



Prime Minister's Office

**Results of the Northern Dimension Forum
in Lappeenranta 22-23.10.2001**

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NORTHERN DIMENSION FOR THE POLICIES OF THE EU



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1. To the Reader

The second forum on Northern Dimension was held 22-23 October, 2001 in Lappeenranta, Finland. The forum had a more international character than the first national forum in January 2001 in Oulu, Finland. The Lappeenranta forum gathered participants from most European Union member states and Northern Dimension partner countries. There were a total of 500 participants.

The aim of the forum was to promote and assist in the implementation of the EU's Northern Dimension Action Plan in Finland, other EU member states and ND partner countries and to enhance all kind of activities related to the Northern Dimension. Furthermore a crucial goal was to present the aims of planned and ongoing actions and projects to all related bodies.

The Lappeenranta forum succeeded well in its task. After the keynote speeches the forum worked in four panels: (1) Environment, Nuclear Safety & Energy, (2) Northern e-Dimension, (3) Health and Social Sector and (4) Forest Sector Co-operation.

This publication consists of the keynote speeches together with the conclusions and recommendations for further action of the chairman and the panels. This material will be presented to Prime Minister Paavo Lipponen and also distributed to the EU Commission, EU member states, partner countries and other interested parties.

Presentations and other material related to the Lappeenranta forum, which are not included in this publication can be accessed on the Internet:

http://finnbarents.urova.fi/pohjoinen_ulottuvuus/lappeenranta.asp

Esko Riepula
Chairman of the Northern Dimension Forum

2. Main Conclusions of the Northern Dimension Forum in Lappeenranta 22-23.10.2001

General Conclusions

1. The Northern Dimension Process will be taken forward by the next chairs of the EU and the Action Plan will be updated in 2002.
2. Next steps will be to implement identified projects in co-operation with wide array of stakeholders and with financial institutions.
3. Next Northern Dimension fora in Finland will be smaller scale and issue-focused: in Kajaani (Arctic Technology and cross-border business), Pori (ICT) and Joensuu (health & social sector) in 2002.
4. The dialogue between different stakeholders incl. activity of NGOs and labour unions needs to be enhanced to provide new initiatives and approaches to develop the Northern Dimension.
5. Russian government and private sector interests need to be better integrated into the project design and implementation process. Other partner countries also need to be more actively involved.
6. Entrepreneurship needs to be promoted e.g. through women entrepreneurs' programs.
7. Existing financing mechanisms need to be co-ordinated more effectively. A new horizontal financing window for investments should be considered.

Panel-Specific Conclusions

8. Northern e-Dimension: kick-off event for the NeDAP will be held in Tampere 6-7 November. The projects presented in Lappeenranta will be advanced to the next stage to achieve concrete results. Northern e-Dimension invites new initiatives. The process will be evaluated in Pori in the autumn on 2002.
9. Environment and Energy: Implementation of the Northern Dimension Environmental Partnership; development of energy projects in the North; co-ordination of energy co-operation processes in Baltic Sea and Barents Regions; strengthening environmental governance; designing improved policy design mechanisms; improving financing mechanisms incl. guarantees; advancing participation of NGOs and other stakeholders; support to EU-Russia environmental partnership.
10. Social and Health Sector: Implementation of the Partnership in Health and Social Protection in the Baltic Sea Region (infectious diseases, child protection, particular groups, NGO involvement, private enterprises involvement).
11. Forest Sector: Advancing the ND Forest Sector Program; improvement of forest sector logistics to serve western markets; progressing broad-based sustainable development of the forest sector.

12. Cross-border panel: improvement of investment and trade conditions incl. investment protection, for example through the Eurorussia Development Programme; improving financing mechanisms incl. further involvement of EIB, improved co-financing (IFI's, EU, private & public sector) and development of leasing; enhanced entrepreneurship incl. training for SMEs; introducing trade unions into ND process and cross-border activities.

3. Summary of Key-Note Speeches

In his keynote speech, Finnish Prime Minister Paavo Lipponen stressed that good progress had been achieved in the area of environment. Energy co-operation was a priority of the ND, and the EU–Russia energy dialogue was important in this context. The construction of the North Trans Gas pipeline from Russia to Western Europe via the Baltic Sea could start in 2005–2006. Another priority was the health sector, where a concept similar to the ND environmental partnership could be developed. Co-operation between Finnish and Russian border authorities would serve as a model when developing border management at the future external borders of the EU. Mr. Lipponen also encouraged the European Commission to take a more active role in the Arctic Council and stood in favour of making the Northern Dimension a regular item on the EU–Russia summit agenda.

Commissioner Margot Wallström noted that the environment of Northern European regions was particularly sensitive. The Northern Dimension Environmental Partnership would be the basis for addressing these issues. The Steering group had already identified 13 projects, of which the South West wastewater treatment plant in St. Petersburg was a priority for the Commission. She said that an EU–Russia Working Group on sustainable development was to be established to address environmental, economic and social issues at senior official level. The Commission intended to present in the near future a Communication on EU–Russia co-operation in the field of environment.

The next keynote speaker, Russian Deputy Prime Minister Viktor B. Hristenko welcomed the interest of IFIs and the possibility of EIB funding for environmental projects. At the same time he criticised the EU for focusing too much on environment, while neglecting other areas, such as infrastructure and energy. The Russian proposals presented at the Luxembourg Ministerial meeting last April had not received any reaction from the Union. Project implementing mechanisms were lacking, and so were the criteria for project selection. Mr. Hristenko also stressed the need to include other issues into the ND, such as social matters, the question of visas and freedom of travel and Kaliningrad. Equally important was to address the problem of financing key ND projects.

For his part, EBRD President Jean Lemierre underlined the importance of the private sector in the development of the Northern Dimension region. The EBRD contributed to the risk reduction of private investments and would present an action plan on Kaliningrad, focusing on 3 priorities: small business activities, environment and infrastructure.

The following speaker, NIB President Jon Sigurdsson stressed the Bank's support for the SW Waste Water Treatment plant project in St. Petersburg. Kaliningrad, Murmansk and the Kola Peninsula were also priorities of the Nordic Investment Bank. Mr. Sigurdsson underlined the need for a better co-ordination among of IFIs and for an increase of financial resources, paired with a move from addressing environmental hotspots towards supporting systematic solutions for environmental problems.

Commissioner Erkki Liikanen presented the Northern eDimension Action Plan, approved by the Ministerial meeting in Riga in September. The NeDAP complements and builds on the eEurope and eEurope+ initiatives. Its implementation would start at the Kick-off meeting in Tampere in November (for more information, visit www.baltic.org/nedap). The European Commission would contribute in the fields of upgraded inter-connection of research networks, advanced broadband applications, in eSkills, as the extension of the “Go Digital” programme for Russia, and in the form of support for eKarelia.

4. Key-note Speeches

Prime Minister Paavo Lipponen

Madame Speaker, Dear Guests, Ladies and Gentlemen,

Over the past month, the world that we all live in has undergone a series of unforeseen events. Terrorism has become a global threat. This has united us and set in motion processes of change which have immediate repercussions in Europe, too. The Cold War is now definitely behind us. Through multilateral cooperation and economic integration the European Union has been building peace in Europe. Similar cooperation is now required worldwide more than ever.

When I launched the initiative on Northern Dimension of the European Union in the autumn 1997, I was convinced that the next few decades would bring increasing welfare to our region. The Baltic Sea region has been one of the most dynamic areas of growth in Europe during the past years. The Russian economy is recovering fast. However, there is still much to do.

The purpose of the Northern Dimension is to stimulate economic growth and to increase welfare. The most effective tool is to strengthen contacts and cooperation between states, enterprises and citizens. This will gradually lead to positive interdependence which is the best guarantee for peace and stability.

Estonia, Latvia, Lithuania and Poland have made good progress in their accession negotiations. As future member states of the Union, these countries will bring an important contribution to the relations between the Union and Russia. As they all share a common border with Russia the physical contact with Russia and the Union will increase considerably. Union's share of Russia's foreign trade will rise to 50 percent. A major part of this trade takes place in the Baltic Sea region. The Union and Russia are getting closer in many ways. The Partnership and Cooperation Agreement (PCA) constitutes the foundation for the relations. It maps out future development and defines common institutions. At the recent EU-Russia Summit it was agreed to set up a high level working group to prepare a European Economic Space and to give substance to EU-Russia energy cooperation. The summit also agreed on regular dialogue on foreign and security policy. I want to thank Deputy Prime Minister Viktor Hristenko for his important contribution in achieving these results.

