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REPORT

on a Baltic Sea Region Strategy for the Northern Dimension
(2006/2171(INI))

Committee on Foreign Affairs

Rapporteur: Alexander Stubb

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on a Baltic Sea Region Strategy for the Northern Dimension (2006/2171(INI))

The European Parliament,

- having regard to its resolution of 16 November 2005 on the Northern Dimension¹,
 - having regard to the Guidelines for the Development of a Political Declaration and Policy Framework Document for the Northern Dimension policy from 2007,
 - having regard to the Commission's 2005 Annual Progress Report of 2 June 2006 on the Implementation of the Northern Dimension Action Plan (SEC(2006)0729),
 - having regard to the Second Northern Dimension Action Plan 2004-2006 as endorsed by the European Council held in Brussels on 16 and 17 October 2003,
 - having regard to Chairman's conclusions of the 6th Baltic Sea States Summit held in Reykjavik on 8 June 2006,
 - having regard to the EEA Consultative Committee's resolution and report of 25 June 2006 on the Future of the Northern Dimension Policy of 25 June 2006,
 - having regard to the work of the Baltic Intergroup in the European Parliament,
 - having regard to Europe's strategy for the Baltic Sea Region adopted by the Baltic Intergroup in the European Parliament,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Foreign Affairs and the opinion of the Committee on Industry, Research and Energy (A6-0367/2006),
- A. whereas the Northern Dimension forms a wide framework covering all the Northern Regions - the Baltic Sea and Barents Regions and the Arctic - and all policy areas, both external and internal,
- B. whereas the Northern Dimension policy has the potential to help to promote regional and cross-border cooperation for further economic growth and to identify joint responses to common challenges, but has not to date been able to fully fulfil its potential to address the variety of issues pertinent to the region,
- C. whereas the Baltic Sea region is a historically significant gateway area uniting the West and the East and should, as such, be at the core of the new Northern Dimension policy,

¹ *Texts Adopted*, P6_TA(2005)0430.

- D. whereas the Baltic Sea has almost become an internal sea, a *mare nostrum*, of the European Union following the 2004 enlargement, and whereas the Baltic Sea Strategy may serve as a substantial contribution to the reappraisal of the scope and activities of the Northern Dimension to reflect the changes since that enlargement,
- E. whereas the Baltic Sea Strategy could make an important contribution to the achievement of better coordination between the regional bodies operating in the Baltic Sea region,

Aim of this resolution

- 1. Aspires, by means of this resolution, to:
 - (a) support the Northern Dimension policy and define the Baltic Sea region as its priority area, whilst nevertheless underlining its ongoing support for the Arctic Policy, including cooperation with Norway and Iceland; promote deeper regional integration in the Baltic Sea region as a viable part and a dynamic component of a wider European economic and political area;
 - (b) make the most of the opportunities offered by the dynamic economies of the Baltic Sea region and systematically create a brand for the region as one of the most attractive and competitive areas in the world;
 - (c) help to improve the ecological status of the Baltic Sea, which is currently one of the most polluted sea areas in the world; reduce pollution and eutrophication and prevent further releases of oil and other toxic and harmful substances;

Against that background, makes the following proposals:

- 2. Urges the Commission to come up with a proposal for an EU Baltic Sea Strategy in order to reinforce the internal pillar of the Northern Dimension, cover horizontally different aspects of regional cooperation, promote synergies and avoid overlapping between different regional bodies and organisations; invites the Commission and the Member States to adjust the responsibilities of their administrations in order for them to be able to employ a horizontal approach when devising and implementing the Northern Dimension policy;
- 3. Supports the work of the Council of the Baltic Sea States; proposes an annual Baltic Sea Summit to be held before the Summer European Council; supports the work of the Baltic Sea Parliamentary Conference, the yearly meeting of the national parliaments' Speakers from the region and the upcoming Northern Dimension Parliamentary Forum;
- 4. Underlines that the Baltic Sea Strategy includes both measures to be implemented by the European Union and its Member States alone and measures to be implemented in cooperation with Russia;

