ANNUAL ACTIVITY REPORT


European Coordinator

Pavel Telika

PRIORITY PROJECT No 27

« Rail Baltica »

Warsaw-Kaunas-Riga-Tallinn-Helsinki

Brussels, August 2008

This report only represents the opinion of the European Coordinator and does not prejudge the official position of the Commission

Fourth Draft
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1. INTRODUCTION

On 23rd July 2007 a plaque was unveiled at Mockava station in Lithuania, 22 kms. north of the Polish border, in the presence of the Lithuanian and Polish transport ministers and senior officials and staff. This unveiling was to symbolise and commemorate the start of the "Rail Baltica" modernisation project and to underline the cross-border cooperation which had already taken place in the period 2005-2007.

From its inception" Rail Baltica" was envisaged as a strategic and sustainable rail project linking four of the new Member States of the EU - Poland, Lithuania, Latvia and Estonia, as well as Finland. It is the only TEN-T Priority Project involving the new Member States exclusively in construction work. Further it provides the only rail connection between all four countries and can be a key link between the Baltic region and the countries of the Single Market further west to Germany and south into Central and Eastern Europe. To the north it can eventually be joined to Helsinki by improved rail ferry services across the Gulf of Finland and could one day form a "bridge" to the countries of the Nordic Triangle.\(^1\) The length of the current track is approximately 1200 km. by the most direct existing route from Tallinn to Warsaw. A variety of track systems are currently in use: double track and electrified, single track electrified and un-electrified single track (the latter forming the greatest length). The line passes through a variety of different terrain - urban areas such as the cities of Białystok, Kaunas and Riga, and very rural areas such as in the Podlaskie region of north eastern Poland and southern Lithuania as well as in northern Latvia and the south of Estonia. It connects three major Baltic seaports: Helsinki, Tallinn and Riga with a short connection to a fourth – Klipeda.

When complete the route will also link three capital cities: Warsaw, Riga and Tallinn (with a ferry link to Helsinki and a short rail connection to Vilnius). The "Rail Baltica" also has to provide the connection between the European standard gauge system as used in Poland and most other EU countries and the broad gauge system used in the other partner countries to the project, as well as Russia. There is therefore an important issue of inter-operability. The line passes through some sensitive environmental areas (particularly in Poland) and these issues will have to be taken into account through detailed impact assessment throughout the duration of the project. Nevertheless, the rail line (which has existed for many years) is a sustainable and environmentally friendly alternative to any new road construction proposed in the region.\(^2\)

If the first year of operations since the appointment of the European Coordinator Pavel Telica in July 2005 was essentially preparatory and the second centred on the economic viability of the project and the findings of the EU funded Feasibility Study, then the third year saw concrete moves towards practical realisation as underlined by the opening ceremonies at Mockava. These included the applications made by the partner countries for six projects to be in part financed by the TEN-T programme, the deliberations on and the acceptance of these project proposals and the creation of a Joint Coordinating Committee to oversee developments. The European Coordinator had an active role in all these actions. A High Level Conference in the Presence of Lithuanian President Valdas Adamkus and Commission Vice-

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\(^1\) For a full history of the project please refer to the first two Annual Reports 2005-6 and 2006-7 available at [http://ec.europa.eu/ten/transport/coordinators/index_en.htm](http://ec.europa.eu/ten/transport/coordinators/index_en.htm)

\(^2\) In this context it should be noted that the parallel road project; the "Via Baltica" is not linked in any way to the "Rail Baltica" and is not an EU TEN-T Priority Project.
President Jacques Barrot in Vilnius at the start of October 2007 marked the beginning of this third year of activity. The entry into the Schengen zone by the Baltic States and Poland in December 2007 improved the border crossing situation, particularly at Valga/Valka on the Latvian/Estonian border and April 2008 also saw the resumption of passenger services from Riga to Valka. Interest in freight services continued to grow during the year with the prospect of a faster rail corridor becoming operational. The ultimate objective, as repeated by the Coordinator on several occasions during the year under review, would be to achieve “a line operating at a speed of 120 km for passengers and freight by 2013”.

