Growing SMEs and strong innovation activities belong to the essential dimensions of competitiveness in the BSR. Closer cooperation and coordination between national authorities should target e.g. easy access to public procurement, a more efficient handling of applications for patents, promotion of cluster programmes, and funding for research and innovation.
- **To ensure efficient use of available resources at all levels**
 - The Strategy should create a context which enables prioritisation among projects and, where appropriate, establishes the need for priority actions. It should contribute to an effective and efficient matching of priorities and available resources through closer cooperation between EU BSR Member States, the Commission and other stakeholders, e.g. the European Investment Bank (EIB) and the Nordic Investment Bank (NIB).

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1. PURPOSE

Sweden proposes that the purpose of an EU strategy for the Baltic Sea Region (the Strategy) should be to promote a proactive approach to the main challenges facing the Baltic Sea Region (BSR) and to develop ways in which the EU and EU BSR Member States¹ should address these challenges and seize the opportunities. Environment, growth and competitiveness, and the fight against organised crime should, in our view, be the main areas for strengthened cooperation. Within these areas, and within the limits of available resources at EU, national and regional levels, priority actions should be identified. In section 7 below we propose that actions would best be presented in annual or biennial action plans. A main objective of the Strategy should be to improve efficiency in the use of resources through closer cooperation between BSR Member States, the Commission and other stakeholders (e.g. EIB and NIB).

The Strategy could serve as a good example of how the Union addresses challenges related to a specific region, from a transnational and cross-sectoral perspective. Deeper integration and the sustainable development of the EU Baltic Sea Region, including improved infrastructure and sustainable management of the Baltic Sea and restoration of its environment, will serve the region's Member States and the rest of the EU alike. It would also enhance the Union's possibilities of achieving the overall objectives of the Lisbon Agenda and the Sustainable Development Strategy.

The scope of the Strategy should be EU internal. The actions laid down in the Strategy should comply with existing EC legislation and EU principles. The Northern Dimension framework provides the basis for the external aspects of cooperation in the Baltic Sea Region. The Strategy should acknowledge the important work done in the framework of the Northern Dimension, and also identify issues and problems that need to be addressed in cooperation with non-EU/EES members, as appropriate.

1.1 Combating threats to the environment

The Baltic Sea is under severe pressure primarily due to eutrophication, overfishing, hazardous substances and invasive species. New developments in EU policy on marine and maritime issues have opened the way for a regional approach to these challenges. The Strategy should outline a general vision of an EU policy for a healthy Baltic Sea in good environmental status, and outline necessary actions to be taken within relevant policy areas. The Commission and the EU Member States together need to develop a cross-sectoral approach to the implementation of the HELCOM Baltic Sea Action Plan (BSAP). The Strategy should aim at making the BSR an EU marine and maritime best practice region, being a good example of effective and coherent regional implementation of the Integrated Maritime Policy and the Marine Strategy Directive. Actions in this regard are proposed in section 2.1.

A concern high on the political agenda is the safety risks connected with the rapid increase in maritime traffic on the Baltic Sea. By 2015, annual oil shipments through the Baltic Sea are estimated to almost double to 230 million tonnes. With increasing traffic and increasingly big vessels follow increasing risks of a serious accident with major consequences, in particular in the heavily congested parts of the Baltic Sea. National authorities responsible for maritime safety and response operations in the Baltic Sea area have developed well-functioning forms of cooperation. However, in view of the serious threats associated with the rapid increase in heavy tanker traffic, measures to further regulate vessel traffic need to be carefully assessed. Section 2.2 deals with this issue.

The unique features of the BSR call for a coordinated approach to relevant climate issues such as mitigation through bioenergy and wind power and adaptation measures due to a changing climate having special consequences for the region. Enhanced research efforts are also needed to meet the

¹ These are Estonia, Denmark, Finland, Germany, Latvia, Lithuania, Poland and Sweden. On matters relating to the EU single market we also include Iceland and Norway.

challenge of major changes of the Baltic Sea basin due to climate change. The Strategy could contribute to meeting these challenges. Possible actions are presented in section 2.3.

1.2 Enhancing growth and competitiveness

The BSR has excellent prospects of meeting the challenges of globalisation. However, there is still a need for improving productivity, stimulating innovation and making the economies more open in order to strengthen the competitiveness of the region. There is also a need for a more coordinated approach in infrastructure planning to overcome the disadvantage of long distances within the region and between the region and major markets outside the region. All of this calls for concerted efforts and closer macro-regional cooperation to maintain and develop the competitive strengths of the BSR.

In section 3 we put forth some proposals on how to enhance growth and competitiveness of the BSR by improving the functioning of the EU single market (section 3.1), by promoting closer territorial integration between the BSR countries (section 3.2) and by improving framework conditions for small and medium-sized enterprises (SMEs) and innovation in the BSR (section 3.3).

Exchange of best practices and good governance could be a key element in the Strategy, drawing on the special features of the EU Member States in the BSR. Mutual exchange of views on aspects such as transposition, application and enforcement of single market directives is crucial for the strengthening of the single market and the competitiveness of the BSR. One of the key objectives of the Strategy should be the elimination of trade barriers within the BSR. The BSR could become a best practice region in the ongoing review of the single market.

The Strategy could be an example of how to achieve a more rapid integration and of how to fully benefit from the EU single market by applying a coherent approach within a macro region with similar territorial features. It should also pave the way for a comprehensive view of the BSR as regards transport flows and infrastructure investments, with the objective to improve and facilitate the overall EU work for efficient European transport networks.

1.3 Fighting organised crime

Organised crime poses major threats that require cooperation at a macro-regional level in addition to cooperation and measures at EU level. The Task Force on Organised Crime in the Baltic Sea Region (BSTF) has developed a well-functioning network of relevant government agencies in the BSR. The Strategy should give further impetus to this important macro-regional cooperation. This is briefly dealt with in section 4.

1.4 Making more efficient use of EU and BSR resources

Important contributions of the Strategy will be to create a context which enables prioritisation among projects and, where appropriate, to establish the need for priority actions. An equally important contribution would be to secure an effective and efficient matching of priorities and available resources. To this end, the Strategy should propose models for enhanced cooperation between various EU instruments, and national, regional and multilateral institutions. That would provide tools for the planning of complex cross-border interventions with greater foresight and realism, enabling the greatest possible impact of resources. We present some ideas and concrete examples in this regard in section 5 below.