In Russia the Northern Dimension is considered to be a vital part of its relations with Europe. In his book entitled "New Russian Diplomacy", released in September, Foreign Minister Igor Ivanov says as follows: "The northern parts of our continent have also gained a unique experience of broad-based and equal interaction between states. They share a common geographical location and history, a common aspiration to improve their relations and to find common solutions to contemporary challenges. Russia considers this as the most significant political objective of the 'Northern Dimension', endorsed by the EU at Feira European Council."

Due to its horizontal nature the Northern Dimension has been a challenge to the European Commission. The Commission has succeeded very well in the implementation of the Action Plan. Its active contribution is needed in order to advance the Northern Dimension further.

The Northern Dimension is no more just an initiative or concept. It is rapidly developing into practical projects. The Swedish Presidency made significant progress with the most tangible results being achieved in environmental cooperation. Commissioner Margot Wallström has played a key role in this work, and her participation in EU-Russia Northern Dimension seminar on the environment, held in Moscow in the spring, was of major significance. I want to thank Ms Wallström for her important contribution.

Any programmes and projects - no matter how good they are - need financing. I am pleased to note that international financial institutions have accepted the challenge. The Nordic Investment Bank (NIB), Finland, Sweden and the Commission have put together a financing package to complete the construction of the south-west wastewater treatment plant in St.Petersburg. This is the largest single investment in improving the condition of the Baltic Sea during this decade. The Finnish government has allocated 10 million euros for the project.

The Stockholm European Council made a positive decision on extending European Investment Bank (EIB) financing to cover environment-related projects in Russia. We in Finland have been working for this decision for a long time. It would be important now that the Russian authorities take the necessary decisions enabling EIB to start its work.

The European Bank for Reconstruction and Development (EBRD) and the Nordic Investment Bank (NIB) have developed Northern Dimension Environmental Partnership. We highly appreciate the contribution of the Banks and their Directors-General Jean Lemierre and Jon Sigurdsson. Finland will contribute 7 million euros to the fund. Sweden is contributing an equal amount. I hope that the other Baltic Sea states will join us.

I welcome that EBRD is committed to support economic reforms in Russia. EBRD financing is a key component in many projects in north-west Russia.

Energy cooperation is a priority of the Northern Dimension. Finland considers the energy dialogue between the EU and Russia very important. We have provided this process with our best expertise. Energy cooperation in the Baltic Sea region creates a framework for the coordination of energy networks and markets. Estlink, which will connect the electricity networks of Finland and Estonia and which will be an important part of the Baltic Ring is about to materialize. The final decision depends on changes in the Estonian energy legislation.

Negotiations between the companies interested in building a gas pipeline from Russia to western Europe via the Baltic Sea are advancing. When I met the Russian Prime Minister Mikhail Kasyanov in July in Savonlinna, he estimated that the construction of the North Trans Gas pipeline could start already 2005-2006. Once completed, this pipeline will make it possible to utilize the vast gas resources in the Barents Sea.

Due to present economic development the European Council in Ghent last Friday encouraged the EIB to contribute more to infrastructure projects. In this context the projects linking the Union with candidate countries and Russia should also be considered.

Northern Dimension is not only big infrastructure projects. It is good to bear in mind another fundamental objective of the Northern Dimension: enhancement of welfare, health and security of our citizens. Tuberculosis, HIV/AIDS and other contagious communicable diseases do not respect national borders. These major health risks call for joint action from us all. A task force founded by the Baltic Sea Prime ministers has achieved significant results under Norwegian leadership. I

believe that a concept similar to the Northern Dimension Environmental Partnership might be useful when combating diseases and other threats to our health.

In the cooperation with our neighboring regions Finland is going to increase the resources available to non-governmental organizations. Particularly in the social and health care sectors, these organizations could play a larger role and at the same time make an important contribution in building civic societies. During the Finnish presidency in the Council of the Baltic Sea States (CBSS) in 2003 we will host a meeting of non-governmental organizations. The aim is to enhance NGO's participation in the Northern Dimension.

* * * *

Private business and companies should take the responsibility in many of the priority sectors of the Northern Dimension. The share of private financing is crucial when, for example, energy and telecommunication networks are developed.

The Business community has actively participated in Business Fora organized in Helsinki and Tallinn. We hope that these Forums will have a follow-up during the next presidencies of the European Union. The active interest of the business circles is evident here in Lappeenranta today. The relative significance of forests is nowhere else as important as in the north of Europe. However, especially in north-west Russia there are still enormous underutilized resources. Forest issues have featured prominently in the Barents area cooperation and forestry is an important topic in Finnish-Russian relations.

When I last met Prime Minister Kasyanov, we agreed to have a "Forest Summit" in Russia in connection with our next in the beginning of next year. The main themes of this Summit will be sustainable forestry, trade in timber and investment in the forest sector.

The Northern Dimension concerns not only the northern Member States of the EU. The initiative was launched during Luxembourg's Presidency in autumn 1997. The Action Plan was endorsed during the Portuguese Presidency in June 2000. The Belgian Presidency continues the implementation of the Northern Dimension in the field of information technology.

The IT-ministers of the Baltic Sea region adopted an action plan for the Northern eDimension for the years 2001-04 at their meeting in Riga few weeks ago. Commissioner Erkki Liikanen has played a central role in this work. A so-called kick-off seminar in Tampere three weeks from today, will start implementation of the Northern eDimension.

Major projects, such as gas pipelines and transport corridors, represent the most visible side of the Northern Dimension. But we should not forget smaller projects, which may be of great regional and local significance. Many questions are same for both major companies and small local producers. Transparent governance and predictable legislation are of paramount importance to all enterprises. The candidate countries of the Union have made significant progress in this respect. Fast economic growth and inflow of investments to Estonia, Latvia, Lithuania and Poland are signs of successful transformation.

Important achievements have been made also in Russia. The government of the Russian Federation has launched tax and other economic legislation reforms. Adoption of a land code is the latest concrete evidence of these efforts. It is important that, in addition to the federal level, also regional administrations do their best in order to create a good investment climate.

Trade between Finland and Russia is growing rapidly. Here in South-East Finland - In South Karelia and Kymenlaakso - people have quickly grasped the opportunities arising from the changes in Russia. The results can be seen in traditional export of goods and also in services related to logistics and tourism. The present situation gives a good basis for future activities.

The government of Finland has, together with Russia and the EU, tried to facilitate traffic flows and improve border crossing facilities. Cooperation between Finnish and Russian border authorities could serve as a model when developing border controls along the Union's new external borders. I hope that the Imatra-Svetogorsk and Salla-Kellosoelkä border crossing points will be opened for international traffic as soon as possible. A well functioning border is a common interest of all of us.

Ladies and Gentlemen,

The Swedish Presidency emphasized the need for more intensified cooperation between various actors in Northern Europe. On the basis of Finnish initiatives some streamlining has already been done in the work of the different regional councils. Further work along these lines might make it easier for the European Commission to effectively participate in their activities.

I hope, that the Commission will take a more active role in the Arctic Council. The Commission has a significant role to play in environmental and research cooperation in the Arctic region.

Denmark has announced that the Northern Dimension will be one of the priorities during its EU Presidency. Prime Minister Poul Nyrup Rasmussen has emphasized that Denmark will also actively promote Arctic cooperation.

Arctic cooperation ties the United States and Canada to cooperation in the north. The challenges involved are global, and trans-Atlantic cooperation is required. It is therefore important that dialogue is conducted with the United States and Canada. The US have said that they will continue the Northern European Initiative - NEI - which was launched already by the previous government. This is very encouraging.

Denmark has also informed that they will arrange a top-level meeting on Arctic issues in Greenland in July and a Foreign Ministers meeting on the Northern Dimension in the autumn 2002. That will be the time to consider the content of a new Action Plan.

It is not possible to develop the north of Europe without sufficient resources. We need to join our forces and ensure that necessary financial resources are made available. The enlargement of the Union will further emphasize this.

Enlargement will also mean that the Northern Dimension will be increasingly focused on EU-Russia relations. The Northern Dimension should become a regular item on the EU-Russia agenda. I will discuss this with the leaders of the European Commission, the Member States of the Union as well as with the countries in the region.

Both Kaliningrad and Murmansk regions have attracted increasing interest. Swedish Foreign Minister Anna Lindh paid attention to the development of Murmansk and other northern areas when she visited Murmansk a couple of weeks ago. The Chair of today's Forum, Rector Esko Riepula, is also in charge of the so-called Murmansk Process which highlights the special problems of this region. A whole range of good ideas are being prepared. I want to thank Mr Riepula for an invaluable contribution in developing the Northern Dimension.