2. DEVELOPMENTS IN THE THIRD YEAR OF ACTIVITY

2.1 Adoption of the first Six Project applications under the TEN-T (2007-2013).

Following the conclusion of the EU negotiations on the Financial Perspectives for the period following 2006, the partner countries were invited to submit proposals for projects to be funded under the TEN-T (2007-2013) by the end of July 2007. Estonia, Latvia and Lithuania submitted six projects in total: one works proposal and one study proposal from each country respectively. Poland decided not to make an application under the TEN-T but rather to earmark funds from its substantial Cohesion Fund allocation which would allow more time for planning and route design. Following scrutiny by the Coordinator and by an independent external evaluation, the six projects were adopted by the European Commission on 19 February 2008 after obtaining the approval of the European Parliament and the Member States.

Briefly, the three works projects cover the reconstruction of the three cross border sections. In Lithuania this is from the Polish border to Marijampole in the south and from Siauliai to the Latvian border in the north. In Latvia there are to cross border sections: from the Lithuanian border in the south to Jelgava and in the north from Valmiera to Valka/Valga on the border with Estonia. In Estonia the section is from Valka/Valga to Tartu. Latvia has also applied to upgrade the non-cross border section from Riga to Valmiera and Estonia wants to improve the station facilities at Valga as an integrated part of their project). The three proposals for study projects are to investigate the construction of a new European standard gauge line on the north/south axis from Tallinn to the Lithuanian/Polish border. The Coordinator strongly encourages the three countries to combine these studies together for a unified overview of a new European gauge line. If possible this would mean one call for tender and one overall study report. Meanwhile, during the year Poland applied for an amending decision granting assistance for studies to modernise their section of the “Rail Baltica” from Warsaw to Trakiszki (border with Lithuania). Such studies should be completed by December 2010. Track reconstruction would then follow.

2.2 High Level Conference, Vilnius, October 2007

On 4th October 2007 in Vilnius the Lithuanian authorities hosted a High Level Conference entitled “Rail Baltica - from Vision to Reality” in the presence of Lithuanian President Valdas Adamkus, Prime Minister Gediminas Kirkilas and Commission Vice-President Jacques Barrot as well as ministers, officials and stakeholders. The Lithuanian authorities took the initiative to hold this conference to draw attention to the progress already made on the project and to provide a forum to exchange ideas for future development. President Adamkus and Prime Minister Kirkilas underlined the importance of the project for not only Lithuania and the
Baltic States, but for the wider region as a whole. Lithuanian Transport Minister Butkeviius highlighted the work that had been achieved in the two years since Pavel Telia started work coordinating the project including the cross border Memoranda of Understanding, the projects which had been submitted to the Commission and the developing coordination between the partner countries. Latvian Transport Minister Ains Slesers gave a clear overview of the transport and transit issues confronting the Baltic States in 2008 and beyond. He mentioned the problem of the long truck queues on the Eastern frontiers with Russia and Belarus and suggested that the "Rail Baltica" could help in solving the problem by providing alternative transit possibilities along the north/south axis.

2.3 International Coordination Group, Inaugural Meeting, February 2008

The first meeting of the newly created International Coordination Group on the implementation of the Rail Baltica project met in Vilnius on 29th February 2008 in the presence of the Coordinator and including representatives from the transport ministries and railway undertakings of the partner countries. The parties agreed on the strategic aims of the implementation of the Rail Baltica project and its medium and long term dimensions. The strategic aim is to develop the north-south infrastructure axis with all relevant components and interlinking networks of the four countries concerned as well as with the other parts of the Trans-European Network. The medium term dimension encompasses the period 2007-2013. The meeting agreed that the "aim for this period consists of the equalization of technical railway parameters by the implementation of missing components of interoperability and intermodality, and in starting an active operation of freight and passenger transportation. Equalization of technical railway parameters is directed towards reaching the minimum (design) speed of the Rail Baltica line to 120/160 km/h"...

The Group determined to prepare a Master Plan for passenger and freight (intermodal/combined) transportation which would describe the functionality of the line and all the sections, encompassing such issues as the kind of freight, the kind of load units, distances of transportation, capacities and access terminals. The relevance of this task was endorsed by a Communication from the European Commission "Towards a rail network giving priority to freight", where the concept of freight-oriented corridor structures is formulated and the notion of the EU that each Member State will have to participate in at least one corridor by 2012. The parties also exchanged views on the necessity to evaluate the aspects of organising the Rail Baltica line operations and agreed to elaborate the strategic objectives for the long-term dimension (from 2014 following the end of the TEN-T financing period of 2007-13).