5. With a view to achieving transparency and coherence, calls for an own EU budget line for the Baltic Sea Strategy, possibly under the European Neighbourhood and Partnership Instrument, supplementing the current funding of the Northern Dimension by the European Union, Member States, third countries, the European Bank for Reconstruction and Development, the European Investment Bank, the Nordic Investment Bank and others; stresses that the Strategy must receive adequate funding from all relevant budget lines in order to be able to fulfil its objectives;
6. Notes that the responsibility for the pollution of the Baltic Sea lies with both Russia and the Member States; stresses that protecting the marine environment with regard, in particular, to the reduction of eutrophication is one of the most important aspects to be considered in the implementation of the Union's agricultural and structural programmes in the region; notes with satisfaction that most of the Baltic Sea region has been granted the status of a Particularly Sensitive Sea Area by the International Maritime Organization; proposes the establishment of a network of ecologically representative and valuable off-shore and coastal protected areas;
7. Points out that a major oil disaster caused either by transportation or by exploration and exploitation could effectively kill most of the marine life in the Baltic Sea; calls for greater coordination to prevent such accidents and, should one nonetheless take place, to agree on joint mechanism to combat its effects; is of the opinion that the norms for classification of oil tankers must take account of conditions in the region, such as the thickness of the ice during winter-time;
8. Underlines the need to protect and strengthen the fish stocks in the Baltic Sea region; asks the Commission to prepare a comprehensive plan for conserving and restoring the natural salmon stocks in the Baltic Sea water system by utilising all the spawning rivers;
9. Stresses the need to reduce the region's dependency on Russian energy and encourages the Member States in the region to examine the possibility of a common energy market; calls on the Commission, the Member States and the partners to promote joint projects on energy efficiency and renewable energy resources, in the light of the region's potential as a source of bio-energy, and to encourage the usage of biomass, solar, wind and hydro energy; supports the work of the Baltic Sea Region Energy Co-operation;
10. Calls for an approach based on fairness and shared responsibility in the implementation of energy policy at national level, so that strategic decisions such as the construction of new energy networks are taken after consulting those partners among EU Member States which might be affected by those decisions;
11. Underlines that proper environmental impact assessments should be a prerequisite for all energy-related infrastructure projects, in order to guarantee that international standards of environment protection are met; calls in this regard on Russia to ratify the Espoo Convention on Environmental Impact Assessment in a Transboundary Context;
12. Recalls the role of the Baltic Sea as a uniting factor in the region; suggests a new programme, to be entitled "Borderless Baltic Sea", designed to facilitate smooth border

crossing in the region, including between the Member States and Russia; supports the establishment of a "Baltic Sea motorway" linking the Baltic Sea region with Member States in central and western Europe by 2010;

13. Takes the view that, in order to fulfil their responsibility to lessen the pollution of the Baltic Sea, Member States should have the right to maintain or introduce more stringent protective measures than those proposed by the EU;
14. Recognises the increase in maritime traffic, mainly due to the strong economic growth of Russia; regards maritime safety as one of the most pressing concerns of the region; proposes the gradual expansion of the joint Vessel Traffic Management and Information Systems (VTMIS) to cover the whole of the Baltic Sea instead of just the Gulf of Finland; underlines the need for a common commitment to rapid implementation of the classification of the Baltic Sea by the International Maritime Organization as a Particularly Sensitive Sea Area (PSSA), including a ban on single-hull oil transports;
15. Suggests that the Trans-European Network Nordic Triangle be enlarged to cover the whole region and inclusion of the road and railway routes of the Barents Corridor and the Bothnian Corridor within the TEN system; calls for the realisation of the Rail Baltica project; envisages a high-speed train connection linking up the whole region;
16. Calls for the realisation of the Via Baltica highway by 2013 as a priority project linking the Baltic Sea region with Member States in central and western Europe; stresses the importance of European funding for the realisation of the project;
17. Recognises that most national markets in the region are relatively small, which has in many cases resulted in a low level of competition; points out the exceptional economic interdependence of the Member States in the region; calls for full implementation of the four basic freedoms (freedom of movement of persons, freedom of movement of goods, freedom of establishment and the free movement of capital) as between the EU Member States located in the region;
18. Notes that the status of the Kaliningrad Oblast enclave surrounded by the European Union calls for genuine cooperation between the regional authorities, the Russian Federation and the European Union; urges the Russian Federation and the European Union to examine the possibility of developing the Kaliningrad Oblast into a more open and less militarised pilot region with improved access to the internal market; stresses the need for full implementation of freedom of navigation in the Baltic Sea, including the Vistula Lagoon and Kaliningradzkij Zaliv, and free passage through the Pilava Strait/Baltiyskij Proliv;
19. Points out that the Northern Dimension Partnership in Public Health and Social Wellbeing (NDPHS) should become more practical in combating major diseases as well as enhancing and promoting health and socially rewarding lifestyles; calls on the Russian Federation and the EU to examine the possibilities of practically engaging the Kaliningrad Oblast in NDPHS activities;
20. Stresses that the Kaliningrad Oblast is still an enclave plagued with many social,

