

**Preparing an EU Strategy for the Baltic Sea Region  
- A Contribution from Germany**

**I. General Remarks**

Germany strongly welcomes the invitation by the European Council of December 2007 to the EU Commission to present an EU Strategy for the Baltic Sea region.

Following the EU enlargement of 2004, all the Baltic Sea's littoral states - with the exception of Russia - are now members of the European Union. This offers new possibilities for the Union to strengthen the competitiveness of the region and to address regional challenges. An EU Strategy for the Baltic Sea region should support these overall objectives.

Challenges for the region, that should be addressed in the strategy, include in particular:

- > competitiveness: the location of the Baltic Sea region at Europe's geographical periphery requires that it must strive harder than other macro regions to remain competitive internationally;
- > environment: the fragile - and deteriorating - ecological status of the Baltic Sea itself and of its surrounding area, as well as the growing impact of climate change, call for joint efforts to safeguard it for future generations, including multidisciplinary research;
- > transport infrastructure: there are still serious gaps in the region's transport infrastructure;
- > cohesion: economic disparities which, despite favourable trends, still exist between its eastern and its western half due to half a century of political and economic separation need to be overcome and the negative effects of demographic change on regional cohesion need to be addressed.

**II. Cross-cutting Objectives**

A future EU Strategy for the Baltic Sea region should aim to:

- treat the Baltic Sea as a common responsibility of the European Union;
- advance the economic and spatial integration of this macro region into the EU, inter alia by joint implementation of the EU *acquis communautaire*, thereby also benefiting the EU as a whole, advancing the Lisbon strategy and the Sustainable Development Strategy;
- reduce economic disparities within the region, thus contributing to EU cohesion;
- seek regional coherence and regional synergies between the existing EU policies, programmes and projects, thus making them more effective while also raising their transparency and visibility to EU citizens in the region;
- take stock of existing regional and sub-regional programmes, in particular Interreg and cross-border cooperation programmes, with a view to streamlining their administration and seeking synergies between them;
- explore possibilities to link EU programmes and projects with funds from regional and international financing institutions, e.g. by using funds from INTERREG and EU Framework Research Programmes (such as ERA-Net BONUS) as seed money;

- set an example of how the European Union may deal with a region's challenges from a transnational and cross-sectoral perspective;
- contribute to enhanced EU-Russia cooperation on Baltic Sea region issues.

### **III. Overall Framework and Building Blocks**

Despite a separation lasting several decades, the Baltic Sea region has quickly re-established communications and networks across the sea in the last eighteen years. At the same time, the EU has become much more visible in the region through a multitude of policies and programmes. An EU Baltic Sea Strategy will thus be able to build on several existing efforts, in particular the (Interreg) Baltic Sea Region Programme 2007-2013, the reformed Northern Dimension (adopted in 2006 and defining priorities for Northern Europe as a whole), the EU Maritime Policy (adopted in 2007); the Reform Declaration of the Council of the Baltic Sea States (adopted in 2008 and setting out regional priorities), as well as the Baltic Sea Action Plan of the Helsinki Commission (adopted in 2007 and targeting the marine environment).

Some - essential - parts of the future Strategy will require cooperation with non-EU countries, in particular Russia as a Baltic Sea littoral state and Norway as a like-minded stakeholder in the region. It is therefore advisable to involve these countries already in the conceptual stage, thereby increasing their readiness to assist in later implementation. This can best be achieved by inviting them to provide contributions at preparatory events - such as the anticipated round tables and stakeholder conferences - and bilaterally to the EU Commission.

A future EU Strategy for the Baltic Sea Region should:

- identify those EU internal policies, programmes and projects which could benefit from a regional implementation and/or may offer cross-sectoral synergies in the region;
- choose areas of action where the EU, in terms of policy and/or financing, can be expected to offer the most value added to ongoing regional activities;
- decide on a limited number of objectives for the Strategy to remain manageable and realistic, while also providing a strong and agreed focus to the regional activities of the EU Commission and Member States;
- translate the objectives into concrete actions with a defined time-frame, e.g. through a multi-annual action plan, thereby being both transparent to the general public and - in terms of results - measurable to stakeholders;
- select a small group of larger actions as lead actions to provide the Strategy with regional and European visibility;
- determine those areas where involvement of non-EU countries, such as Russia as a littoral state, Belarus and Ukraine as states in the water catchment area and Norway as a likeminded regional stakeholder, is beneficial for the success of the Strategy, and invite their participation in actions and dialogue in those areas;
- involve existing regional networks and organizations (with their approval) in the elaboration and implementation of the Strategy, such as the Council of the Baltic Sea States, the Helsinki Commission, the Baltic Sea States Subregional Cooperation and Baltic 21, while taking into account that non-EU states and entities are members of these structures, and avoid setting up additional structures when this would create duplication;

- apply variable geographical limits depending on the subject, e.g. involve non-EU countries which are part of the Baltic Sea water catchment area when addressing water issues;
- respect the principle of subsidiarity in the Strategy's design and realization;
- focus on full implementation and harmonized interpretation of EU legislation, in particular with respect to the environment, fisheries and maritime safety.