On the future working methods of the International Coordination Group the partner countries agreed to work on a regular basis and maintain the current level of participation in the Group for future meetings. Also the parties agreed to organize meetings of the Group biannually, (in the first and third quarters). The Chairmanship/hosting and venue of each meeting will rotate by country according to alphabetical order, starting with the first meeting in Lithuania. It was further agreed that each partner country would assign a contact person (to act as an informal secretariat), under the responsibility of the head of the national delegations. The preparation of the necessary documentation for the meetings will rotate between the national contact persons. The country hosting the meeting will also act as chair and perform the functions of the general secretariat for that specific meeting. The next meeting of the Group will take place in Warsaw in October 2008.

3 following in the order Poland, Estonia, Latvia etc.
2.4 The opening of the border at Valka/Valga, December 2007

There is no doubt that the entry of the four partner countries into the Schengen Zone in December 2007 greatly facilitated cross border travel in the region. This was particularly the case on the Latvian-Estonian border at the town of Valka/Valga. Valka/Valga (population 20,000) is an interesting place with an unusual history. Valka and the Estonian town Valga are twins, separated by the Estonian/Latvian border. The border was marked out in 1920 following the First World War by the International Border Commission appointed to arbitrate on the borders of the newly independent Baltic States and headed by British Colonel Stephen Tallents. It decided to use the course of a small stream passing through the town as the border line which effectively cut the town in two. Since then, and particularly since the regaining of independence in 1990/1 by Estonia and Latvia, the town has developed under the slogan "One Town, Two States." Nevertheless the border restrictions continued to cause difficulties, particularly in the transport field as Latvian Valka possesses no rail station – it is to be found on the Estonian side of the border. However with the entry of Estonia and Latvia into the Schengen Zone in December 2007 the situation radically improved and now, with passport free movement of citizens across the interstate border, the development of the twin towns and the region can move ahead, assisted by the development of the "Rail Baltica" corridor. The Coordinator visited Valka/Valga in April 2008.

2.5 The Gauge issue

The question of the track gauge remains a key issue at the heart of the "Rail Baltica" project. As long as the region supports both the broad and the narrow gauge systems, (which it will continue to do in the short to medium term) the question of interoperability remains crucial. The European Coordinator stresses that it is essential that a modern and efficient gauge change be carried out at the point where the two track gauges meet (currently at Sestokai in southern Lithuania, north of the Polish border). At the moment there are no gauge change operations as the experimental system at Mockava station has been abandoned. Currently goods are transshipped using the parallel tracks of both gauges at Sestokai station further up the line. It is understood that both the private sector and the Lithuanian Transport Ministry have been looking at the various modern gauge change systems available on the market, including those produced by the Spanish TALGO company. The Coordinator is urging the early installation of a modern effective system for both freight and passengers to ensure smooth transit between the two gauges at a point deemed most suitable by the Lithuanian authorities. It is absolutely essential that the gauge change is made in the shortest possible time that is technically possible within approved safety requirements, thus allowing any comparative advantage which the "Rail Baltica" route possesses over road to be fully realised. The extension of the European standard gauge along the rest of the route to Tallinn remains an option for the future. This idea will in any case be developed and investigated by the Baltic States in the three study projects that have been accepted under the 2007-2013 call for proposals to be part-financed under the TEN-T.

2.6 Freight services developments

A new ferry operation entitled "Navirail," specifically targeting the Rail Baltica corridor, began operations in spring 2008. Its expressed aim is to service inter and multimodal transport corridors between North and Central Europe. Navirail is planning to interlink North and Central European distribution centers by sea and rail, concentrating on trailer and container shipments. For the moment the company is operating one ship the M/S Ahtela a 139 m long
ro-ro cargo ship flying a Finnish flag with two services a day between Sompasaari (Helsinki) and Muuga (Tallinn) ports.