I would like to thank Mr Markku Andersson, Mayor of Lappeenranta and the whole City for the cordial hospitality accorded to us during this Forum.

Lappeenranta has given an example on how to put the Northern Dimension into practice. A strategy for the Northern Dimension of south-east Finland has been prepared. This strategy aims at promoting cooperation between regions in South Karelia and Kymenlaakso and international actors. I am pleased to note that the strategy strongly highlights the role of private enterprises, the Lappeenranta University of Technology, and also important ports in the region. South-east Finland has an ambition to become a model for regional cooperation between the European Union and Russia. I am convinced that these plans will be successful.

The first Forum on Northern Dimension in Oulu was a success. After Oulu remarkable progress has been achieved in IT, environment, coordination of financial resources and the social and health sector. Today's programme is a clear proof of this.

I welcome offers from a number of cities in Finland to host future national Northern Dimension Forums. We plan to organize at least two forums: one in Kajaani in the spring and another in Pori in the autumn. I believe that these Forums will further intensify the practical implementation of the Northern Dimension.

Member of the European Commission Margot Wallström

Prime Minister Lipponen,
Deputy Prime-Minister Hristenko,
Mayor and other distinguished participants,

Introductory Remarks

It is a great pleasure to address this international forum on the Northern Dimension. Let me congratulate my hosts for organising such a timely event at a moment when the Northern Dimension is gathering new momentum. As a practical person myself, I am pleased that it is now also delivering concrete results.

While the Northern Dimension covers a range of issues including transport and telecommunications, I will focus today on two priorities – the environment and energy.

Five months ago – in May this year – I had the opportunity to visit Moscow for a series of meetings and to speak at the EU-Russia Northern Dimension Environmental seminar. I'd like to start by telling you a story about one of the things that happened to me during that visit.

As I arrived from the airport I was whisked off to Radio Moscow for a live radio interview. Despite its name, Radio Moscow broadcasts widely throughout Russia. After the interview, there was a phone-in session where ordinary Russians had the opportunity to call up and put questions to me "live on-air".

One Siberian woman called up to take me to task on the subject of climate change. "After the winter we have just experienced here" she told me, referring to the temperatures of up to minus 70° that they had experienced, "a little bit of global warming is the best thing that could happen to Siberia!".

I hope I was able to explain to her why the weight of scientific expertise shows that climate change would be disastrous for Siberia too – not least as a result of more floods – but I tell you this story for another reason.

We all share similar environmental problems – whether we are in Siberia, Sweden or Spain. As politicians we also share the common challenge of communicating why the environmental phenomena we experience every day are of such importance for all our health, as well as our social and economic quality of life. That is another reason why cross-border initiatives like the Northern Dimension are so welcome.

Environmental Aspects of the Northern Dimension

So what then are the main environmental challenges in the region covered by the Northern Dimension?

The obvious starting point is that the Northern Dimension covers an area that is environmentally very diverse.

It covers the Baltic Sea, the Barent Sea, the Arctic area of the Nordic Countries and the Kola Peninsula, as well as the vast forests of the Finnish-Russian border.

At the same time the environment of this region is very vulnerable:

- The Baltic and Arctic Seas are particularly sensitive to environmental problems because of their cold temperatures and low salinity. The low levels of oxygen pose particular problems to the bio-diversity of these water resources.
- At the same time there is over-exploitation and unsustainable use of fisheries as well as forests.
- Many hot-spots of pollution exist in the region: old industrial plants and municipal wastewater plants discharge directly into rivers, lakes and seas.
- Heavy metals and persistent organic pollutants accumulate in the food chain and threaten the health of local populations.
- Likewise, trans-boundary air pollution from emissions of sulphur dioxide, nitrogen dioxide and VOCs (volatile organic compounds) causes very significant negative effects on public health.
- Clear signs of climate change have also been observed in the region. According to the European Environment Agency (EEA) report "Environment in the European Union at the turn of the Century", the average temperature might increase by 3 °C in Northwest Russia and Finland by 2050. This would be the biggest increase in the whole of Europe.

And of course, most of these environmental problems are trans-boundary. They do not respect political borders - a problem for one is a problem for all. That is why combating these threats calls for international actions.

The Northern Dimension Action Plan

The Northern Dimension provides a strong platform from which to address these problems. From the very start of the Northern Dimension, environment has been one of its central planks.

The main aim of environmental co-operation within the Northern Dimension is to reduce health and environmental hazards by targeting hot-spots of air and water pollution. Particular emphasis is also given to nuclear safety in the Barents area.

The Northern Dimension Action Plan for 2000-2003, endorsed by the Feira European Council in June 2000, comprises a specific section on environment. This section determines the main priorities of the Northern Dimension in the field of environment, and proposes some concrete actions. As many of you know, the priorities are:

- Supporting investment projects in major "hot spots" in the Baltic and Barents Seas, for instance in St Petersburg and Kaliningrad.
- Exploring the possibility of a facility for financing environmental and cleaner production projects in small and medium sized companies.
- Reinforcement of Environmental Impact Assessment (EIA).
- Co-operation on climate change.
- Support to monitoring and reporting on environmental problems of the region, in close co-operation with the European Environment Agency.

The Northern Dimension Environmental Partnership

I am happy to inform you that, on all of these issues, important progress has been made. On the basis of the environmental priorities of the Action Plan, the Göteborg European Council of June this year endorsed the proposal to create the Northern Dimension Environmental Partnership (NDEP).

This Partnership will be the foundation stone for all concrete environmental actions within the Northern Dimension.

It will provide us with a clear list of environmental projects of high priority within the Northern Dimension area and, in particular, North-West Russia.

The aim of the Partnership is to co-ordinate different sources of funding by setting common strategic environmental objectives, and, on this basis, establishing a list of necessary environmental investments. This covers:

- bilateral assistance, for instance from Sweden and Finland;
- assistance from EU institutions such as the Commission and the European Investment Bank; and,
- support from International Financial Institutions (IFIs), such as the European Bank for Reconstruction and Development (EBRD), the Nordic Investment Bank (NIB) and the World Bank. It is a particular pleasure to see the Presidents of both these IFIs participate in this Forum – Jean Lemierre of the EBRD and Jan Sigurdsson of the NIB.

The Partnership will be based on two elements, the Steering Group and the Fund.

- The Steering Group, consisting of all Northern Dimension stakeholders, will set clear priorities for the most urgent environmental projects to be financed. It will co-ordinate all the participating institutions, decide who is the lead agency for a specific project and discuss project-by-project financing.
- The second element in the Partnership is the Fund, which will pool environmental assistance to the Northern Dimension area and co-ordinate the different sources of financing. The Fund will provide financing for projects agreed in the Steering Committee.

The Fund will comprise two strands: one for projects against air and water pollution that have a strong cross-border character, and the other for projects related to the nuclear sector

A draft list of 13 environmental projects has already been approved by the Steering Group. Thereby, our environmental assistance within the Northern Dimension should more efficiently target the real priorities.

EU Actions in the Northern Dimension

The NDEP shows that – contrary to what some critics have suggested - the Northern Dimension is more than just words on a piece of paper.

In all environmental fields covered by the Northern Dimension, very concrete actions have been taken. Many of these actions are direct initiatives of the European Commission.

To clean up the environmental hot-spots of air and water pollution, TACIS is financing projects such as the Sortavala Sewage Treatment Plant and the improvement of water quality in Kaliningrad. In addition, the Commission considers that very high priority should be given to wastewater treatment in St Petersburg. This would have a very big impact on the quality of the Baltic Sea. The estimated costs for the project are 120 to 130 million € and financing is to be provided through loans from the EBRD, the Nordic Investment Bank, the European Investment Bank as well as through grants from Sweden, Finland, Denmark and the EU.

In this context, the Commission has taken a very active role. We have proposed the inclusion of a specific project on wastewater treatment for St Petersburg in the TACIS programme for Russia for the period 2000-2003. This project would contribute to the construction of an incineration plant but also for concrete technical assistance to the St Petersburg administration on issues such as tariffs and pricing. The indicative budget of this project amounts to some 22 million €. However, this project still needs to be approved by the EU Member States.

On climate change, the EU-Russia Energy Dialogue launched in October 2000 will play an important role. The draft energy strategy for the Russian Federation estimates that there is scope for 50% energy efficiency improvement. This means that half of the energy produced by Russia is being wasted, with massive environmental and economic costs. This is also a large and avoidable source of Green House Gas Emissions.

If we can reach a more efficient use of our energy sources, the Dialogue will have contributed in a crucial way to the reduction of Green House Gas emissions and will have helped us to live up to our commitments in the Kyoto protocol, in which Russia and the EU are - and remain - key partners.