economic and ecological problems, such as the significant ecological risk posed by the presence of the military bases and weapons in the region, the substantial health risk and the high levels of organised crime and drug addiction;

21. Calls on the Baltic Sea Region to actively support programmes aimed at generating new forms of art and communication and fostering multinational mobility and cultural exchange programmes;
22. Supports student exchanges within the region; suggests that the universities in the region form networks and agree on a division of labour in order to foster centres of excellence capable of competing at international level;
23. Is concerned that the region's Eastern border is serving as a conduit for a significant level of organised crime, with trafficking in humans and drugs giving cause for particular concern; urges a strengthened Europol involvement and reinforced cooperation at both EU and intergovernmental levels on these issues;
24. Stresses the need to redouble efforts to improve the efficiency of border controls on the Eastern border, in particular as regards upgrading the existing infrastructure and promoting legal border crossing, and calls for sufficient funds to be earmarked from the European External Borders Fund;

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25. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

The concept of the Northern Dimension (ND) was brought up by Finnish initiative and it was one of the main focuses of the Finnish EU Presidency in the second half of 1999. The policy could be still considered a priority issue for the Danish Presidency of 2002 but lost its importance somewhat during subsequent Presidencies, which placed more focus on the Mediterranean area than the North.

The objectives of the ND are identified in the Northern Dimension Action Plans. The First Action Plan was adopted at the Feira European Council in June 2000 for the period 2000-2003. Its focus was on environment, nuclear safety, the fight against organised crime and Kaliningrad.

The Second Northern Dimension Action Plan for the period 2004-2006 was adopted in October 2003. It covers five broad key priority themes: economy; human resources; the environment; cross-border cooperation and justice and home affairs. Kaliningrad and the Arctic region are mentioned as regions with specific needs.

In the second half of 2006, the ND policy figures once again high on the EU's agenda, being a top priority on the external relations programme of the Finnish Presidency. This period will also see a review of the political and institutional structures of the policy, as the Second Northern Dimension Action Plan will expire at the end of 2006 and a framework document defining a new ND policy beyond 2006 should then enter into force. Most importantly, the policy also needs to be adapted in the light of the Four Common Spaces adopted at the EU-Russia Summit in May 2005 in Moscow. An agreement on the new ND political declaration and the framework policy document is expected at the EU-Russia Summit on 24 November 2006 in Helsinki, while entry into force is planned for 2007.

The ND policy has a potential to contribute to promoting strategic regional cooperation and economic growth in the wider ND area. However, it has to date concentrated mainly on areas outside the European Union, particularly Russia and the Environmental Partnership. (Indeed the works carried out at the St Petersburg water purification plant may be considered as the policy's major success).

The Baltic Sea Region

Following the enlargement of the EU in 2004, the Baltic Sea has almost become an internal sea, a mare nostrum of the Union. Nine countries border the Baltic Sea, comprising eight EU Member States, the enclave of Kaliningrad and the St Petersburg region of Russia. Together, these eight EU Member States account for one third of the population of the Union with one third of its GDP.