The process leading up to the adoption of the Strategy should also encourage ownership by the private sector as well as by the regional and local levels. A strategy which has been developed based on the input of a great number of stakeholders will likely meet with stronger support in subsequent efforts to implement the actions envisaged in the Strategy.

2. COMBATING THREATS TO THE ENVIRONMENT

2.1 Towards a marine and maritime best practice region

In making the Baltic Sea Region an EU marine and maritime best practice region there is a need for (1) a new cross-sectoral perspective with coherent macro-regional implementation of EU legislation and policy having an impact on the marine environment; (2) forceful EU measures for implementing the HELCOM Baltic Sea Action Plan; and, additionally, (3) the possibility of further action in various fields to meet the needs of the Baltic Sea environment. The Strategy should also include elements guiding EU action within international organisations where decisions are taken that have an impact on the Baltic Sea, e.g. the International Maritime Organization (IMO) for shipping and the United Nations Environment Programme (UNEP) for chemical issues.

The Marine Strategy Directive (MSD) as well as the Commission Blue Paper on an Integrated Maritime Policy (IMP) for the European Union demand regional action. Based on the existing tradition of regional cooperation in the BSR the Strategy could take steps towards developing a model for regional enhanced cooperation, and as such become a good example of effective and coherent regional implementation of the MSD and the IMP. National implementation of IMP policies would benefit from having criteria and elements developed regionally. Also for the MSD a regional approach is needed making the Baltic Sea a marine best practice region.

Actions:

- *Identify how current and forthcoming EU acquis and funding contribute to improving the environment of the Baltic Sea.*
- *Suggest measures to enhance implementation of current EU legislation across sectors that improve the Baltic Sea environment.*
- *Assess the potential impact on the Baltic Sea of new policy developments in particular in agriculture, fisheries and maritime transport.*
- *Encourage capacity-building and diffusion of best practises.*

2.1.1 The Marine Strategy Directive - the Baltic Sea as a pilot area

The macro-regional implementation of the MSD in the BSR should develop the *pilot area* concept, with stricter timetables and content. Also, there is a need to find forms for a coordinated approach to management of the Baltic Sea. Hence, the Baltic Sea could serve as a 'testing ground' for the impact, efficiency and synergies of EU environmental policies, including the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP).

Action:

- *Enhance efforts aimed at making the Baltic Sea a pilot area. Further analysis by the Commission is needed.*

2.1.2 The Baltic Sea Action Plan

The BSAP goes further than current EU legislation regarding some issues. For example, phosphorous in detergents is to be phased out. The BSAP also addresses agriculture and fisheries. Eight out of nine riparian states of the Baltic Sea being EU members, it is clear that the success of the BSAP depends on improved coordination of EU policies and additional action by the Commission and the EU Members States.

Actions:

- *Develop a road map facilitating the implementation of the BSAP.*
- *Compare the BSAP and relevant EU acquis to analyse where EU legislation might be a hindrance, where synergistic effects could be enhanced and where legislation should be altered to improve implementation of the BSAP.*

2.1.3 Economic analysis and economic instruments

Priority-setting between possible measures aimed at improving the marine environment will be facilitated if necessary investments are placed in relation with the cost of non-action. To provide this kind of information for the Baltic Sea would be fruitful. Economic instruments could be useful tools in guiding the allocation of resources and in making use of the polluter pays principle. Fairway dues and differentiated port fees are examples of this already in use.

Actions:

- Investigate options for the further use of economic instruments.
- Contribute to the provision of socio-economic analysis of the need for relevant investments.

2.1.4 The Common Agricultural Policy – increase focus on the marine environment

The Strategy should provide guidance when it comes to focusing on the environmental effects of the CAP to meet the concerns of the marine environment of the Baltic Sea. Furthermore, in developing the Strategy it should be considered how the Strategy could encourage the use of available means and the implementation of common legislation to solve cross-boundary environmental problems such as the eutrophication of the Baltic Sea. An important part of rural development programmes is exchange of information and knowledge between the national networks and the EU network for rural development.

Actions:

- Report on components of EU agricultural policy that have environmental effects on the Baltic Sea environment in order to identify measures aimed at improving the environment.
- Provide guidance so that agricultural policy development takes the regional marine environment into account.
- The EU network and the Commission as chair of the network have an important role to play in encouraging cooperation and actions taken by the national networks.
- Encourage the national networks to support and take part in regional projects that are important for environmental improvements.

2.1.5 The Common Fisheries Policy – strengthen the ecosystem-based approach

The CFP allows for national fishing regulations within territorial waters. Although the main principles already today are based on the ecosystem-based approach and the scientific advice from the International Council for the Exploration of the Sea (ICES), political decisions on total allowable catches of commercial fish stocks are not. Cod and other commercial fish stocks need to be better managed, including measures to reduce by-catches and discards. Special attention should be given to small-scale fishermen and the need to replace fishing gear with more selective and environmentally friendly gear. Damaged coastal and adjacent freshwater habitats and breeding and recruitment areas must be restored. Within marine protected areas (BSMPA) no-take zones should be created within the framework of the CFP.

Actions:

- Strengthen the ecosystem-based approach by implementing ecosystem-adapted management plans for commercial fish stocks; and develop appropriate new fishing techniques and gear.
- Make it possible for ongoing fishing to actively contribute to the restoration of the ecosystem structure and function.
- Strengthen cooperation between HELCOM and the Commission to speed up implementation of the ecosystem-based approach with a sectoral interface between agriculture, fisheries and the environment.

2.1.6 Adjustment of the fishing fleet

Low profitability might contribute to overharvesting and illegal fishing. Hence, a reduction in fishing capacity is vital for both economic and environmental reasons. Such plans must however be flexible and adjustable to changing conditions, especially for cod and sprat fishing.

Action:

- Within the operational programmes for the European Fisheries Fund Member States have the instruments and measures to adjust the fishing fleet. The Strategy should include measures to follow-up efforts to reduce fleet capacity in the demersal fishing in the Baltic Sea.