#### IV. Sectoral Aspects

Notwithstanding the EU Commission's intention to take an integrated and cross-sectoral approach in setting objectives for the EU Baltic Sea Strategy, actions proposed will often be single-sector actions, each contributing to a multi-sectoral, overall objective. For this reason, the ideas offered below are arranged by sector (if possible) and (roughly) in the sequence which the Commission has so far indicated: sustainability, prosperity, accessibility/attractiveness and safety/security.

**1. The environmental status of the Baltic Sea** remains a serious concern, as past measures have slowed, but not stopped, the deterioration of its water quality and the degradation of its biodiversity. A future collapse of the marine ecosystem cannot be excluded if current trends continue. However, two initiatives to reverse these trends have recently been decided on:

- the EU Marine Strategy Framework Directive (MSFD) which entered into force on 15 July 2008, and
- the Baltic Sea Action Plan (BSAP) adopted by the Helsinki Commission in November 2007 which addresses the issues of eutrophication, biodiversity, hazardous substances and maritime activities, representing the most challenging threats to the Baltic Sea marine environment. The BSAP strives to restore the good ecological state of the Baltic Sea marine environment by 2021 and is focussed on concrete targets and timetables towards this end.

An EU Strategy for the Baltic Sea region should not duplicate or dilute these efforts by proposing new (i.e. alternative or additional) targets or measures, nor develop a (competing) road map for the marine environment. Instead, it should assist implementation of the MSFD and the BSAP - and thus contribute to making the region a best practice model with regard to marine policy components - by:

- > encouraging close cooperation between national authorities in preparing their national marine strategies which are required by the MSFD, with a view to increased compatibility and exchange of best practices;
- > examining all possibilities to use existing EU financing instruments for relevant projects;
- > examining the technical and administrative possibilities to increase involvement of regional and international financial institutions in relevant projects, and suggest adjustments to funding rules and regulations where these hinder project application;
- > supporting, in particular, efforts to improve emergency and disaster response, to increase safety in oil shipping and to reduce water pollution by ships, offshore installations and landbased sources.

**2. In the fisheries sector,** sustainability has become a hotly debated topic. The Strategy should in this context:

- > promote discussions on more efficient control measures to ensure that fishing quotas are fully respected;

- > suggest additional areas of study with a view to safeguarding and replenishing existing fish stocks in the Baltic Sea.

3. Other issues of **environmental protection and sustainable development** should also be considered for inclusion in the Strategy. Renewable energies, energy efficiency and sustainability education are examples of issues which are important for stakeholders in the region. The experiences gained both in the regional Interreg programmes and in the Baltic 21 (regional) network for sustainable development could be beneficial in this context and their structures could be used to implement some aspects of the future EU Baltic Sea Strategy. Progress on these issues will require close scientific cooperation within the region. In this context, the multidisciplinary research of the ERA-Net BONUS programme is a substantial contribution which should be supported within the 7<sup>th</sup> EU Framework Research Programme and within national Baltic Sea research programmes.

4. The Baltic Sea region will be affected to a considerable extent by **climate change**. The following actions are suggested for inclusion in the EU Baltic Sea Strategy:

- > project-based initiatives which improve the data base, enhance collective research efforts and support regional awareness; transnational Interreg projects, currently under preparation, could be used towards this end;
- > development of a regional adaptation strategy, making use of the data which the extensive "BALTEX Assessment of Climate Change for the Baltic Sea Basin" (BACC) has provided in early 2008;
- > initiation of a regional mechanism to better coordinate national and sub-regional measures which address climate change.

5. **Energy cooperation**, of high priority for the European Union, also has regional aspects which should be addressed within the EU Baltic Sea Strategy. Of particular interest are:

- > measures to improve regional energy security by better linkage of national energy grids;
- > measures to improve diversity of supply by exploring in more depth the potential of renewable energy sources (wind, water and biomass) and technologies to store their output.