Economy: potential to become the most dynamic region of Europe

According to the Baltic Development Forum, the Baltic Sea Region leads in the Competitiveness Index, in comparison to three other regions of approximately same size: the Central European Region (Austria, southeast Germany, the Czech Republic, Hungary,

Slovenia, Slovakia, and southern Poland), the British Isles and the Iberian Peninsula. In recent years, the Region has outperformed European peer regions on key performance measures such as prosperity growth, labour productivity growth, and scientific innovation. Key strengths are a strong physical infrastructure, a skilled labour force, low levels of corruption, strong research clusters and a strong science system.

The competitiveness potential is, however, not fully exploited. Prosperity of the Region is below the level of peer regions. The Region is home to only 27 of the 500 fast growing companies ranked in the “Europe 500”. This share is only about half its 10.5% share of EU-25 GDP.

As a result of the historical divide during the last century, there are today noticeable and substantial economic differences amongst the Baltic Sea States. The elimination of these great disparities must be one of the main aims of this Strategy because if this issue is not addressed, the brain-drain from these countries could seriously threaten their further development.

It turns out that the key weakness of the Region is the low level of internal competitive pressure. None of the countries in the Region alone has a market big enough to promote the needed sense of competition. The only solution to the problem is to deepen the integration of the Region.

Environment: saving the Baltic Sea

The ecosystem of the Baltic Sea is highly vulnerable, as the sea itself is shallow, its water changes slowly, and it is heavily polluted. The human burden for the sea is intensive as there are 85 million people living in the catchment area and maritime transport is among the most intensive in the world. The Baltic is a pool of brackish water. There are both freshwater and seawater species in the Baltic Sea and for many of these species the conditions are reaching extreme levels considered close to the survival limit. The main environmental challenges for the Baltic Sea are eutrophication, persistent pollutants, e.g. dioxin, PCB and organic tin compounds, alien invasive species, deliberate illegal discharges from ships, growing risk of oil accidents, from oil field exploitation and rapidly growing oil transport, as well as nuclear safety. Saving the Baltic Sea is of vital importance for all the countries in the Region.

Culture and Education

In order for the Baltic Sea Region to be seen as a harmonious and cohesive region within the EU, it is essential that culture and civil society are addressed. Education is a sector of crucial importance for sustainable development in the Region, demonstrating the strong links in the Region and willingness to cooperate. More particularly, the creation of centres of excellence and the fostering of research and development institutions across the Region would help lay the foundations for further progress towards achieving the targets for Europe's economy as outlined in the Lisbon Agenda. Special attention should be paid to encouraging innovation of research.

There is a need, in order to promote the outward looking nature of the Region, for the EU to sponsor a greater level of awareness of the rich cultural heritage of the Region throughout the EU.

Security

Security environment in the Baltic Sea Region has improved considerably. This can be accredited both to EU and NATO enlargements and also to the relative stabilisation of Russia's domestic politics and its growing economy. However, there remains noticeable tension between Russia and the Baltic States, this being a direct consequence of the half century long Soviet totalitarian occupation. It would be desirable that these political differences were reduced.

Whereas conventional security threats have diminished in the Region, the so-called soft security risks constitute the biggest security threat. The most acute security problems are of environmental, economic and social nature, not to forget organised crime.

Close cooperation between EU Member States in the field of security of energy supply are also necessary

A Baltic Sea Strategy for the Northern Dimension

The rapporteur believes that the Baltic Sea Region, as a historically significant gateway area uniting the West and the East, should be at the core of the new ND policy. The proposed Baltic Sea Strategy would strengthen the existing EU ND policy programme and may serve as a substantial contribution to the reappraisal of the scope and activities of the ND to reflect the changes in the political environment and deal with the challenges particular to the Baltic Sea Region.

Further, the proposed Strategy could serve as an umbrella concept for the dozens of organisations operating in the Region and, thus, create better synergies. Despite current efforts there is too much overlapping and better coordination between the regional bodies is vital.

The Strategy has three main objectives: to support the ND, to make the Baltic a core focus area of the ND and to raise awareness of the Baltic Sea, especially in environmental matters.