2.1.7 Ecosystem restoration and protection

The population of commercial fish stocks should be managed from an ecosystem point of view instead of on a pure population basis. That is the aim of a pilot project investigating if the sprat population could be utilised to a larger degree than now while also taking into consideration the need of food supply for increasing cod populations. Further studies are also needed to determine how ecosystem restoration could benefit from oxygenisation of bottom areas to reduce the phosphorous leakage from bottom sediments and from reductions in the nutrient input from land. A network

BSMPAs should be created within the framework of the Species and Habitats Directive and the MSD.

Action:

-Increase information between Member States and relevant groups on best practices and develop a network of protected and, when needed, restored areas.

2.1.8 Chemicals and waste

A regionalised approach could be addressed by the Commission when proposing new or revising existing legislation on chemicals in order to protect the most sensitive areas. This is already the case with pesticides. Active substances in pesticides are approved at EU level, but pesticide products are approved on a national basis. National approval can take into account regional characteristics such as climate and type of soil, and must at the same time take into account the mutual recognition of approvals where this is appropriate. Anti-fouling products could be treated in a similar manner, since they have particularly severe effects when used in the Baltic Sea. For example, in Sweden anti-fouling with an active biocide is not allowed for use in the Baltic Sea. Yet on the west coast of Sweden, biocides in anti-fouling are allowed. A ban on phosphates in detergents is a low-cost and efficient way to reduce eutrophication. Such a ban at EU level should be introduced in order to protect the most sensitive areas in the EU. The issue of dioxins should also be addressed as most fish populations with high fat contents, like herring and salmon, are contaminated. Hazardous substances in the Baltic Sea need to be reduced to levels where fish from the Baltic can be consumed without restrictions.

Landfill run-off and pollution from the incineration of waste could be a problem if situated in a run-off area to the Baltic Sea. Today, no special consideration of the Baltic Sea is taken in relevant EC legislation. As described for chemicals, the Commission can, when suggesting new or revised legislation on waste, take into account the sensitive areas within the region.

Actions:

-Highlight the need for and suggest an approach for taking into account sensitive areas when revising or proposing new legislation on chemicals and waste within the EU.

-Explore the possibility of the development of a regional approach to chemical management at EU level to take into account necessary actions to improve the Baltic Sea environment and at the same time take into account the possibility of mutual recognition of approvals.

2.1.9 Contaminated areas and wrecks

Many contaminated sites are in the near vicinity of water courses, which constitutes a risk for leakage to the marine areas. Another risk is leakage from old wrecks. There are also contaminated sites in the marine waters, e.g. areas with dumped ammunitions and chemical weapons from the Second World War. Cooperation including measures to finance the mitigation of environmental impacts from these sites can be enhanced by the EU.

Action:

-The Strategy should encourage the development of more stringent regulations for contaminated sites in marine waters in the drainage area of the Baltic Sea, and a further inventory including also old wrecks. The Strategy could also encourage cooperation regarding the cleaning up of contaminated sites and old wrecks.

2.1.10 The Baltic Sea Region – a maritime best practice region

The Commission Blue Paper on an Integrated Maritime Policy (IMP) for the European Union requires regional attention since a substantial part of all the issues addressed by the IMP are defined by the specificities of each respective sea area. To be able to fully implement the IMP the Strategy needs to take stock of existing cooperation in the Baltic Sea area and develop it further and introduce a model for enhanced cooperation in the BSR. National IMP policies would benefit from having criteria and elements developed regionally.

Action:

- Develop a model for enhanced macro-regional cooperation for the implementation of the IMP. Further analysis by the Commission is needed.

2.1.11 Developing integrated coastal zone management and marine planning

Elaboration of systems for Integrated Coastal Zone Management (ICZM) adapted to the varied conditions of all coasts around the Baltic and development of Marine Planning schemes for the Baltic Sea are urgent needs. Building on existing EU and other initiatives with a strong maritime spatial planning dimension, including the ICZM Recommendation and the proposed Marine Strategy Directive, which introduces elements of marine spatial planning, the Baltic Sea could serve as an area for pilot projects and as an example of the introduction of coherent coastal and marine management by common macro-regional action. Such an approach could facilitate and encourage the further development of maritime spatial planning in other Member States.

Organisations such as HELCOM, VASAB 2010 and Baltic 21 have gained valuable insight through the initiation and monitoring of relevant policy. Cooperation between Baltic Sea Member States will create synergies and is also needed for initiating and developing coordinated planning schemes of Exclusive Economic Zones, using an ecosystem approach.

Action:

-The Strategy should explore how the Commission and interested EU Member States can agree on the further development of integrated coastal zone management and structures and principles for marine spatial planning.

2.1.12 Port reception of ship-generated waste

The Baltic Sea states have adopted a common strategy to combat the pollution from ship-generated waste. Unfortunately, many Baltic Sea ports do not follow the strategy and still collect a fee for waste reception. The Baltic Sea Action Plan includes a requirement that the states shall fulfil the no-special-fee system. The Strategy could further encourage possible steps in this regard.

Action:

-Support and emphasise the importance of the imminent introduction of the no-special-fee system in all BSR ports.

2.1.13 Prohibiting discharge of sewage from passenger vessels

The Baltic Sea states will, in the context of HELCOM, in 2009 at the latest submit a proposal to the IMO on a total ban on discharging sewage from passenger vessels and cruising vessels in the Baltic Sea area. These vessels have many persons onboard, which creates large amounts of sewage. Already today, some passenger ferries leave their sewage in the ports' reception facilities on a voluntarily basis.

Action:

-Support and speed up a process of banning the discharge of sewage from passenger vessels.

2.1.14 Alien species in ballast water

Ballast water may transport aquatic plants and animals as well as bacteria, virus and fungi to areas to which these would not spread in a natural way. Alien organisms discharged with ballast water may cause huge ecological and economic damage to their new environment. Climate change may aggravate this situation. The purpose of the Ballast Water Convention is to prevent, minimise and ultimately eliminate the transfer of harmful aquatic organisms and pathogens by the control and management of ships' ballast water and sediments. An efficient implementation of the Ballast Water Convention would considerably reduce the risks of transferring harmful aquatic organisms and pathogens. In parallel, the Baltic Sea states should also elaborate complementary measures such as reception of ballast water in ports, most urgently in ports with extensive tanker traffic. Several projects are at present evaluating these kinds of measures, but effective onboard treatment of ballast water with improved IMO technology or operational port reception facilities are needed to prevent further introduction of alien species.