Let me also address the issue of Environmental Impact Assessment (EIA). This is a important tool for ensuring that environmental concerns are fully taken into account when carrying out investment projects. This is why the EU insists that, for all EU assistance, EIAs are a vital requirement.

The EU will provide very specific support in this area. A comparative study on EIA procedures in Russia and within the EU has been carried out with the aim of raising awareness among Russian officials. EIA will also be a focal point of a TACIS project on harmonisation of environmental standards.

Finally, let me raise the issue of the Primorsk oil port, which, as I am sure you know, has been of particular concern to me. The Primorsk oil port will begin operation shortly, with an initial capacity of 12 million tonnes of crude oil a year, although this may expand considerably in the future. Naturally the impacts of such an installation on the sensitive environment of the Baltic Sea has aroused concern especially in the countries neighbouring the Baltic. Finland has raised this issue and I have discussed it with our Russian partners.

I understand that there is now good co-operation between Russian and Finnish experts in order to reduce the risks. I also understand that Finland, Estonia and Russia are jointly establishing an integrated traffic surveillance system for the Gulf of Finland. This is welcome, but I would like to underline that reducing environmental impacts and risks will largely depend on the proper implementation of the plans, compliance with the safety requirements and the management of the port and transport system as a whole. Therefore, let me assure you that the Commission will continue to follow this issue very closely.

Sustainable Development Working Group

So what can we say about the future?

Clearly, the Northern Dimension and its environmental aspects will remain high on the Commission's agenda. So will the co-operation between Russia and the EU in the field of environment.

The Russia-EU summits held in May and earlier this month underlined the strong interest of both sides in deepening environmental co-operation. In September, the Sub-Committee on environment under the EU-Russia Partnership and Co-operation Agreement was held and once again, confirmed our common ambition to work together.

The Commission wants to further strengthen this co-operation. In this context, I have the pleasure to present you with some up-to-the-minute information.

Following my discussions with our Russian colleagues during my visit to Moscow in May, we have agreed to establish a working group between the EU and the Russian Federation on sustainable development. The aim of this working group – which will operate within the framework of the PCA – is to cover all aspects of sustainable development, including environment, economy and social issues.

The working group will meet at the level of senior officials and for specific issues, such as for instance the Northern Dimension, specialised working groups could be established. We should also ensure that the sustainable development working group has a strong link to other policies such as energy and nuclear safety. We hope that the working group will begin its work already before the new year.

This enhanced dialogue will be an essential component of a longer-term strategic partnership with Russia on environmental issues. In this context, the Commission intends to present a Communication on EU-Russia Environmental Co-operation, setting out our ideas for a common agenda to be developed by the working group. I look forward to sharing this Communication with you in the next month or so.

Concluding Remarks

These new initiatives will fundamentally change the nature of EU-Russia co-operation in the field of environment. From positive but rather general contacts, we are now moving towards a regular dialogue on very specific issues of common concern. On this basis, I hope that the EU and Russia will continue to be close partners on environmental policy, by solving concrete environmental problems at regional level, like the ones we encounter in the Northern Dimension but also at the global level, on issues such as climate change.

The Northern Dimension will have made an important contribution to this partnership by working together on our common problems and challenges.

Ladies and Gentlemen,

Let me once more thank our hosts, the Finnish Government.

I wish you all every success for your work in the rest of this seminar.

Vice Prime Minister Viktor Khristenko

Mr Prime Minister, Madam Speaker,

Ladies and Gentlemen,

I was greatly honoured to receive an invitation to address such a distinguished and dedicated audience at the opening of the Northern Dimension Forum. Indeed, multilateral co-operation in the North of our continent is a subject which has become part and parcel of the everyday life and thoughts of all those who in one way or the other are involved in making decisions with regard to the development of this region. Assumingly, discussing these questions today, without so much formality, gives us all an opportunity to have a clearer picture at what stage this initiative is at this moment, also how we should go further.

It is symbolic that our discussions today have been organised by representatives of Finland. Their “paternal” feelings towards the Northern Dimension are well understood. Prime Minister Lipponen, who spoke here before me, is the person who in 1997 launched the initiative on the Northern Dimension of the EU. Since then this conception has gone through various stages of its genesis: from an idea spoken aloud to the actual programme documents. During its lifetime the initiative has been subjected to various forms of reaction - from rejection and scepticism to enthusiastic acceptance. However, the basic ideas which are its foundation have become a definite part in the instrumental of the policies of Russia’s strategic partner, the EU. I believe that to a high degree this is also due to the fact that in forming the EU’s policy for this sector the discussion has been open for all countries in the North of Europe, no matter whether they are EU members or not.

A year has passed since the Northern Dimension Action Plan for the period 2000 – 2003 was endorsed by the European Council. During the first half of the current year, the Northern Dimension has been given a new impetus by the conclusions of the second Ministerial Conference in Luxembourg and the decisions taken by the European Council in Gothenburg.

I believe that today we can review certain results of this process. From the Russian point of view, we can talk about a definite progress in some sectors of developing the Northern Dimension, but also about obvious failures.

First a few words about the latest developments. Within the framework of the Northern Dimension a notable momentum has been given to the ecological partnership. The idea of forming a special fund for financing ecological projects is obtaining real features, and the International Financial Institutions are showing a great interest in its work. The decision concerning financing by the EIB of ecological projects in Russia is of principal significance. Considering the special attention paid in our country to the ecological questions, this sector is quite perspective for us.

In accordance with the decisions made in Luxembourg, the co-operation in the field of information technologies is also being substantiated. In September 2001 the Council of the Baltic Sea States (CBSS) held a Ministerial meeting in Riga where the Northern Dimension Action Plan in the field of information technologies was accepted. According to this Plan, the Russian Federation will coordinate such sectors of co-operation as e-commerce, high-speed research networks and the use of broadband communication networks.

It can also be said that the Northern Dimension has become an inseparable part of regional and cross-border co-operation and is on the agenda of all principal meetings, where the countries of the region and their administrative units take part. It would appear the organisers of this forum were guided by these ideas when selecting the venue for this event, which is located on the only land border at present between Russia and the EU and where already for quite some time a successful and wide co-operation between two neighbouring countries has been carried out on official basis as well as on unofficial, as you say in Finland, “grass-root level”.

However, we have also critical notes about the Northern Dimension. When reading the official documents, at times one gets the impression that this initiative is limited merely to ecology and information technologies. Let me repeat that we attach great importance to these questions, but in our opinion confining the whole initiative to them is not justified.

We believe that from the ideas which figured in the original proposals of the participating countries prior to the time when the Northern Dimension became all-European policy, by far not all have been reckoned with in the process of drawing up the documents adopted at this time. Lately such questions as developing of infrastructure, co-operation of neighbouring areas and energy sector have actually disappeared from the focus of the Northern Dimension.

First of all, regrettably we must say that the possibilities for Russia to have influence on the development of the Northern Dimension have become much less. It is an EU initiative, decisions are made and studies carried out within the EU, and in recent times the consultations with us have actually been only formal. For instance, before the meeting in Luxembourg almost all our proposals regarding substance were left “hanging in the air”. I am not going to conceal the fact that this tendency is quite disturbing for us.

So, for more than a year the Northern Dimension has not been able to bring forth a mechanism to promote and carry out concrete projects, which could be characterized as priorities for the countries in the region. It has to be acknowledged that we cannot even see any movement in this direction. Totally independent projects, which owe nothing to the Northern Dimension, are being artificially included, already for a second year, into the so called “reports” of the EU Commission on this initiative.

Absence of clear and agreed criteria for choosing and carrying out projects makes it quite difficult to work on any possible Russian proposals. Lack of established “rules of play” prompts too high expectations towards this format of co-operation, as well as undermines its possibilities. I believe this is the reason why many of the ideas brought forward by the north-western regions of Russia have failed to materialize.

In this connection I would like to remind of some of the Russian approaches to strengthening the connections between the countries in the North of our continent.

From the very beginning the idea of the Northern Dimension was met with understanding and support in Russia. That kind of approach was based on acknowledging the fact that sub-regional co-operation between the northern European countries which are interested in it, could contribute strongly to forming a common European social and economic space. In addition, the North of Europe has a number of specific problems which need to be solved with joint effort.

Thus, when observing our strategic partner, the EU, to turn to meet the cravings and challenges of the region, Russia could not fail but to be impressed. We saw in this a niche for strengthening co-operation with this powerful union.