The rapporteur is suggesting various concrete initiatives to achieve these objectives, the main points include to:

- 1) Call on the Commission to make a proposal for an EU Baltic Sea Strategy;
- 2) Put forward a proposal for an annual Baltic Sea Summit to be held before the Summer European Council;
- 3) Call for an own EU budget line for the Baltic Sea Strategy, possibly under the European Neighbourhood and Partnership Instrument;
- 4) Call for the consideration of the protection of the marine environment in the implementation of the Union's agricultural and structural programmes in the Region;
- 5) Call for a joint mechanism to prevent and deal with major oil accidents;
- 6) Put forward a proposal to establish a network of ecologically representative and valuable off-shore and coastal protected areas;
- 7) Call for reduction of the Region's dependency on Russian energy, exploration of a possibility for common energy market and for joint projects on energy efficiency and

- renewable energy;
- 8) Call for a new programme entitled "Borderless Baltic Sea", designated to facilitate smooth border crossing in the Region;
 - 9) Support the establishment of important infrastructure projects, such as a Baltic Sea motorway, realisation of the Rail Baltica project and of the Via Baltica highway;
 - 10) Call for the implementation of the free movement goods, services, people and capital between the Member States of the Region;
 - 11) Call on the Russian Federation and the European Union to examine possibilities to develop the Kaliningrad Oblast into a pilot region with improved access to the internal market;
 - 12) Call for active support for student exchanges, cultural exchange programmes, university networks;
 - 13) Call for strengthened Europol involvement and reinforced cooperation on issues such as organised crime, trafficking in human beings and drugs.

10.10.2006

OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY

for the Committee on Foreign Affairs

on a Baltic Sea Strategy for the Northern Dimension
(2006/2171(INI))

Draftsman: Giles Chichester

SUGGESTIONS

The Committee on Industry, Research and Energy calls on the Committee on Foreign Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Is of the view that the Baltic Sea Region Energy Cooperation (BASREC) is a useful forum for the implementation of Northern Dimension (ND) policy actions in the field of energy and in particular for matters such as:
 - the transit and supply of oil and gas from ND supplier states to EU Member States,
 - the exploitation of the region's vast gas resources,
 - assessing the relative costs and benefits of the two gas projects, the North Transgas pipeline and the Yamal-Europe pipeline, which have been identified as projects of European interest,
 - performing environmental impact assessments for each of those two projects, not only as regards EU territory but also as regards Russian territory;
 - ensuring the security of the energy supply by means of strengthened relations with third countries,
 - integrating the new ND states, Russia, Norway and Iceland, into the internal EU energy markets;
 - promoting energy savings and the proper use of existing hydropower by means of the gradual conversion of direct electric heating systems in buildings to water-borne heating systems, biomass heating and heat pumps;

2. Stresses the significance of two particular technological challenges in the field of energy for ND states: the exploitation of oil reserves in the far North, given the projected normal price of oil of around \$ 50 per barrel, and carbon dioxide capture and storage, including the use of CO₂ for oil recovery;
3. Stresses the significance also of the further exploitation of offshore wind energy and the further testing and demonstration of different types of wave energy concepts;
4. Supports the road-map for the implementation of scientific research recently agreed by the European Commissioner for Science and Research, Janez Potočnik, and the Russian Minister for Education and Science, Andrei Fursenko, seeking to enlarge the common space;
5. Invites all ND parties and actors involved in developing the ND, and especially Russia, to take account of two major EU programmes, GALILEO, the European satellite navigation project, and the SESAR project for a new generation European air traffic management system; believes that the commitment of ND parties to both would reinforce sustainable growth and competitiveness in the ND area;
6. Insists that a strategy be developed to further cooperation with Russia, including the Barents Sea region falling within the Northern Dimension area, on energy matters that ensures respect for the principles of reciprocity and transparency and Russia's ratifying the Energy Charter Treaty and Transit Protocol;
7. Seriously fears a deficit in gas supplies from Russia after 2010 due to a lack of the investment necessary for Russia to meet its supply commitment to the EU, and fears that this type of investment may not be forthcoming without better security of investment and non-discriminatory treatment of EU companies.