Action:

-Evaluate EU project proposals, such as Baltic Master, and support concrete steps to address this most threatening problem.

2.1.15 Improved standards for reducing emissions from ships

The BSR should develop into a best practice area regarding the reduction of nitrogen oxide emissions from ships meeting the trend of increasing emissions. Cost-efficient measures can be taken by Baltic Sea Member States, for example reduced port tariffs for users of cleaner technologies. Also, a common non-mandatory standard for ships trafficking between major ports could be developed. The stricter limits on emissions to be adopted by the IMO in October 2008 represents an important development and should be supported.

Action:

-The Strategy should suggest actions against the threat of increasing pollution from maritime traffic and possibilities of coordinated Community action.

2.2 Meeting the risks of major shipping accidents

An internal assessment of existing macro-regional cooperation is now being conducted in Sweden. This work will potentially include proposals for improvements.

2.2.1 Maritime surveillance

Every day 2000 ships are in service in the Baltic Sea, and the traffic at sea is estimated to increase by 5 per cent annually. In order to ensure safe use of the sea, maritime surveillance is of high importance. Surveillance activities are carried out by Member States but most of the activities and threats that they address are transnational. The Commission will take steps towards a more interoperable surveillance system to bring together existing monitoring and tracking systems used for maritime safety and security, fisheries control, control of external borders and other law enforcement activities. A Strategy should include how EU Member States and the Commission can enhance action in international fora, making the Baltic a best practice area.

Action:

-The Member States in the BSR could be involved in a pilot project regarding the establishment of an interoperable surveillance system as suggested in the Integrated Maritime Policy.

2.2.2 Maritime safety and accident response

In order to take measures against the safety risks connected with the increasing maritime traffic in the Baltic Sea area as mentioned above, the Baltic Sea states need to evaluate further measures to regulate vessel traffic, and thereafter submit these to the International Maritime Organization (IMO) for consideration and a decision. A risk analysis of the maritime traffic in the whole Baltic Sea area is also needed. As outlined in the HELCOM Baltic Sea Action Plan (BSAP), maritime safety and response needs further attention regionally and sub-regionally. Measures to enhance response capacity in the Baltic should build on national capacities and the cooperation developed within the framework of HELCOM.

The Baltic Sea area is a globally unique, sensitive, cold, northern, brackish-water eco-system, vulnerable to the impact of international shipping and other human activities. An extensive regime of protective measures consisting of international as well as national regulations is in place inside and adjacent to this semi-enclosed sea. Examples of relevant measures are compulsory reporting and traffic surveillance, routing systems, compulsory pilotage and the designation of the area as a Special area under Annexes I, II and V and as a SOX Emission Control Area under Annex VI of MARPOL 73/78. Associated Protective Measures were put forward for consideration to the Sub-committee on Safety of Navigation (NAV) in 2005. The NAV committee recommended to accept the proposed traffic separation schemes, deepwater route, areas to be avoided and the supplements to existing traffic separations schemes. The Baltic Sea was, with the exception of Russian waters, classified as Particularly Sensitive Sea Area (PSSA) by the IMO General Assembly on the 1st of December 2005. The Associated Protective Measures proposed by NAV was thereby accepted.

Actions:

- *Joint evaluation of measures to regulate increasing maritime traffic. Evaluate measures such as traffic separation schemes. Survey how the EU could contribute to better maritime safety and response.*
- *Evaluate further associative protective measures for the Baltic Sea, and if appropriate deliver proposals for associative protective measures to the IMO for approval.*

2.3 Meeting the challenges of climate change**2.3.1 Research needs**

The change in climate will probably entail major changes in biogeochemical processes and the hydrology of the Baltic Sea basin, leading to major changes in water circulation and biology. The potential effects are very extensive, with far-reaching consequences for ecosystems and sectors dependant on them such as agriculture, fishing and tourism, as well as threats to buildings and infrastructure. Interactions between climate change and other environmental pressures merit intensified research.

Actions:

- *The Strategy could enhance research efforts and better coordination of ongoing and planned research on climate change and the effects on, inter alia, the Baltic's biogeochemistry. The Commission could play an active role in coordinating these efforts.*
- *The Strategy could also develop the possibilities of a macro-regional approach to adaptation.*

2.3.2 Energy cooperation

Measures to reduce greenhouse gas emissions, increased supply of renewable energy and more efficient use of energy are three major goals with a common interest in the BSR as well as in the EU as a whole. These three areas are a shared responsibility as emphasised by the conclusions adopted by the European Council in spring 2007. They should be addressed through cooperation to enhance the functioning of the energy sector, joint projects to increase knowledge and exchange of best practice and through continued work to implement the climate-related projects identified in the Testing Ground Facility administered by the Nordic Environment Finance Corporation (NEFCO).

Further, the Strategy should initiate macro-regional cooperation with a view to achieving coherent implementation and application of existing and future EU directives i.e. through exchange of best practice. The goal of the Strategy should thus be to ensure consistency between work at the macro-regional level and EU policy, making macro-regional cooperation in the energy field more operational and efficient. Existing cooperation in the Baltic Sea Region Energy Co-operation (BASREC) should be seen as an important asset in the implementation of the EU Strategy.

Actions:

- *Study on how to make best use of the considerable potential in the BSR for deployment of energy efficiency and renewables in the heating sector; biomass, waste and solar heating.*
- *Study on how to integrate the increasing use of wave power and fluctuating wind power into the electricity system building on the considerable experience in the BSR.*
- *Study on the legal and financial framework in specific areas where this would help to promote the objectives of increased use of renewables and a well functioning regional energy sector.*
- *Study on how to further integrate the internal electricity and gas markets as a BSR effort to promote closer integration of the single market.*

2.3.3 Favourable conditions for a bioenergy system

The BSR is home to a large part of Europe's total resources of wood-based biomass. At the same time several countries in the region have a highly advanced industrial structure for wood processing, including infrastructure and a highly developed forestry sector. EU financing is now to be channelled

towards the introduction of more efficient technology to produce the second generation of biofuel in large 'demo refineries'.