The Lithuanian/Belorus/Ukrainian joint container venture the "Viking Line" operating from Odessa to Klaipeda uses the "Rail Baltica" section from Jonava to Siauliai for its combined traffic operations which began in 2003. The container and contrailer traffic on this line continues to grow and in 2007 a total of 400,100 TEU containers were carried on this train (2006 = 230,500)

2.7 Passenger service developments

On 26 April 2008 a passenger service was resumed between Riga, the capital of Latvia and Valka/Valga on the border with Estonia. This followed a break of several years. The Coordinator travelled the route as far as the Sigulda a few days before and gave interviews to the Latvian press expressing his satisfaction on this initiative. It is intended that the service will be the start of a regular and gradually upgraded passenger service across the border to Valga station in Estonia – a cross border service facilitated by the entry of Latvia and Estonia into the Schengen zone (as mentioned above). Meanwhile the Lithuanian authorities are hoping to restart passenger services between Vilnius and Riga in the short term while the Lithuanian and Polish authorities have held preparatory discussions on a new faster service between Warsaw and Vilnius. Currently the badly supported, existing low scale service, takes approximately 10 hours to cover the 500 kms between the two capitals (around two hours longer than the bus service). This is partly caused by multiple stops along the route. If rail is to provide an alternative, then a faster service at competitive prices (stopping possible only at Kaunas and Bialystok-plus changing trains from one gauge system to the other at Sestokai), will have to be introduced. The Coordinator fully supports these initiatives which he sees as providing important sustainable passenger transport options in a region where the congested road sector currently dominates.

2.8 Developments along the route

This question of the route is now largely settled on a de facto basis (with some possible small future adjustments):

1) Poland: As was mentioned in last year's report the Polish authorities would prefer the route of "Rail Baltica" in Poland to be Warsaw/Bialystok/Ełk/Suwalki/LT border rather than the eastern corridor route through Augustów as defined in the TEN-T alignment. This eastern route through the Rospuda valley involves environmental issues relating to the building of various bypasses on the north-south road project "Via Baltica". The Polish authorities currently feel that Ełk will provide an excellent position for a new railway hub in the northeast of the country, away from environmentally sensitive areas, and with good access to Warsaw and the coast. However the local administration of the Voivod are concerned that this would mean that "Rail Baltica" will not then be exclusively in Podlaskie prefecture. The Coordinator however agrees with the approach of the national authorities and points out that Podlaskie will still retain a considerable section of the "Rail Baltica" on its territory including Bialystok (the regional capital). He therefore supports the change from the original TEN-T

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4It is important to underline that the road project "Via Baltica" is not, and never has been, a TEN-T Priority Project
alignment. The Polish authorities will however be required to make a formal application to change the original route of Trans European Corridor No. 1 to incorporate the diversion to Eków in time for the revision of the TEN-T guidelines in 2009.

2) **Lithuania:** Lithuania intends in the first phase to build a new European standard gauge double track from the Polish border at Trakiszki to Marijampole at 40 km. from the border. This will reduce the track length on the cross border section by 25 km. and will be the same gauge width as the Polish system. New gauge change facilities can then be installed at Marijampole, which can become a useful inter-modal terminal. The Lithuanian authorities are waiting for the results of the preparatory studies before taking a decision as to whether to continue to extend the European gauge via Kasla Ruda on the main east/west corridor or to construct the line directly to Kaunas. They also have a longer term plan to continue a European gauge line to Vilnius, probably building it alongside the existing broad gauge system. This would have many advantages, particularly improving the passenger service potential on the Vilnius-Warsaw route, where currently rail underperforms on both cost and time with the bus services between the two cities. Avoiding the necessity to change the gauge of passenger trains would speed such services considerably. There would obviously be transit freight advantages as well for goods coming from Belorus.

In July 2008 the Commission had the chance to inspect the track from Kaunas to Joniskis, (16 kms. south of the Latvian border). The line varies between double and single track (with passing places) for most of the 160 km distance inspected. It is not electrified. Between Kaunas and Jonava it winds through the attractive Kaunas forest with several narrow radius curves which will slow the design speed. Crossing the Nevis river at Jonava the single track railway viaduct would have to be rebuild to accommodate double track (although bridge columns remain from a former structure destroyed during the Second World War). North of Jonava the line runs straight and appears to be in a good state of repair. Also there seems to be usually enough width for completing a double track system, which seems to be the priority if the line is to carry increased freight and passenger traffic. The design speed on this section Jonava – Siauliai appears to be 120 km/h at least. The short section from Seduva to Siauliai is of great importance to the Lithuanian rail network as it carries the traffic between Vilnius and the nation's only large port of Klaipeda via the large marshalling and traffic control complex at Radivilis.