6. When designing the future EU Baltic Sea Strategy, account should be taken of the **EU Maritime Policy** adopted in December 2007. The future EU Baltic Sea Strategy could contribute to the EU Maritime Policy at the regional level and strive to make the Baltic Sea region a maritime model region in Europe. Such an approach will have to strike a successful balance between resource use and protection; it will require the involvement of existing regional organizations, as well as other marine and maritime stakeholders, and will have to avoid duplication with other (actual or intended) activities of the EU Maritime Policy.

7. An important component of maritime policy (but also of land-based policies) in the region is **spatial planning**. The EU Baltic Sea Strategy could:

- > assist regional efforts on integrated sea use and coastal zone development and planning, such as those undertaken in the region's spatial planners' network "Visions and Strategies around the Baltic Sea" (VASAB);
- > support the development and implementation of national strategies for integrated coastal zone management.

8. Given the limited size of many national markets in the region, the Baltic Sea region would benefit from a fully **functional EU internal market**. It is of particular interest to the

business community that legislation agreed upon in Brussels is later implemented and interpreted nationally in such a way that differences between national rules do not unduly increase the cost of doing business in the region. While national considerations are sometimes unavoidable in rule setting, there is certainly room for improved regional coherence, i.e. for a more harmonized application of the EU *acquis communautaire* by governments in the Baltic Sea region, in particular in areas relevant to business. Initiatives in this field are therefore welcome, as are Sweden's proposals to:

- > extend the ongoing Nordic cooperation on the implementation and interpretation of the EU Services Directive to other states in the region and, where useful, even beyond the region;
- > extend the above regional approach of administrative cooperation on implementation and interpretation of Community legislation to other areas relevant to business, though without the introduction of cost-intensive data collection;
- > exchange experiences on the operation and further set-up of national contact points (which are foreseen by the Services Directive, the Internal Market Information System and a forthcoming Regulation on Mutual Recognition);
- > continue supporting the Baltic Sea Market Surveillance Network and consider extending it to more product areas, in line with the entry into force of new Community legal instruments on market surveillance;
- > introduce regional cooperation on standardization with the involvement of industry, though with the understanding that countries in the region are also active in European and international standard-setting and need to continue introducing and applying the standards agreed upon there;
- > Promote the use of the SOLVIT network - which acts on possible inconsistencies between EU legislation and national practice at the request of citizens or companies - among the region's EU business community.

Furthermore, the Strategy could:

- > promote and assist further development of recent best practice examples from the region such as innovative labour-market concepts, service-oriented e-government and a strong knowledge focus in economic decision-making.

9. Another consequence of small national markets is the key role which **small and medium-sized enterprises (SMEs)** have to play in the Baltic Sea region's growth and innovation. Initiatives in this area, such as a "think small" perspective in public procurement or a linkage of national SME cluster programmes across borders, are therefore welcome, though existing European networks should not be duplicated regionally in terms of their SME support activities. The (Interreg) Baltic Sea Programme 2007-2013 puts special emphasis on SME support and would thus fit well with an SME focus in the Strategy.

10. **Science, education and innovation** are among the key drivers for the Baltic Sea region's competitiveness. The Strategy could assist these by:

- > promoting research infrastructure tailored to the specific strengths of the region;
- > promoting clusters of excellence in the region;
- > initiating innovation networks with a view to encouraging product and process innovation, in particular in SMEs;
- > supporting exchange programmes for scientists and students in education and higher education.

11. The EU **Cohesion Policy**, focussed inter alia on transport infrastructure and the environment, will continue to play an important role in the Baltic Sea region, where it is needed in particular to tackle development disparities and strengthen competitiveness. The

implementation of Cohesion Policy is led by Community Strategic Guidelines at the EU level and by supplementary National Strategic Reference Frameworks at the national level. However, there are so far no policy documents which would offer guidance for the macro-regional level, e.g. the Baltic Sea region. This gap may (and should) be prominently addressed in the upcoming Green Paper on Territorial Cohesion which the EU Commission prepares. In this context, an EU Baltic Sea Strategy could:

- > promote the Baltic Sea region as a best practice pilot or test region with respect to the Territorial Cohesion Green Paper.