I believe it would not be appropriate to discuss the Northern Dimension outside the context of co-operation between Russia and the EU. We regard the European Union as Russia's key partner. This approach is reflected in our programme documents – the Conception on foreign policy and the Mid-term strategy for the development of relations with the European Union (2000 – 2010), which are used as our guide when conducting regular and intensive dialogue on economic and political aspects in the relationship between Russia and the EU.

The main direction, constantly strengthening in our co-operation with the EU, is to give our partnership as much real substance as possible. This tendency has been confirmed by the multi-levelled decisions made on the latest EU – Russia Summits, also on the one recently held in Brussels. This includes also concrete forms of deepening political dialogue on CFSP, fighting against international terrorism, moving over in energy partnership to a practical phase, carrying out scientific and technical co-operation including space research, also starting a substantial discussion on the consequences of the EU enlargement for our relationship. In this context I would like to especially point out the decision made in Brussels on forming a joint group for working out measures to eliminate negative consequences of the enlargement of the EU for Kaliningrad oblast.

The Northern Dimension must be based on interconnected and consistent development of economy, social sector and environmental protection in the participating countries, abiding by the principles of sustainable development. Russia is ready to involve its material and industrial resources as well as its human and scientific potential, making use of the experiences gained in the neighbouring area co-operation. It is imperative that the Northern Dimension does not lead to a situation, where the current raw material based structure of the Russian export is perpetuated, but will be oriented towards industry, with much more emphasis on industrial co-operation and trade, also on building of infrastructure for cargo-handling and energy deliveries. For Russia the Northern Dimension is not a collection of separate resource-based export-oriented projects, but above all an additional instrument for overall development of its North-West regions.

In this connection, an essential task is to optimise the transport infrastructure of North-West Russia and link it with the Trans-European communication system. It is necessary therefore to thoroughly study all questions related to building pipeline systems, main gas and oil pipelines (for transit of not only Russian, but also Central Asian and Caspian oil and gas), also electric lines, in accordance with the latest requirements. I believe our European neighbours are just as interested in this as Russia, which can be seen by looking at the increasing pace of the energy dialogue between Russia and the EU.

Bearing in mind the traditional economic connections of Belarus with the northern European countries, its important geographical position from the point of view of the infrastructure, also the existence of economic and customs union between Russia and Belarus and the process of forming the union of Russia and Belarus, it is evident that in due course this country also should become a participant in the initiative.

So far the social aspects have been sidelined in the initiative. Therefore it should be reminded that ignoring social factors may lead to new problems and hamper the use of emerging possibilities. For this reason it is necessary to pay special attention to the “human” aspects of co-operation.

In this context I would like to especially single out the problems with regard to visas. For instance, at this point Russia already meets difficulties which arise from the forthcoming introduction by our neighbours of strict visa regime applied to persons from third countries, on the threshold of taking the Schengen obligations. It is hardly possible to talk about real co-operation within the framework

of the Northern Dimension or other programmes in conditions, where Russia will be on the other side of a visa barrier? Especially acutely this question concerns Kaliningrad oblast. Corresponding proposals have been handed over to the EU, Poland, Lithuania and Latvia. Main efforts will be taken by us within the framework of the Russia – EU dialogue, but also the Northern Dimension could give its contribution to this matter, possibly even ahead of others.

In all fairness one has to say that today, in many respects owing to the efforts taken by Finland and Sweden within the EU, the model of the Northern Dimension appears already more comprehensible and mature. An institutional mechanism has already been suggested and forms of interaction with the other formats of international co-operation in the Baltic and Arctic regions have been found. There is a mutual understanding that the Northern Dimension must have some kind of a permanent mechanism for development and monitoring. We are ready to participate in it. However, I have to say again that we still have not managed to get to the stage of promoting and carrying out concrete projects, and so it can-not be said that this initiative has moved on to a practical level.

Probably the most acute unsolved problem within the Northern Dimension is financing. Of course, one cannot question the necessity of improving the co-ordination between the existing technical assistance programmes of the EU (Takis, Phare, Interreg). However, is it appropriate to talk only about redistributing the funds of these programmes and refrain from presenting a question about earmarking funds for financing projects which are so important for the North of the continent? After all, the question is about large-scale programmes where the interests of several countries are involved. No doubt, active support for the Northern Dimension can and must come from European and Russian private business. However, its role here should not be overemphasized, because business will join in to financing commercially profitable programmes even without any Northern Dimension – they have their own criteria for estimating whether it is profitable to participate in a project or not.

If the question is only about making the already existing EU programmes more effective, then it is completely justified to ask: what actually is the role of the Northern Dimension? Will it be just a “nice wrapping” for projects which would be implemented even without it? Russia, at least, sees the Northern Dimension much wider and believes that it deserves more attention. Obviously it would pay to carry out, in the course of time, a more concrete and real study of the financial aspects. In this question the Russian side counts also on the interest of the IFIs. In this respect we welcome, as the first step, extending the operations of the EIB on the ecological projects of the Northern Dimension. They are required not only in the Arctic, but also in the Baltic region. The next step could be to engage the EIB in the infrastructure projects.

Let me take a small side-step based on personal experience. When we were preparing the final documents on the energy dialogue for the summit in Brussels, we suggested to mention the EIB, in a very soft form, in the part concerning financing of infrastructure. The EU Commission categorically refused, the reasoning being that the bank is accountable to the Council of ministers of economy and finance and not to the Commission, which is responsible for conducting the energy dialogue with Russia from the EU side.

Today it is important to remember that in the process of forming and developing the Northern Dimension the foundation is laid for co-operation and mutually advantageous economic relations in the North of the European continent. Thus the work is aimed also into the future. It would be extremely dangerous to destroy the fragile contours of our future interrelations, which are gradually beginning to form. The Northern Dimension is a kind of a brave political experiment, in which

every participant has to show a considerable amount of courage and political far-sightedness, also ability to make unconventional decisions.

I would like to assure you that Russia is ready for this.

Thank you for your attention.

TURNING THE NORTHERN DIMENSION ACTION PLAN INTO ACTION

President and CEO Jón Sigurðsson, Nordic Investment Bank

It was my privilege to participate in the conference in Rovaniemi in September 1997 where Prime Minister Paavo Lipponen explained so convincingly why the European Union needed a policy for the Northern Dimension. This was the speech that publicly launched the novel concept of the Northern Dimension (ND). Already at this early stage the Prime Minister set out the goals for the new policy, indicating the main sectors of activity together with ideas about the institutional framework and financing arrangements. The guiding principle for all economic activities in the ND should be sustainable development. He also proposed concerted international action to deal with the serious environmental hazards of the region.

Since Rovaniemi, four years ago, the ND has come a long way. It has by now become a well-established part of policy-making within the EU and in the partner countries. It was endorsed by the European Council in Helsinki in December 1999. An ND action plan was approved by the European Council at Feira in Portugal in June 2000. The importance of environmental and infrastructure investment in the transition countries of the NDA has been emphasised from the very outset.

Very sensibly – as I see it - the pragmatic Finns on whose initiative the ND came about did not insist on an EU budget line for it, knowing full well that this might have limited rather than expanded the scope of the endeavour. This means, of course, that existing programmes, institutions and resources have to be directed northwards and used more efficiently.

And so NIB, in co-operation with the Swedish EU Presidency, called a meeting in Helsinki last March of the Heads of International Financial Institutions and the European Union. At this meeting it was decided to appoint a working group to prepare a formal proposal on a Northern Dimension Environmental Partnership (NDEP) for the financing of environmental projects in the NDA. NDEP is a partnership of the IFIs active in the NDA, EBRD, EIB, NIB, WB, the European Commission, the recipient countries - in the first instance Russia - and the donor community. The NDEP initiative was warmly welcomed by the ND foreign ministers' meeting in Luxembourg in April, as well as by the EU-Russia Summit in Moscow in May and fully endorsed by the European Council meeting in Gothenburg in June. Vigorous support for NDEP was also expressed at the most recent EU-Russia Summit earlier this month by the Belgian EU-Presidency and the Russian President.

It was encouraging to hear Prime Minister Nyrup Rasmussen's declarations both in Gothenburg in June and more recently at the Baltic Development Forum in St. Petersburg in September, that

Denmark will give high priority to the ND and the environment during the Danish EU Presidency in the latter half of next year.

These are important milestones in the development of the Northern Dimension policy concept. We have now reached the stage where the action plan needs to be turned into action. With the ND as with the IT revolution, content is king. We need to fill the action plan with substance.

I am pleased to report that the work of the NDEP has begun. The first meeting of its Steering Group, chaired by NIB, was held in Stockholm in September, with the Russian Federation also participating. Together with the European Commission, the EBRD has been busy preparing the plans for the NDEP Support Fund.