3) **Latvia:** The Coordinator had the opportunity to personally inspect the line from Riga to Sigulda in April 2008. It was clear that the general quality of the track is acceptable and meets the agreed criteria of 120 km/h design speed as it is double track, although not electrified. After Sigulda (and particularly after Valmiera in the border crossing section) the line is often single track and of lower quality with some tight curves and many unprotected crossing points which will have to be upgraded. The Coordinator understands well, having now travelled on this line, that this line from Sigulda to Riga essentially serves Riga commuter needs, and that the links from the outlying districts to Riga are of high importance to the Latvian authorities given the large population of Riga in Baltic terms. Improving this commuter service is a priority for the Latvian authorities. Connections between Riga, the largest city in the Baltic States and the "Rail Baltica" are of primary interest, as are the links with Riga port and its expected development – also positions well understood by the Coordinator.

4) **Estonia:** The priority for the Estonian authorities is the upgrading of the poor quality track on the border section from Tartu to Valga. This work is understood to have already started in
June 2008. For the moment the Estonian authorities do not intend to make route alterations, but they do intend to use TEN-T funds to restore and upgrade the important border railway station at Valga on the Estonian side of the border and its surrounding access. The Coordinator had a chance in April 2008 to visit the station and discuss with the authorities of both Valka and Valga their plans for developing this border area. Upgrading the station and its access will also benefit Latvian travellers as there is currently no station on the Latvian side of the border (as has been mentioned).

2.9 Agreements to use "own funds" to supplement TEN-T support

By the end of the year under review, all four partner countries had agreed to commit funds to the project, by sharing the costs of the TEN-T fund allocations from national funds or by using Cohesion Funds or railway company finance for the sections where the TEN-T would, or could not be used. This agreement represented a major breakthrough in the negotiations on the project, as clearly there will now be available sufficient funds to ensure that the "step-by-step" approach can go ahead and that work can start well before the end of the current financial perspective. This remains the case in 2007-8 as the financial burdens imposed by the project will still require far more finance than can be provided solely by the TEN-T budget. The partner countries will therefore still have to assign considerable national and cohesion funds if the first stage of the project is to be completed on time by 2013.

3. ENVIRONMENTAL DEVELOPMENTS IN THE REGION

The COWI study covered the environment in detail and it has always been made clear by the Coordinator that while rail provides intrinsic environmental improvements (sustainability, low carbon emission, small land purchase demand etc.,) any new construction involving "Rail Baltica" should still have environmental considerations as a priority. Environmental impact assessments are in any case mandatory for all EU financed projects and all the partner countries must be aware of this.

The main environmental issue in the region during the year continued to be the controversy over the building of the "Via Baltica" bypass system in the Rospuda river valley in NE Podlaskie Prefecture in Poland. However, the Polish rail authorities PKP/PLP are exploring the possibilities of using the western route through Elk for the "Rail Baltica" therefore avoiding the environmental issues relating to the Rospuda. The new route will cross the Natura 2000 protected area (as it already does) of the Biebrza river valley. But as this involves only an existing single track railway line which is fully electrified already, with a wide cleared band on either side, there seems to be no significant environmental impact on this line being designated as part of "Rail Baltica". If ever the line should be extended to a double track system then environmental impact studies would be required, but as there is already a double bridge over the Biebrza, then again, new construction would be very limited.

4. ECONOMIC DEVELOPMENTS IN THE REGION

During the last year there have been several significant economic developments which affect the "Rail Baltica" project:
• Growth in the Baltic States and Poland has continued to be positive with 11.2% growth in Estonia, 7.7% in Latvia, 6.1% in Lithuania and 6.1% in Poland.5
• Some administrations continue to complain about the exodus of skilled labour to other EU countries hampering their construction industries and the ability to construct major capital works. Although there are signs the trend may be reversing as the Western EU countries begin to encounter economic difficulties.
• Continuing congestion on the road network is still a major problem for economic development in the region - particularly in Latvian and on the border with Russia and the Polish Lithuanian border as well as throughout the Polish Podlaskie region.