Combating climate change and the development of renewable energy sources is recognised as a challenge in the European strategy for rural development. Since the BSR offers favourable conditions for an increased production in the forest sector, cooperation between the rural development networks should be encouraged.

Actions:

- Initiate further studies on the general conditions for bioenergy systems in the BSR including sea transport.
- Introduce a macro-regional view in the planning process for demo refineries and encourage exchange of knowledge and information.
- The results of a BASREC – Baltic 21 project that will be implemented in the region with the aim of strengthening the sustainable use of bioenergy should be taken into consideration.

3. ENHANCING GROWTH AND COMPETITIVENESS

3.1 Improving the functioning of the EU single market

Efforts to achieve full functionality of the EU single market through better framework conditions for enterprises and improved coherence in the implementation of legislation, as well as streamlined administrative processes, have considerable potential. Sweden suggests that the Strategy should stimulate the BSR to take forward initiatives in this area building on the Single Market Review. Specific actions which could improve the overall functioning of the single market and form part of the Strategy are proposed in the following.

3.1.1 The Services Directive

Service companies are often SMEs. These companies usually turn to neighbouring countries when looking for opportunities to export. For SMEs it is vital that formalities and contacts with authorities are as straightforward and similar as possible throughout the BSR. The positive experience of cooperation on such matters between the authorities in the Nordic countries could be extended to include also other Member States in the BSR.

Actions:

- Increase knowledge of the Services Directive.
- Continue ongoing cooperation on the implementation and interpretation of the Services Directive.
- Extend ongoing cooperation in the Nordic countries on the implementation and interpretation of the Services Directive to include also other Member States in the BSR.

3.1.2 Technical regulations and mutual recognition

Better application of the principle of mutual recognition clearly shows that trade in goods can increase. National authorities in the BSR should therefore be encouraged to apply the principle of mutual recognition more correctly when they make use of technical regulations and standards.

Directive 98/34/EC gives an excellent opportunity to influence the content of national legislative acts in the phase of drafting. National authorities and companies in the BSR should therefore be encouraged to scrutinise the trade implications and the use of mutual recognition clauses in national technical regulations and standards, principally in accordance with Directive 98/34/EC. The BSR should cooperate in order to encourage such scrutiny with respect to the specificities of the BSR.

Actions:

- Encourage a more correct application of the principle of mutual recognition.
- Encourage scrutiny of the trade implications and the use of mutual recognition clauses in technical rules and standards, principally in accordance with Directive 98/34/EC.

3.1.3 Contact points

The Services Directive, the Internal Market Information System (IMI) and the forthcoming Regulation on Mutual Recognition call for the establishment of well-functioning contact points. In order to promote the use of good practice when developing new contact points, as well as good coordination of the set-up, an exchange of experiences on the operation of national contact points already existing in EEA states is necessary.

Actions:

- *Coordinate the establishment of contact points.*
- *Exchange experiences on the operation of national contact points.*

3.1.4 Coordination and cooperation between national authorities

Coordination and cooperation between national authorities is essential to prevent EC legislation from being interpreted and applied differently in the BSR. Different interpretation and application may lead to unnecessary trade barriers. In this respect, further cooperation on implementation and interpretation of Community legislation, such as the already existing cooperation regarding the Services directive, should be considered.

Coordination between national authorities in the BSR could further be facilitated by a 'Single Market Guide', containing information about the rules of the Single Market, how they should be interpreted and applied and what obligations national authorities have. The BSR could cooperate in order to develop such a guide.

Actions:

- *Improve and increase administrative cooperation and coordination between national authorities in the BSR on the implementation and interpretation of Community legislation.*
- *Develop a 'Single Market Guide'.*

3.1.5 Improve market surveillance

There is extensive harmonised legislation in the area of products aiming to ensure fair competition, product safety and consumer protection. One of the Community's instruments for achieving these objectives is market surveillance. National authorities are obliged to perform market surveillance, i.e. to take measures to ensure that products made available on the market meet all the current legal requirements. This surveillance is exercised by providing information to economic actors and the general public on the rules that apply, issuing sales prohibitions and ordering product recalls.

3.1.5.1 The Baltic Sea Market Surveillance Network

Market surveillance authorities in the BSR have been cooperating since 2004 in the Baltic Sea Market Surveillance Network. The projects to date have focused on electrical equipment and personal protective equipment. The Network has been granted co-financing by the Commission for 2007–2009, and special focus will be placed on cooperation between the market surveillance and customs authorities in the different Member States.

Cooperation in the Baltic Sea Market Surveillance Network is voluntary, but necessary for effective market surveillance. Cooperation has added to what the participating countries know about flows of goods in the BSR, differences and similarities in legislation, structures and systems. Furthermore, the newer EU Member States have been able to benefit from the older members' experience, and in several respects Nordic cooperation has served to inspire Baltic cooperation.

Although the Baltic Sea market surveillance project has so far been limited to only a few product areas, there is every chance of extending it to more areas and in line with the entry into force of the new Community legal instruments on market surveillance. Other macro regions in the EU with similar markets and flows of goods could develop macro-regional forms of cooperation on the model of the Baltic Sea network.

Action:

- Improve and extend existing cooperation on market surveillance between national authorities, including customs authorities.

3.1.6 Strengthen the contribution of standardisation

Standardisation has to fully realise its potential benefits in support of innovation and competitiveness. Companies find it easier to trade across borders when their products do not need to be adapted to different market requirements. Standardisation is a crucial competitiveness tool and essential as a basis for harmonised requirements. It is also very important for technology development, innovation and market access. BSR countries should encourage industry to contribute and cooperate in the development, implementation and use of standards.

Action:

- BSR countries should cooperate to encourage industry to contribute and cooperate in the development, implementation and use of standards.