The Steering Group's most important task is to identify priority environmental projects in the region, which require an appropriate blend of loans and grant financing in order to be realised, and to appoint a lead agency for the financing of each project.

A list of priority projects developed by partnership has been compiled well ahead of the NDEP Support Fund pledging conference to be called by the European Commission and EBRD in December. This preliminary list already comprises projects with a total cost of some 1.3 billion euro, not counting nuclear-safety projects. These needs are indeed great and pressing. Improvement of the physical environment is absolutely necessary for the creation of a viable business environment. The outcome of the pledging conference will be crucial to the success of this unique partnership. Without financial support from donors, in addition to loans from IFIs, these projects will simply not be realised.

Realising these projects is no simple task.

First, we have to deal with the legacy from the communist era of environmental neglect, a wasteful energy sector and deficient district heating systems, decades of deterioration in water supply and wastewater treatment facilities, not to mention the accumulation of nuclear and toxic waste. Second, in addition to the legacy problems we have the current problems of heavily polluting industries, inefficient and polluting energy generation and poor or non-existing wastewater treatment facilities. Third, many of the environmental hot spots of the region have cross-border effects on neighbouring countries.

One of the most important NDEP projects is located in St. Petersburg; the South West Wastewater Treatment Plant (SWWWTP). This project will have a very positive impact on the marine environment of the Baltic Sea as well as the local surroundings.

NIB, as lead agency, has approved a long-term loan to the SWWWTP and the EBRD and EIB are also expected to participate in the financing of the project. Generous support will be forthcoming from Finland and Sweden, and grants are expected from Denmark. It has been indicated that the European Commission will provide a substantial grant for the implementation of these investments. The SWWWTP may become an interesting example of a public-private partnership. Three Nordic contractors (that are expected to be responsible for the construction) have together with Vodokanal and Nefco committed to provide equity for a special purpose company established for the implementation of the project. The new plant will be operated by a separate operating company to be established by the owners of the special purpose company. So in many ways the SWWWTP is a pilot project on a fairly big scale for NDEP co-operation and environmental investments in Russia.

The project cost is according to the original calculations at least 110 million US dollars, but the final cost is not yet defined.

In addition to St Petersburg Kaliningrad is of special interest to NDEP, as well as Murmansk and the Kola Peninsula. We are also working on a well-structured process of selection of nuclear safety projects for NDEP financing.

As will be seen from the map, the projects range from Murmansk in the north to Kaliningrad in the south. All of them require close co-operation between all the parties involved in environmental and energy projects in the NDA. The NDEP will provide a good mechanism for dealing with such projects. Within the transition countries too, close co-operation is needed between the local authorities, responsible for public utilities, and the central government authorities, responsible for foreign borrowing and government guarantees. It is important that the lines of communication between these agencies should be open and that priorities are assigned consistently.

Many urgent projects today are held up by weak institutional capacity in recipient countries for project preparation, appraisal and implementation. Conflicting or confusing national regulatory frameworks are liable to have the same effect. Supporting institutional capacity-building and the development of a sound regulatory and legal framework is therefore a major challenge.

Even if the international financial institutions have been co-operating among themselves and with the European Commission in this area for many years, it is clear that the size and scope of the ND environmental problems are so great that they require a better-co-ordinated effort to speed up project implementation. It is also obvious that an increase in the total amount of resources available is urgently needed. After ten years of transition, serious environmental problems from the past are still waiting to be solved. The strengthening of co-operation and co-ordination between the EC and IFIs for this purpose is therefore essential. NDEP provides a practical framework for achieving this. Such is the challenge facing NDEP.

I think I can safely say that the partnership has got off to a promising start. I want to pay tribute to my colleagues at EBRD, EIB, the World Bank Group, the European Commission and the representatives of the Russian Federation for the co-operative spirit in which this work has begun. But let me now return to financing. NIB, the institution I represent, has operations in all the countries of the NDA. The Baltic Sea and Barents Sea regions are priority areas for our operations. Since 1990 NIB has committed around 2 billion euro to some 150 projects protecting the Baltic Sea environment, thereof some 350 million euro in the ND transition countries. Recently NIB has committed significant amounts in loans to waste-water treatment plants in St. Petersburg and Kaliningrad, and to the clean-up and modernising of heavily polluting metal smelters in the Kola peninsula with support from the governments of Norway and Sweden. In Estonia, Latvia, Lithuania and Poland, NIB is and has been engaged in many environmental projects both in the municipal sector and in energy and industry. NIB's activities are complemented by our sister organisation NEFCO, which is providing finance mainly for smaller environmental projects through equity, loans and grants.

NIB's activities in the transition economies of the NDA have been growing steadily in recent years. We have already financed a great number of infrastructure and environmental projects in the region. Total cumulative loan approvals by NIB to the Baltic Sea transition economies now exceed 1,200 million euro, including some 800 million euro to the four pre-accession countries.

Environmental investment in the NDA needs to be financed with an appropriate blend of long-term credit and grant funds together with local financing. The greater a project's "legacy problem" – for

instance past accumulation of nuclear and other dangerous waste – the greater the grant share of the financing needs to be. But repayment of loans for that part of an investment that relates to recurrent use and polluting emissions needs to be an integral element in any solution, so as to ensure efficient use and allocation of resources.

Mr. Chairman,

My remarks have so far mostly been focused on energy efficiency and environmental investment needing concessional funding in addition to long-term loans. But in the Baltic Sea Region and Northwest Russia there are several important energy investments that have the potential for becoming commercially viable, e.g. gas and oil pipelines to feed the Western European market.

NIB is interested in helping to finance cross-border projects of this kind together with other IFIs as well as commercial banks. The submarine Baltic gas pipeline from Russia to the continental European market is one such interesting long-term proposition. The IFIs have a role to play in the financing of such projects, primarily to help create confidence in their long-term viability. These are very important projects for the future growth and prosperity of the Baltic Sea Region.

What we are seeing now is the translation of the ND Action Plan into concrete action. The ND policy has great value in reducing risks for business investment in the NDA and creating a better business environment as well as improving the quality of everyday life in the region. This is exactly what Northwest Russia and the Northern Dimension need.

Status of Development of the Northern eDimension

Member of the European Commission Erkki Liikanen

Good Afternoon, Ladies and Gentlemen,

I would like to start this afternoon's session by telling you about 3 complementary programmes designed to accelerate the development of the Information Society in Europe.

Slide 2a

(All slides can be found on the website of the forum)

The process started with eEurope in the Member States and we are now progressing rapidly with implementation.

Slide 2b

This year, the candidate countries took up the banner, realising the importance of not being left behind and they proposed their own programme, eEurope+, following the general approach of eEurope, but adopting timescales and objectives to their available resources.

Slide 2c

The Council of Baltic Sea States, with the Commission's support, has now proposed the Northern eDimension Action Plan which extends these activities to all countries within the so-called Northern Dimension.

It is now clear that Europe is moving forward as a body to develop interoperable services, to improve competitiveness and to improve the social and democratic aspects of life in the coming century based on the Information Society.

I would like to say a little more about the three programmes, but since the Northern eDimension Action Plan is the newest of these initiatives I will spend a little more time to describe the actions proposed by the Commission for that initiative.

Slide 1

eEurope

The eEurope Initiative, launched in December 1999, had its biggest impact at strategic level. The Internet and the new economy were addressed at the highest political level at a special Summit entirely devoted to the Information Society. eEurope puts these high on the policy agenda of all Member States.

The special Summit in Lisbon, in March 2000, devised a common strategy and set common key objectives for all Member States. The eEurope 2002 Action Plan with its 11 priority domains, was endorsed by the Feira Summit in June 2000.

Slide 3

The eEurope Action Plan has already led to significant results:

- Policy impact: eEurope has led to considerable societal awareness and political mobilisation in the Member States: Internet and the new economy are in the spotlight, and their importance for socioeconomic progress are widely recognised, also in the current state of the ICT industry and its value at the stockmarkets.
- Speeding up of legislation: local loop unbundling; liberalisation of intra-Community shipments of encryption goods; progress towards the completion of the Internal Market for e-commerce; draft regulation to create a registry to run the ".eu" top level domain name.
- Faster progress on important specific issues: upgrade of the transEuropean research network

(GEANT); interoperability of smart-cards to boost security and authentication in electronic transactions; eContent programme to develop European digital content for the Internet.