5. STRATEGIC DEVELOPMENTS IN THE REGION

Relations with Russia seemed to have stabilised somewhat during the year 2007-8 following the periods of tension the year before with Poland (import of agricultural products) and Estonia (War memorial/alleged cyber attack). Outside bodies such as the CER6 continue to highlight the possible implications of Russian investment in Baltic rail companies. The net effect of any reduction in Russian freight traffic would have a definite effect on the finances of the Baltic railway companies which up to now have been profitable. These issues could mean that “Rail Baltica” can provide alternative freight routes for the partner countries both north/south from the Nordic States, south from Finland and down to Warsaw or also for traffic coming in the other direction from Germany, the Czech Republic, Slovakia and Hungary to the north. If enough multi-modal terminals were constructed along the line then freight companies could use whichever section of the “Rail Baltica” track they needed, entering or leaving from any of the existing east/west axis routes and then proceeding either north to Finland or south to central and eastern Europe.


The Coordinator sees four main areas where he will be concentrating his efforts and that of DG TREN in the coming year. These will be

• Encouraging the development of the International Coordination Committee into a real Operating Authority dealing with safety, security, signalling, freight slot allocations, rolling stock and locomotive supply
• To engage wherever possible the interest of the local authorities of the major towns along the route. To undertake to visit as many as possible and discuss with the authorities their concerns and preoccupations.
• Publicising and promoting the economic possibilities offered by this new rail axis, both to local and international business, and to stakeholders in the railway construction and transport industries
• Reviewing the connections between the major seaports along the route and their links with the Rail Baltica north/south axis.

5 Eurostat figures for 2006
6 The CER (Community of European Railways) is the Brussels based organisation representing the European railway and infrastructure companies
7. CONCLUSIONS AND RECOMMENDATIONS

By the end of the year 2007-8 the Coordinator can report that:

- The main conclusion remains that the project possesses real economic potential. This is not only the judgment of the Feasibility Study but is evidenced by established and active commercial interest in using a north/south axis.
- Around € 120 million of TEN-T funding has been earmarked for the 6 works and study projects in the Three Baltic States for the period 2007-13. The partner countries will be providing considerable own resources contributions (around € 300 million)
- New passenger services have started (for example Riga – Valga/Valka)
- New rail ferry services have started across the Gulf of Finland linking Helsinki with the Baltic States.
- The issue of the route remains largely decided, (at least in the short-medium term).
- Interest continues to be shown by the private sector in operating on the line. This confirming the economic potential that the line possesses.

Additionally, the strategic changes taking place along this eastern boundary of the EU mean it is ever more important that the Baltic States should be linked by high quality transport (and eventually energy) links in the interest of Baltic solidarity and overall EU Cohesion.

The Coordinator continues to recommend, (as in last year's report) that "the line continues to be developed using a "step-by-step" approach over the period of this Financial Perspective, drawing down on TEN-T funds for studies and border crossing sections, ensuring smooth flows of both passenger and freight transport across the three land frontiers and enabling the line to grow towards economic success". Developing and extending the European gauge, particularly in Lithuania remains an option which he can support, so long as it does not interfere with the short term freight and passenger operations. The declared aim continues to be that there should be a system operating at 120 km/hr by the year 2013.

Once again it is important to state that if in later years the partner countries see the need to upgrade the project to a higher speed European gauge line, they will be able to use the foundations of an already successful rail link to build upon.

Pavel Telíka
European Coordinator,
Priority Project No.27
"Rail Baltica"

 Brussels, August 2008
Annex
Now agree as follows:

1. The Rail Baltica border crossing point on the Interstate border between the Republic of Poland and the Republic of Lithuania shall be considered as the point defined by the Protocol of the Lithuanian and Polish technical experts, signed on 3 July 1998. According to the Protocol, the point is located at a distance of 1.45m in a South-Eastern direction from the intersection of the existing single track railway line axis with the Interstate border line in the section of the line Trakiszki (Republic of Poland) – Mockava (Republic of Lithuania);

2. In accordance with the Community Guidelines for the development of the Trans-European Transport Network (Decision 884/2004/EC, Article 19b, Cross - border section), and taking into account the conclusions of the European Commission Feasibility Study on the development of Rail Baltica, it is suggested that the Polish-Lithuanian cross-border section of the Rail Baltica line shall be as follows: Suwałki (Republic of Poland) – Interstate border – Marijampolė (Republic of Lithuania).