3.1.7 SOLVIT

In order to reap the benefits of the single market it is necessary to make SOLVIT better known among citizens and companies. There is also a need to exchange information between the Member States and the Commission concerning SOLVIT. There is a need for national procedures to align national rules with EC legislation. Clear routines must be added in order to follow up 'closed' trade barrier cases to the SOLVIT common quality and performance standards in an effective manner. Here, the Baltic Sea Region could cooperate to improve such routines.

Actions:

- Make SOLVIT better known among citizens and companies.*
- Exchange information between Member States and the Commission concerning SOLVIT.*
- Add clear routines for effective follow-up of 'closed' trade barrier cases.*

3.2 Towards closer territorial integration between the BSR countries

Given that the Lisbon treaty is ratified territorial cohesion will be added to the objectives of economic and social cohesion of EU structural policy. This underlines the increased importance of taking into account territorial specificities when developing and implementing EU policies. A specific consequence of the territorial features of the BSR is that there is an important role for almost all means of transport in the region. The transport system operates in a very imbalanced territorial pattern with low density in the north and considerably higher density in the south. There are long distances and extensive travel times between settlement centres within the region as well as to the main European markets.

3.2.1 Cooperation in infrastructure planning.

It is increasingly important to plan and prioritise between investments in roads and railways in a coordinated manner; cross-border transport flows in the BSR are increasing and different ways of analysing and prioritising between infrastructure projects are becoming more complicated and sophisticated. Cooperation in infrastructure planning needs to be improved.

Actions:

- Identify steps towards a joint and comprehensive understanding of development of the transport needs and infrastructure of the BSR and improve cooperation and exchange of information on transport and infrastructure forecasting in the BSR.*
- Aim for coordinated planning of cross-border sections of roads and railways.*

3.2.2 Joint interpretation of directives in the railway sector

To ensure a positive development of international rail traffic, cooperation and coordination of technical and safety issues are crucial. Much is also to be gained from a more coherent approach to the allocation of infrastructure as well as a more coherent interpretation of EC directives in order to improve transport flows.

Action:

- *Initiate work for a common view on the implementation of EU directives in the railway sector.*

3.2.3 Transport corridors

The European Commission is currently revising the guidelines for the Trans-European Transport Network (TEN-T). A Baltic perspective should be introduced in the revision of the guidelines. It is vital for the development and further integration of the BSR that priority be given in the TEN-T process to the most important transport corridors in the BSR and to the most important transport corridors connecting the BSR with other countries, especially in the Far East.

Action:

- *Introduce a Baltic process in the TEN-T work and its revision.*

3.2.4 Motorways of the Sea

The importance of short sea shipping for our countries and for the European Union as a whole has increased since the enlargement of the European Union. The development of efficient and sustainable transport systems is high on the political agenda in Europe. The introduction of the TEN-T network highlighted the European dimension of infrastructure planning and emphasised the role of maritime transport. Motorways of the Sea is an important instrument for improving the efficiency of the transport and logistics systems within the European Union. The concept of Motorways of the Sea should focus on the land-based and sea-based infrastructure to establish an efficient and safe transport chain.

Actions:

- *Prioritise Motorways of the Sea as an important means to handle the increasing transport flows on the Baltic Sea, to reduce pressure on the BSR road network and to establish a multi-modal chain from land to sea to facilitate a sustainable transport system.*
- *Highlight the importance of even more effective intergovernmental cooperation regarding ice-breaking activities in order to guarantee safe and time-efficient accessibility in the Baltic Sea area, also during the winter period.*

3.2.5 The EU Cohesion Policy

The Community Strategic Guidelines targeting the Cohesion programmes guide the implementation of the Cohesion Policy in general, and the National Strategic Reference Frameworks set the framework for implementation in each country. Implementation on transnational level, however, has no direct strategic guidance.

Transnational cooperation on a macro-regional level can be a method to come further with EU integration in a union of 27 Member States. In its work to develop a Green Paper on territorial cohesion the Commission should therefore emphasise the macro-regional level. The BSR could be used as a best practice test case for territorial cohesion in a macro region with many similar territorial preconditions combined with a considerable economic divide.

Actions:

- *Develop the Strategy as a strategic instrument for the macro-regional level complementing strategies at EU and national level respectively.*
- *Advance the discussion on transnational cooperation in macro regions as an increasingly important cooperation level for cohesion and integration of the EU.*
- *Promote the BSR as a best practice test case for territorial cohesion in the Territorial Cohesion Green Paper.*

3.3 Improving framework conditions for SMEs and innovation in the BSR

Growing small and medium-sized enterprises (SMEs) and strong innovation activities belong to the essential dimensions of competitiveness in the BSR. SME growth and innovation development are also interconnected and both closely depend on framework conditions encompassing rules and regulations as well as local and regional conditions. In this section we propose some areas of

importance for SME growth and innovation development and actions targeting possible improvements.

3.3.1 SMEs – a regional growth factor

Growing SMEs is a key element in order to meet the challenges set by the Lisbon Agenda. The full functionality of the single market, good framework conditions and the inclusion of the ‘think small first’ perspective in relevant legislation and policy areas pave the way for growing and well-performing SMEs. The strategy should aim at continuing work towards the exploration of possibilities to improve the operating conditions for SMEs in the BSR. It is also vital to highlight the obstacles for SMEs in cross-border trade. Priority should be given to actions aimed at unlocking the potential of entrepreneurs, especially among groups that have larger obstacles to start companies than others due to economic, social or other restraints. An important driver for SME growth is public procurement, which should be facilitated in the BSR to encourage SMEs to consider the BSR as their regional market. All companies should be treated equally, regardless of size, and administrative procedures should be such that they do not exclude SMEs.