But new priorities and new challenges have emerged. Therefore, eEurope cannot be a static instrument. **To keep up the momentum, eEurope will focus on few actions and priorities:**

- High-speed infrastructure: put greater emphasis on broadband Internet access platforms, in particular multimedia fixed-wireless systems and digital TV, as well as faster introduction of IPv6, to avoid bottlenecks and increase quality.
- eGovernment: public administrations should play a more pro-active role, by taking up more rapidly digital technologies and developing fully-interactive Internet services for citizens and businesses.
- Network and Information security: step up efforts to ensure security of information and networks, especially as regards cooperation between Member States and R&D efforts.
- eContent: promote the production and dissemination of European digital content.

Slide 4

eEurope+ 2003

The 13 EU candidate countries launched a common Action **Plan at the time** of the Goteborg Summit, called eEurope+ 2003, which broadly contains the same objectives as those found in eEurope, and also adopts many of the indicators and benchmarks to report on progress in order to facilitate comparison and exchange of information. The actions found in eEurope+ 2003 have been aligned, as far as possible, with those found in eEurope, however, the objectives have been tailored to reflect their special needs.

In particular, candidate countries have recognised that, if the full benefits of the actions are to be achieved, a further acceleration in the implementation and functions of the *acquis communautaire* in areas related to Information Society is required. This has resulted in the inclusion of an additional, new objective, not previously found in eEurope, that aims to put in place the “building blocks of IS”.

Like eEurope, the eEurope+ Action Plan aims to accelerate reform and modernisation of the economies in the candidate countries.

A Ministerial-level conference is planned to be held in the first half of 2002, hosted by a candidate country to present and discuss the first eEurope+ 2003 Progress Report.

Slide 5

Northern eDimension

The Northern eDimension Action Plan is a response to a political request both from the EU through it's Northern Dimension action plan and the countries around the Baltic Sea through the Kolding meeting in April 2001. It was discussed and agreed at a ministerial meeting chaired by Andris Barzins, Prime Minister of Latvia and attended by the 11 ministers closely concerned.

NeDAP is complementary to both eEurope and eEurope+ and builds on these two plans. The NeDAP focus is on closer co-operation and cross border actions to accelerate the transition to a knowledge based Information Society, not only for NW Russia but for all countries of the region. NeDAP is different to eEurope and eEurope+ in two important respects:

- it does not cover the full range of topics in those two programmes rather it puts emphasis on a more limited number of achievable objectives,
- the timescale for achieving the objectives of the plan is 2004.

However, NeDAP will be developed in the light of experience. It is intended to be a framework for co-operation within which existing actors can contribute and to which potential actors will be able to contribute in the future.

The NeDAP identifies the following priority action lines:

- > **HIGH SPEED RESEARCH NETWORKS AND ADVANCED BROADBAND APPLICATIONS** which should interconnect better research networks of the region both at the transport and at the application level,
- > **ICT SECURITY,**
- > **E-SKILLS** to develop training centres in NW Russia and in the four **accession countries that facilitates work for industry and start-ups by using virtual means,**
- > **E-COMMERCE** to establish inter-operability of e-commerce networks of the region and to encourage the use of ICTs in SMEs,
- > **E-GOVERNMENT,**
- > **INDICATORS AND BENCHMARKING,**
- > **E-ENVIRONMENT**

Slide 6

Each Action Line will have a lead country. There is a strong interest from

the countries to take responsibility and already 5 of the 7 Action Lines have been taken as shown in the slide.

As with eEurope and eEurope+, progress will be benchmarked, and this is an important Action Line.

Implementation of NeDAP

Slide 7

The Commission has made proposals for the funding of projects from the Tacis Cross Border Programme (to the amount of about 10 million euro) which fit into these Action Lines. We have proposed the following five projects:

- Upgraded connection between the scientific networks of Russia and the European Research Community (through Nordunet),
- Advanced Broadband Applications in co-operation again with Nordunet 2 and complementing actions using the IST programme as far as possible (e.g. telemedicine, distance learning, digital libraries),
- Development of training facilities for Internet start-ups based on one or more universities in NW Russia, and including business internships,
- Extension of the Go Digital campaign to SMEs in NW Russia, involving start-ups and existing companies,
- Support for eKarelia in conjunction with Interreg III with the objective of joint activities in the whole of the Karelia region,

The main target for this proposed Community contribution will be development of the local economy in NW Russia. But this will go hand in hand with opportunities to integrate the developing economy there with that of the region as a whole. The Commission will offer its assistance in the implementation of the plan.

There are opportunities for countries to contribute in cash or in kind to the development of the various Actions.

The Commission has also proposed the Phare Baltic Sea Regional Programme which will provide

opportunities for Baltic countries to make proposals for participation in the Northern eDimension Action Plan.

The Commission will investigate investment possibilities, for example to enable startups and for the development of existing companies using our contacts with International Financing Institutions.

Following approval of NeDAP at the ministerial meeting, we will now turn our efforts to implementation. A committee of Senior Officials will coordinate actions and the Kick Off Meeting will be held on 7 Nov in Tampere. The occasion will also be used to present progress more widely to the Tampere community.

Taking into account all contributions, both human and financial, the prospects are excellent developing the Information Society of the region as a whole and for developing economic and scientific co-operation. It is planned that progress will be monitored through the publication of a first progress report in 2002, an interim report in 2003 and a final progress report in 2004. I look forward to seeing the results of this co-operation. Our relations with Russia continue to improve and prospects have never been better for improving co-operation at all levels of society into our activities. We anticipate that one very important contribution will be NeDAP.

Thank you Ladies and Gentlemen

5. Reports of the Panels

Panel 1: Northern e-Dimension

chaired by Mr. Pekka Takala

Information society development is one of the most important goals in the Northern Dimension Action Plan. The Baltic countries' prospective membership of the EU highlights the importance of well-functioning information society. Russia has also expressed interest in co-operation in the ICT sector. This is however challenged by the complexities of the region. Therefore there is a need for promotion of co-ordinated initiatives and increased commitment from the national governments and other key actors. The national Northern Dimension Forum in Oulu in January 2001 was an important step taken to acknowledge the importance of the information society development for the Northern Dimension. The most important understanding between all actors in Oulu Forum was that there is a need to develop a joint strategy for the Northern eDimension.

After the Oulu Forum the information society for the Northern Dimension has taken many steps forward. The EU Commission has launched the eEurope+ Action Plan for the Baltic countries seeking EU membership. The purpose of the eEurope+ Action Plan is to bring the Baltic countries in the line with the other EU countries by the time they reach the membership.

Furthermore the Northern eDimension Action Plan (NeDAP) drafted by the Council of the Baltic Sea States (CBSS), will act as program monitored by the national SOIS members (Senior Officials of the Information Society). NeDAP serves as a tool for enhancing the development in the region. It is based on the EU's Northern Dimension and the decision of the CBSS in January 2001 to develop NeDAP in partnership with the European Commission. The final action plan was signed in the CBSS ministerial meeting in Riga in September 2001. These two action plans are today the basis for developing the Northern eDimension.

The Projects launched in Oulu Forum

There were several projects and decision made in Oulu in order to develop the Northern eDimension.

One of the decisions was to create a joint Internet Gateway for the Northern Dimension. The discussions have been active between the Commission and several other parties about this project. There are plans to launch this project with a Lithuanian partner who would maintain the Northern Dimension Gateway.

Another project that took a step forward in Oulu was the Internet connections to every school in the Baltic Sea Region -projects. In this it became evident that the complexities of the region and the different situations in the information society development makes it impossible to create an overall project for the whole Baltic Sea Region. Therefore this projects will first start in Latvia.

It was also discussed in Oulu that co-operation involving the mass media have to be considered when measures are taken to develop the information society. A case in point was the project, undertaken by the enterprises in the Barents region, to set up a programme transmission network linking up the entire Barents region. In practice, this meant a network of links spanning Murmansk

across Lapland to Norway and Sweden, enabling transmission of television and radio programmes in real time.

A decision was also made to explore the possibilities for co-operation in the field of IT training in St. Petersburg and to clarify them with the EU Commission. This called for cooperation between companies, universities and the authorities.

The goal for the Lappeenranta Forum

The projects launched or discussed in Oulu have developed during this nine months time after Oulu. There are of course several other projects that have the Northern eDimension aspect also, but these particular projects presented in Lappeenranta are the priority projects decided in the Information Society and Mass Media working group.

The projects are:

- The Northern Dimension Gateway, Lithuania
- Internet to every school, Latvia
- The Northern Transmission Network
- The Technology Centre Project in St. Petersburg
- The ICT-education project between St. Petersburg, Kaliningrad and Pori, Finland

These projects that are presented in Lappeenranta seek for the final support from the authorities. The projects need to find the right funding and the partners from the Northern Dimension countries.

The development of these projects will be evaluated in the next Northern Dimension Forum.