3. The above-mentioned border crossing point can be used for starting Rail Baltica design works on the cross-border section. The coordinates of the cross-border point defined in result of the design process should be formally agreed by the Polish-Lithuanian Border Commission, which is acting according to the Agreement between the Republic of Poland and the Republic of Lithuania on the common State border, the legal conditions that are binding on it and on the cooperation and mutual aid in border matters, done in Vilnius on 5 March 1996.

Done in.........................., on..........................2007
in 2 equal pieces, both in the English language.

Minister of Transport and Communications
Republic of Lithuania

Minister of Transport
Republic of Poland

Algirdas Butkevičius

Jerzy Polaczek
1.2 LITHUANIA-LATVIA BORDER CROSSING MOU

MEMORANDUM OF UNDERSTANDING

BETWEEN
THE MINISTER OF TRANSPORT AND COMMUNICATIONS
OF THE REPUBLIC OF LITHUANIA
AND
THE MINISTER OF TRANSPORT AND COMMUNICATIONS
OF THE REPUBLIC OF LATVIA

ON THE BORDER CROSSING POINT
OF THE INTERSTATE BORDER
AND THE CROSS-BORDER SECTION OF RAIL BALTICA

The Minister of Transport and Communications of the Republic of Lithuania and the Minister of Transport and Communications of the Republic of Latvia (hereinafter referred to as "Parties");

BEING AWARE that the Rail Baltica project implementation terms are included in the Decision No 884/2004/EC of the European Parliament and of the Council of 29 April 2004 amending the Decision No 1692/96/EC on the Community Guidelines for the Development of the Trans-European Transport Network;

REFERRING to the Declaration of Intent of the Ministers responsible for Transport of Poland, Lithuania, Latvia, Estonia and Finland on the TEN-T Priority Project No 27 Rail Baltica, signed in Brussels on 27 March 2006, emphasise the importance of the border crossing point and the cross-border section for the project, and the Declaration of Ministers of Transport of Lithuania, Latvia and Estonia on the Development of the Transport Corridor No I of 7 September 2006;

RECOGNISING the significance of the documents regarding the development of Rail Baltica, signed on various levels by Parties for the future cooperation;

TAKING INTO ACCOUNT the emphasis of the EU transport policy towards the development of more sustainable and environmentally friendly means of transport such as rail

NOW AGREE as follows:

1. Step by step approach will be applied implementing Rail Baltica project. As a first stage Parties will modernize existing infrastructure including interoperability and intermodality measures in the section Kaunas (Republic of Lithuania) - Riga (Republic of Latvia) of Pan European corridor No I.
2. For further development of Rail Baltica project Parties will initiate more detailed feasibility study on European gauge line.

3. The Rail Baltica border crossing point on the interstate border between the Republic of Lithuania and the Republic of Latvia shall be considered the point of the intersection of the existing single track railway line with the interstate border line in the section of the line Joniškis (Republic of Lithuania) - Meitene (Republic of Latvia).

4. In accordance with the Community Guidelines for the Development of the Trans – European Transport Network (Decision 884/2004/EC, Article 19b, Cross-border section), and taking into account the conclusions of the European Commission Feasibility Study on the Development of Rail Baltica, it is defined that the Lithuanian-Latvian cross-border section of the Rail Baltica line shall be as follows: Šiauliai (Republic of Lithuania) – interstate border – Jelgava (Republic of Latvia).

5. Border crossing point and the cross-border section shall be used only when performing works of the first stage of Rail Baltica project.

6. Parties will apply for financing under Multiannual Indicative Programme of TEN-I fund for the years 2007-2013 for the following:
   a. feasibility study (2008-2009) on European gauge line;
   b. all necessary activities for implementation of the first stage of Rail Baltica project.