Actions:

- *Promote a network of ‘ambassadors’ in the BSR in order to serve as a model and mentors for entrepreneurs, especially among groups that face larger obstacles in starting companies than others, e.g. women, immigrants.*
- *Public authorities in the BSR should be encouraged to fully integrate the ‘think small first’ perspective into public procurement.*
- *Targeted action to improve information, simplify administration, allow for terms of reference in several languages and create possibilities to submit offers in several languages.*

3.3.2 Intellectual property rights

Intellectual property rights are an essential element for the success of the single market and its ability to promote investments in research and innovation and the development of new technical solutions. This is also a key element for deeper integration and thus for making full use of the potential of EU enlargement in the BSR. The most untapped potential lies in an increase of SME activities across borders in the region, a step that SMEs often see as too demanding and risky. Measures to facilitate such steps should aim to establish the view of the whole BSR as a ‘domestic’ market. Increased use of intellectual property rights is an important component in building, strengthening and protecting SME business activity and in the promotion of new technology and investments. So called ‘green’ environmental technology should be given special emphasis since that is an area with a good basis for transfer of knowledge in the BSR.

Actions:

- *Analyse the situation regarding intellectual property rights concerning environmental technology in the BSR. The national authorities for patents could play an instrumental role.*
- *Outline the basis for deepened cooperation between national patent authorities in the BSR with the aim of achieving a more harmonised and efficient handling of applications for patents in the region. Sector specialisation among the different authorities in the BSR and the ability to assist application to other BSR countries are ideas that could be part of such deepened cooperation.*
- *Map and propose solutions to existing difficulties in upholding intellectual property rights in the BSR region.*
- *Propose actions to raise awareness among SMEs in the region, e.g. support functions targeting SME clusters (perhaps in connection with the proposed actions below for cluster cooperation).*

3.3.3 Sustainable industrial policy

The EU Member States in the BSR should pursue work on a sustainable industrial policy including changing unsustainable consumption and production patterns. Actions should foster innovation where e.g. the Lead Market Initiative (LMI), based on actions to facilitate the introduction of innovative products on the market, is interesting in a BSR context. Actions include improvement of legal frameworks at EU level, the Eco-Management and Audit Scheme (EMAS), green public procurement, standards, labelling and certification. A holistic perspective at EU level on sustainable industrial policies, sustainable consumption and production patterns, green public procurement,

ETAP (Environmental Technology Action Plan), labelling and standardisation could bring added value to the region's competitiveness.

Action:

- Based on the lead market approach, one or several areas of markets of relevance to the development of the BSR could be used as models in the EU of how to develop lead markets through cooperation between authorities, innovation actors and public actors to create initial lead markets. This could also be developed in line with other actions proposed.

3.3.4 Clustering and innovation in SMEs

Innovation is one of the cornerstones of economic development in the BSR. The ability to form or participate in dynamic clusters at global level has proven to be of utmost importance for innovation. Big companies have this ability, while SMEs have great difficulties forming clusters even at local/regional or national level. Together with the considerable economic divide between the old and new EU Member States there is a huge potential for transfer of know-how and methods. The Strategy could give added value by putting the focus on SME clustering with a view to cross-border cooperation serving as a benchmark process between old and new EU Member States to the benefit of other regions in the EU.

Experience from new methods for SME clustering starting at local/regional level in the old MS constitutes a strategic key asset and could form the basis for cooperation on one (or a few) common method(s) for the whole BSR.

Actions:

- Promote an SME clustering scheme across the BSR region as a test case for transfer of methods and cross-border clusters in a macro region.

- Define the two steps of establishing (1) national cluster programmes using common methods and (2) cooperation between national programmes across the region.

- Promote best practice use of Structural Funds for R&D with the aim as a next step of facilitating an increasing and successful use of the Framework Programme for Research and Technological Development in the BSR in compliance with the criterion of excellence in all research funding.

- Identify a suitable cooperation structure for implementation based on the strategic position of participants in each country as well as on the potential for spreading methods and results to the rest of the EU.

3.3.5 Research and Development

In order to promote growth, sustainable development and competitiveness in the BSR it is essential to increase research activities and to facilitate contacts between universities, research centres and SMEs. Closer cooperation within the BSR would enable more coordinated activities within the EU and its framework programme for research and technological development.

Forestry, mining and hydroelectric energy in the BSR are major European assets. The exploitation of these natural resources must be conducted in a long-term perspective, while safeguarding against negative environmental and social consequences. That requires major and coordinated efforts in the field of R&D, which call for an initiative at European level.

While cooperation between universities in the BSR has a long tradition, there is still a considerable, untapped potential for structured cooperation in the field of education at graduate and masters level, including in cooperation with industry.

Actions:

- An annual conference could be held on one or several thematic areas of the Seventh Framework Programme as a way of inspiring more common project proposals.

- Promote closer cooperation between the funding agencies for research and innovation in the BSR. Cooperation could involve all countries or groups of countries and should be concentrated to strong areas of common interest. Research infrastructure is one area specially suitable for pooling resources and knowledge. One such example is the construction of the European Spallation Source (ESS).

- *Environmental research is of vital importance also in this area and could be further developed. It is consequently important to urgently process the planned article 169 initiative Bonus.*
- *Promote R&D on sustainable production in forestry, mining and hydroelectric energy in the BSR.*
- *Survey the potential for developing cooperation at graduate and master level education in the BSR, including in collaboration with industry.*

4. FIGHTING ORGANISED CRIME

Organised crime is a serious threat to basically all areas of development. The threat in the Baltic Sea Region consists of increasingly sophisticated networks making profits from a variety of criminal activities. Fighting crime is no longer a struggle for states alone, but a common endeavour. A macro-regional approach, addressing macro-regional issues, is a necessary complement to measures designed for the EU as a whole.

A good example of already existing macro-regional cooperation is the Task Force on Organised Crime in the Baltic Sea Region (BSTF) and its Operative Committee. Cooperation consists of all Baltic Sea states in the EU, Norway, Iceland and Russia and crime-fighting organisations such as Europol and Interpol.

With the support of a BSR strategy, cooperation within the BSTF could be further developed and boosted with new and effective ideas.

Actions:

- *Ensure full implementation of the BSTF macro-regional strategy in all BSR Member States.*
- *Enhance the role of BSTF as a platform for multidisciplinary cooperation between all crime-fighting authorities.*

5. MAKING MORE EFFICIENT USE OF EU AND BSR RESOURCES

It is increasingly being recognised that enhanced models for cooperation between the various instruments of the EU and the resources of the BSR need to be worked out. It is important that all funding for the region can be visualised and that any funding for a specific region or policy area is transparent in order to make it comparable. A bottom line is that all activities should be efficient and financed within the existing budgetary resources.