12. A future EU Baltic Sea Strategy should also draw on the EU Territorial Agenda and on the Leipzig Charter on Sustainable European Cities. Here, efforts at the macro-regional level need to be supplemented by the promotion of competitive **cities and sub-regions**. There is a clear need to involve cities and sub-regions in implementing the Strategy not only concerning sectoral issues but also with regard to creating and maintaining an attractive business environment, promoting city and sub-regional cooperation as well as urban-rural partnership. Major issues are the development of networks of Baltic Sea metropolises and cities as engines for development, the promotion of best practices of small and medium-sized cities as actors of the knowledge society and the promotion of new approaches to urban-rural cooperation and partnership. Moreover, there is a need to promote energy-efficient urban structures, to approach tourism as a development factor and to use the cultural and natural potential of cities and sub-regions. An EU Baltic Sea Strategy could:

- > make use of events organized by Baltic Sea regional networks such as those of sub-regions (BSSSC), cities (UBC) or metropolises (BaltMet) to promote networking and cooperation of cities and sub-regions and present best practice examples;
- > create a competition between Baltic Sea cities and sub-regions on "regions of knowledge" as part of the respective EU initiative;
- > develop guidance on urban networking and urban rural partnership as part of the long-term perspective on the Baltic Sea region's spatial development which is under preparation by the region's spatial planning network VASAB;
- > support project development concerning competitive Baltic Sea cities and sub-regions in the framework of the transnational (Interreg) Baltic Sea Region Programme 2007-2013.

13. The **transport** infrastructure will play a crucial role for the future competitiveness of the Baltic Sea region, even without the substantial growth in trade flows anticipated. A close (regional) look at ongoing efforts, such as the revision of the Trans-European Transport Networks (TEN-T) guidelines and the suggested Northern Dimension Transport and Logistics Partnership, will therefore be highly useful to assess progress, identify obstacles and suggest joint activities where needed. Concrete actions could include:

- > developing measures to promote North-South connections between the Baltic and the Adriatic Sea via Poland and Germany, as well as East-West connections from Belarus, Russia and Ukraine to the EU;
- > considering the extension of TEN-T corridors to Baltic Sea ports in order to ease trade flows within and beyond the region;
- > promoting short-sea shipping from the Eastern to the Southern and South-western Baltic Sea coast in the understanding that these links represent (together with the onward combined rail links) the most important part of the so-called Northern Axis which connects the Baltic Sea region to central parts of Europe; the development of more efficient links with Russia and Norway should also be considered in this context;
- > developing pilot intermodal green corridors, as considered by the European Commission in its 2007 Freight Transport Logistics Action Plan, for the Baltic Sea region;

- > assisting the implementation, in the Baltic Sea region, of EU initiatives such as the "Motorways of the Sea" and the anticipated "European Shipping Space without Borders", which strive to simplify goods traffic and strengthen ports as efficient links between ship and rail, both of them environment-friendlier means of transport;
- > encouraging the development of proposals to simplify procedures in ferry shipping between EU countries across the Baltic Sea, as well as between those EU countries, Russia and Norway;
- > supporting the regional implementation of anticipated EU Commission measures on improved usage of e-freight;
- > assisting in further development of long-distance railways linking Baltic Sea ports to inland destinations;
- > developing (region-specific) guidance on transport corridors and transnational development zones, linked to the long-term perspective on the Baltic Sea region's spatial development currently under preparation in the framework of VASAB, the regional spatial planning network;
- > examining (with a view to facilitating) the involvement of regional and international financing institutions in the region's future transport projects;
- > identifying the obstacles which have so far limited the success of the "Motorways of the Sea" concept in the Baltic Sea area and suggest remedial measures;
- > considering support for transnational Interreg projects addressing regional transport issues.

14. **Tourism** plays an increasingly important role in the region's economy. While the EU Commission does not possess specific policy competencies in this area, some of its instruments are supportive of tourism development and should therefore be examined with a view to their potential in promoting and developing the Baltic Sea region's tourist sector, including cultural and cultural heritage aspects. Cross-border or multi-country initiatives, such as the European Route of Brick Gothic or the Baltic Fort Route, could serve as examples of how to brand the region abroad.

15. Also of considerable relevance for the future of the region is its **demographic development**. Adaptation strategies will in future be necessary for many areas in the Baltic Sea region and regional development strategies will need to be adjusted to demographic change. A future EU Baltic Sea Strategy could :

- > develop new approaches to mitigate and adapt to demographic change;
- > examine and adjust regional development objectives accordingly.

16. The **fight against organized crime** has been a successful regional activity undertaken in the framework of the Task Force on Organized Crime in the Baltic Sea Region (BSTF) since 1996. Through the EU Commission's BSTF membership and through participation by Europol and Eurojust, strong linkages between EU activities and regional activities already exist. Apart from the implementation of the BSTF Regional Strategy 2008-2010, which was adopted at the Council of the Baltic Sea States' summit of Heads of Government in June 2008, no additional activities appear to be necessary at this point.