7. Parties agree to harmonize technical and operational parameters on the route of Rail Baltica.

8. Latvian Party will initiate similar bilateral Latvia-Estonian co-ordination activities.

Done at Riga, on June 27, 2007, in two originals in the English language, all texts being equally authentic.

Minister of Transport and Communications of the Republic of Lithuania

[Signature]

Algirdas Butkevičius

Minister of Transport and Communications of the Republic of Latvia

[Signature]

Alūrs Šteiners
MEMORANDUM OF UNDERSTANDING

BETWEEN

THE MINISTER OF ECONOMIC AFFAIRS AND COMMUNICATIONS
OF THE REPUBLIC OF ESTONIA

AND

THE MINISTER OF TRANSPORT AND COMMUNICATIONS
OF THE REPUBLIC OF LATVIA

ON THE BORDER CROSSING POINT
OF THE INTERSTATE BORDER
AND THE CROSS-BORDER SECTION OF RAIL BALTICA

The Minister of Economic Affairs and Communications of the Republic of Estonia and
the Minister of Transport and Communications of the Republic of Latvia (hereinafter
referred to as "Parties"),

BEING AWARE that the Rail Baltica project implementation terms are included in
April 2004 amending the Decision No 1692/96/EC on the Community Guidelines for
the Development of the Trans-European Transport Network;

REFERRING to the Declaration of Intent of the Ministers responsible for Transport of
Poland, Lithuania, Latvia, Estonia and Finland on the TEN-T Priority Project No 27
Rail Baltica, signed in Brussels on 27 March 2006, emphasise the importance of the
border crossing point and the cross-border section for the project, and the Declaration
of Ministers of Transport of Lithuania, Latvia and Estonia on the Development of the
Transport Corridor No I of 7 September 2006;

RECOGNISING the significance of the documents regarding the development of Rail
Baltica, signed on various levels by Parties for the future cooperation;

TAKING INTO ACCOUNT the emphasis of the EU transport policy towards the
development of more sustainable and environmentally friendly means of transport
such as rail;

NOW AGREE as follows:

1. Considering the results of the Feasibility Study on the Development of Rail
Baltica step by step approach will be applied implementing Rail Baltica project. As a
first stage Parties will modernize existing infrastructure including interoperability and
intermodality measures in the section Tallinn (Republic of Estonia) - Riga (Republic
of Latvia) of Pan European corridor No I.
2. For further development of Rail Baltica project Parties will initiate more
detailed feasibility study on European gauge line.

3. The Rail Baltica border crossing point on the interstate border between the
Republic of Estonia and the Republic of Latvia shall be considered the point of the
intersection of the existing single track railway line with the interstate border line in
the section of the line Valga (Republic of Estonia) - Valka (Republic of Latvia).

4. In accordance with the Community Guidelines for the Development of the
Trans – European Transport Network (Decision 884/2004/EC, Article 19b, Cross-
border section), and taking into account the conclusions of the European Commission
Feasibility Study on the Development of Rail Baltica, it is defined that the Estonian –
Latvian cross-border section of the Rail Baltica line shall be as follows: Tartu
(Republic of Estonia) – interstate border – Valmiera (Republic of Latvia).

5. Border crossing point and the cross-border section shall be used only when
performing works of the first stage of Rail Baltica project.

6. Parties will apply for financing under Multianual Indicative Programme of
TEN-T fund for the years 2007-2013 for the following:
a. detailed feasibility study on European gauge line including comparison
with further upgrading of the existing infrastructure;
b. all necessary activities (including upgrading of the existing infrastructure)
for implementation of the first stage of Rail Baltica project.

7. Parties agree to harmonize technical and operational parameters on Tallinn -
Riga section of Rail Baltica route.

8. Latvian Party has commenced similar bilateral Latvian-Lithuanian co-
ordination activities.

Done at Riga, on July “25”, 2007 and at Tallinn, on July “12”, 2007, in two
originals in the English language, all texts being equally authentic.

Minister of Economic Affairs
and Communications
of the Republic of Estonia

[Signature]

Minister of Transport
and Communications
of the Republic of Latvia

[Signature]
ANNEX 2

MAP OF THE PROPOSED ROUTING