The Nordic Investment Bank (NIB) decided at its annual meeting in May 2007 to increase the Bank's contribution to the competitiveness of the BSR. The shareholders stressed particularly the need to develop a joint strategic approach together with the EU (including the European Investment Bank, EIB). This initiative presents an opportunity to take a fresh look at how EU resources can benefit from greater leverage by combining efforts with NIB. New forms of cooperation are also being studied in the area of innovation and risk capital. Currently, the Nordic countries and the European Investment Fund (EIF) are looking at the possibility of supplying the BSR (or part of the macro-region) with additional risk capital through a dedicated arrangement.

Also in the environmental field, the political backing to blend resources in new and innovative ways is present. A strong resolve to "make better use of available funding for the financing of the implementation of the HELCOM Baltic Sea Action Plan..." was expressed by HELCOM members, including the EC, at the adoption of BSAP in November 2007. The Baltic Sea Action Plan therefore states that a 'pledging conference', to discuss among other things efficient financing solutions, will be arranged. The NIB Baltic Sea Environment Financing Facility, alongside national budgets and EU funds, will be an important financing source for the implementation of the BSAP.

A good interplay between grant funding and lending from the international financial institutions such as the EIB and NIB is essential. While grant funding is often necessary in the development phase, the loan instrument requires a stronger commitment from the borrower and allows for better control over the entire project cycle. Early involvement by IFI staff is often a determining factor for the quality of the project. Co-financing with IFI loans brings considerable financial leverage to the

limited grant funds supplied by the EC and national budgets.

The evolving new role of the new BSR 'Interreg' Programme 2007–2013 requires closer cooperation with the IFIs than before, as the Programme is becoming increasingly geared to support individual investment projects. It can reasonably be expected that region-wide EC programmes will play a more prominent role in the BSR. For these two reasons, it is imperative to further develop the direction of support to activities enhancing the implementation of the BSAP and strengthen the referral processes between these programmes, including their sub-programmes, and the IFIs.

New models for cooperation can also be envisaged in the external dimension of BSR cooperation. Concrete opportunities will emerge as a consequence of the launch of the Neighbourhood Investment Fund (NIF), which aims to support investments to a much greater degree than preceding EU mechanisms. For instance, NIF grants will provide grant finance for infrastructure interconnections between the EU and its neighbours. In the BSR context this should, inter alia, translate into the support of priority investments on the TEN-T Northern Axis. At the appropriate time, this inclusive approach could extend to other sectors and priority areas, such as innovation and risk capital.

Other possibilities of involving the private sector include public-private partnerships. While this option carries varying degrees of appeal and relevance in the BSR countries, it tends to be seen by many actors as a serious alternative. The possibility of pooling risks related to PPPs across the BSR could be studied, as such an arrangement could provoke an interest among institutional investors in the BSR. Moreover, the new TEN guarantee instrument that is being developed by the EIB and the Commission could create new possibilities in the BSR.

Actions:

- *Assist the development of a joint strategic approach to cooperation with and between IFIs such as NIB, EIB and EIF.*
- *Encourage measures to improve BSAP implementation.*
- *Propose a procedure whereby information on certain project pipelines is shared on a regular basis between the EC, EIB and the Nordic-Baltic financing institutions.*
- *Study the possibility of pooling risks related to PPPs.*

6. THE STRATEGY AND THE NORTHERN DIMENSION

The new Northern Dimension enjoys strong support by all four partners – the European Union, Iceland, Norway and Russia. Russia values being an equal partner in the Northern Dimension and is now more firmly committed to constructive cooperation. For the EU this should represent a welcome opportunity to further cooperation in areas where the EU and Russia have common interests and where they share a desire to achieve concrete results.

The Strategy should encourage the important work done by the two existing partnerships, The Northern Dimension Environmental Partnership (NDEP) and the Northern Dimension Partnership in Public Health and Social Well-being (NDPHS). The NDEP represents a major effort to reduce the nutrient input to the Baltic Sea. The Strategy ought to highlight the importance of continued support by donors and other actors, including the Commission, to enable completion of all NDEP projects as planned, including the Kaliningrad Wastewater Treatment Plant and the Neva Collector project, whose aim is to help eliminate direct discharges of untreated wastewater into the Neva river.

By the time the Strategy is presented, more will be known about the planned Northern Dimension Partnership on Transport and Logistics (NDPIL) and what the role of this initiative could be in contributing towards improved west-east transport routes in the BSR and beyond.

Action:

- *Use regular ND meetings to inform ND partners on the development of the Strategy and to explore possible areas of cooperation in the implementation of the Strategy.*

7. FORMAT AND PROCESS

The Strategy should be designed in a way that will aid the achievement of concrete results. It should contain an outline of the main sectors of priority and ways of addressing the various challenges in each priority sector. It should also provide a framework for achieving more efficient coordination between stakeholders at various levels in the planning of actions where a macro-regional perspective is essential to the success of actions to be taken as well as a more efficient matching of priorities with available resources at EU, national and regional levels. Also, the Strategy ought to identify challenges that need to be addressed in cooperation with countries neighbouring the EU.

In accordance with the conclusions from the European Council in December 2007, the Strategy should be presented in June 2009 at the latest, for example as a Communication. The Strategy could then be adopted at the European Council in December 2009.

To facilitate implementation and review of progress towards meeting the objectives, the Strategy would be a more powerful tool if followed by annual or biennial action plans specifying clear and measurable targets, timetables and a set of indicators to determine progress. Action plans would best be presented by the Commission to ensure continuity and the widest possible support. The first action plan should be for 2010 or 2010–2011.

We welcome the Commission's intention to conduct consultations with Member States and other interested stakeholders. Such consultations would be particularly useful to encourage ownership by the private sector, which obviously is where the stakeholders that have first-hand experience of the integration of the BSR market(s) can be found. The Strategy must not be seen as a top-down planning exercise. Public sector representatives can benefit greatly from new perspectives and proposals from the private sector. At the same time, the Strategy process will present opportunities to inform the private sector about SOLVIT and other useful mechanisms that may not be so well known but could potentially enhance the functioning of the single market.