PROCEDURE

Title	Baltic Sea Strategy for the Northern Dimension
Procedure number	2006/2171(INI)
Committee responsible	AFET
Opinion by Date announced in plenary	ITRE 6.7.2006
Enhanced cooperation – date announced in plenary	
Drafts(wo)man Date appointed	Giles Chichester 13.7.2006
Previous drafts(wo)man	
Discussed in committee	
Date adopted	10.10.2006
Result of final vote	+: 34 –: 0 0: 0
Members present for the final vote	Joan Calabuig Rull, Pilar del Castillo Vera, Giles Chichester, Lena Ek, Adam Gierke, Norbert Glante, András Gyürk, Fiona Hall, David Hammerstein Mintz, Rebecca Harms, Ján Hudacký, Romana Jordan Cizelj, Werner Langen, Anne Laperrouze, Pia Elda Locatelli, Nils Lundgren, Eugenijus Maldeikis, Eluned Morgan, Reino Paasilinna, Miloslav Ransdorf, Herbert Reul, Mechtild Rothe, Paul Rübig, Esko Seppänen, Britta Thomsen, Catherine Trautmann, Claude Turmes, Nikolaos Vakalis
Substitute(s) present for the final vote	Alexander Alvaro, Jan Christian Ehler, Lambert van Nistelrooij, Francisca Pleguezuelos Aguilar, Vittorio Prodi
Substitute(s) under Rule 178(2) present for the final vote	Rosa Miguélez Ramos
Comments (available in one language only)	...

PROCEDURE

Title	A Baltic Sea Region Strategy for the Northern Dimension	
Procedure number	2006/2171(INI)	
Committee responsible Date authorisation announced in plenary	AFET 6.7.2006	
Committee(s) asked for opinion(s) Date announced in plenary	ITRE 6.7.2006	
Not delivering opinion(s) Date of decision	REGI 11.9.2006	ENVI 13.7.2006
Enhanced cooperation Date announced in plenary		
Rapporteur(s) Date appointed	Alexander Stubb 3.5.2006	
Previous rapporteur(s)		
Discussed in committee	12.9.2006	10.10.2006
Date adopted	10.10.2006	
Result of final vote	+ 55 - 0 0 1	
Members present for the final vote	Angelika Beer, Panagiotis Beglitis, Marco Cappato, Simon Coveney, Ryszard Czarnecki, Giorgos Dimitrakopoulos, Jas Gawronski, Maciej Marian Giertych, Ana Maria Gomes, Alfred Gomolka, Richard Howitt, Jana Hybášková, Ioannis Kasoulides, Bogdan Klich, Helmut Kuhne, Joost Lagendijk, Vytautas Landsbergis, Edward McMillan-Scott, Willy Meyer Pleite, Francisco José Millán Mon, Pasqualina Napoletano, Annemie Neyts-Uyttebroeck, Raimon Obiols i Germà, Tobias Pflüger, Mirosław Mariusz Piotrowski, Lydie Polfer, Michel Rocard, Raül Romeva i Rueda, José Ignacio Salafranca Sánchez-Neyra, Jacek Emil Saryusz-Wolski, György Schöpflin, Gitte Seeberg, Konrad Szymański, Antonio Tajani, Charles Tannock, Paavo Väyrynen, Inese Vaidere, Ari Vatanen, Jan Marinus Wiersma, Luis Yañez-Barnuevo García, Josef Zieleniec	
Substitute(s) present for the final vote	Alexandra Dobolyi, Árpád Duka-Zólyomi, Hélène Flautre, Michael Gahler, Tunne Kelam, Miguel Angel Martínez Martínez, Yiannakis Matsis, Achille Occhetto, Rihards Pīks, Aloyzas Sakalas	
Substitute(s) under Rule 178(2) present for the final vote	Elspeth Attwooll, Christopher Beazley, Hanna Foltyn-Kubicka, Toomas Savi, Diana Wallis	
Date tabled	18.10.2006	
Comments (available in one language only)		