PANEL 2: ENVIRONMENT, NUCLEAR SAFETY & ENERGY

chaired by Mr. Pekka Haavisto

1. About the Panel

The essence is to look into the two major sectors of cooperation - environmental protection and energy - in the context of the Northern Dimension, to address sustainability issues in relation to the mainstream of economic relations between the European Union and the North of Europe, Russia in particular.

2. Action Plan for the Northern Dimension (2000-2003)

- Endorsed by the European Council in Santa Maria da Feira, June 2000; implementation and follow-up discussed and guidance provided at the Foreign Ministers' Conference in Luxemburg (April 2001) and at the European Council meeting in Göteborg (June 2001).
- The action plan addresses transboundary environmental effects, and emphasizes sustainable development and integration of environmental aspects into all decision-making. Its focus is on international co-operation.

3. Environment

3.1. Protection of the Baltic Sea

The South West Waste Water Treatment Plant of the City of St.Petersburg, has reached an advanced stage. This treatment plant is a major environmental investment to decrease the pollution to the Gulf of Finland and the Baltic Sea.

The environmental impacts of the old and new harbours on the Baltic Sea and the safety of the maritime transport of increased amounts of oil and oil products are a major concern. Effective means of international cooperation should be sought to minimize the risks.

3.2. Protection of Biological Diversity

Sustainable forestry and preservation of biological diversity in the Northern Dimension area have been addressed by governmental and non-governmental organizations, and in different cooperative arrangements. In Northwest Russia, forestry is an important issue. The commitment by the European Commission to contribute to the development of sustainable forestry and preservation of biological diversity should be further materialized.

One important link between the forestry and energy sectors is the potential use of biomass to reduce dependence on fossil fuels.

3.3. Financing Mechanisms

- In March 2001, in Helsinki the Nordic Investment Bank (NIB) hosted a meeting of international financial institutions with activities in the Northern Dimension area. At this meeting, the European Bank for Reconstruction and Development (EBRD) proposed that a Northern Dimension Environmental Partnership (NDEP) be established to strengthen and coordinate financing of important environmental projects with cross-border effects in the area. In Brussels in early 2002, the European Commission will host a conference on the NDEP for accepting pledges to support this endeavour.

4. Northern Dimension and Energy

It is logical that the energy sector be included in the Northern Dimension policy: still today, the energy production in the Baltic Sea area and even energy markets reflect, in many ways, the past barriers of the cold war and the problems of central planning. Governments, companies and legislatures have on their agenda the task to build bridges over the barriers and repair step-by-step energy production systems that waste resources and damage or threaten the environment. The task is not easy - the administrative systems have to be rebuilt, and new legislation has to be drawn up and passed. In this, there are also obstacles as the new legislation has to be, in some cases, internationally coordinated and harmonised, investors need reliable frameworks for their investments and financiers need safeguards against political risks. At the same time, however, there are tremendous opportunities for all countries because of the position of the region in the energy supply of Europe.

The Nordic country energy ministers initiated action on the Northern Dimension in 1997, after being given some guidelines by the Nordic Council in 1995 and 1996, and by the Nordic prime ministers in 1997. The EU Baltic Energy Task Force was active in 1998-1999. In 1998 and the energy ministers in the area and a representative from the European Commission met in Stavanger and in Helsinki in 1999. They agreed to establish an organised forum for cooperation (the Baltic Sea Region Energy Cooperation, BASREC) for three years. The European Council, at its meeting in Santa Maria da Feira, in June 2000, included BASREC to the list of EU Northern Dimension policy actors.

The EU-Russia Summit agreed in Brussels on October 3, 2001, on important actions to continue the EU-Russia Energy Dialogue. Some key problems will be discussed in the framework of the PCA (Partnership and Cooperation Agreement) between the EU and Russia. In addition, the Summit agreed on some actions to develop the Russian energy infrastructure and technology. It is important that all Northern Dimension activities are coordinated with the actions taken to continue the EU-Russia Energy Dialogue.

The growing use of natural resources, especially oil and gas underlines the importance of sustainability of energy sector. To do so, the environmental and social impacts of the whole energy production chain, starting from the oil and gas fields to the full range of global climate problems need to be taken into account. In North-West Russia there is an urgent need to modernise the energy production infrastructure and to introduce environmentally sound technologies. More attention should be given to rational energy use and the savings potential, and switching from the use of fossil fuels to renewable energy sources and biofuels.

5. Nuclear and Radiation Safety

A particular concern for Finland is reactor safety in the Russian nuclear power stations, Sosnovyi Bor and Kola.

Nuclear safety is an essential part of the Northern Dimension Action Plan. Attention is paid specially to the management of radioactive waste and spent fuel. The new Northern Dimension Environmental Partnership (NDEP) aims at continuing and strengthening nuclear safety cooperation. The future depends to a great extent on the outcome of the negotiations on the Multilateral Nuclear Environmental Programme in the Russian Federation (MNEPR), which have been going on for three years without success so far.

The closure of the Ignalina power plant in Lithuania is being dealt with primarily between Lithuania, the EU and multi- and bilateral donors.

The Nordic ministers of the environment, in their meeting in Ivalo on August 20, 2001, expressed their serious concern over the decision by Russia to allow the import of spent nuclear fuel for processing in Russia. It was considered that the management of nuclear waste is a pressing issue and that the need for safe and secure treatment, transport and storage is essential.

6. Further Options and the Need to Strengthen Cooperation

6.1. Harmonization of Standards and Norms

6.2. Development of Environmental Policies and Policy Tools

The knowledge of available instruments to integrate environmental benefits and costs into decision-making is increasing in the EU area, and as a result of other national and international efforts. The development and application of such tools in the context of economic integration in the Northern Dimension area would yield both environmental and economic benefits, would enable response to demands by the consumers and would help to avoid market distortions.

Among the environmental policy tools that can be subject to discussion and trial are many of the non-regulatory instruments already applied in the EU, as well as frameworks such as assessment of environmental costs and benefits and environmental impact assessment. A prerequisite for increased cooperation in this field is a priority status given to environmental protection. In this respect, a lot of international attention is attached to the ongoing changes in the Russian environmental administration, and in Russian environmental policies and their enforcement.

6.3. Access to Environmental Information, Public Participation and Environmental Awareness

Two international conventions negotiated in the framework of the UN Economic Commission for Europe (ECE) provide a good basis for promoting access to information and public participation. These are the Convention on Environmental Impact Assessment in a Transboundary Context (1991) and the UN/ECE Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (1998). The so-called "Cardiff-Process" of the EU to integrate the environment and sustainable development into all Community policies provides a good basis for international cooperation also in the Northern Dimension context.

The industrial utilisation of natural resources of the northern regions, especially forests, oil and gas, is increasing. Therefore, more attention is needed to secure the rights of the local and indigenous communities to traditional livelihoods and the areas in which they live. This means also that the negative impacts of economic activities on the local people and the environment are to be minimised and that the traditional ecological knowledge of the indigenous peoples is to be taken into account. In this context, access to information is to be guaranteed, the procedures of public participation (including EIA) are to be followed and the capacity of the local people to safeguard their rights is to be strengthened.

6.4. Financing Mechanisms and Promoting Environmentally Urgent Investments

Addressing the most acute environmental problems (of a cross-border nature) in the Northern Dimension area remains a top priority. In addition, and parallel to cooperation aiming at large investments, there is a need to promote small and medium-sized projects. The experience of the institutions already long active in the area, such as the Nordic Environment Finance Corporation (NEFCO), should be used to the full extent. In the present situation in Russia, the development of municipal-sector services represents an environmentally and socially important task.

6.5. Relevancy of the Recommendations of the Northern Dimension Forum in Oulu (January 2001)

Many of the conclusions and recommendations of the previous forum continue to be valid. The main ones not addressed in the previous sections are:

- Further emphasis on achieving a high level of environmental protection in connection with the enlargement of the EU, including efficient support for compliance with the EU environmental legislation in the EU candidate countries.
- Address the cross-border environmental problems between the Baltic States and Russia, as well as Poland and Russia.
- make environmental cooperation an integral part of regional cooperation organizations, such as the Council of the Baltic Sea States, the Barents Euro-Arctic Council and the Arctic Council.
- Promote cooperation related to the reduction of greenhouse gas emissions. In addition to the combating of climate change, the joint implementation of projects should aim at other environmental benefits and the development of environmental financing. In Russia only there is the possibility to save up 40-50% of energy from today's consumption level.

CONCLUSIONS

The following conclusions received general support:

1. Strengthening of the environmental governance in the area of the Northern Dimension is a pre-requisite to all progress in protecting environment and in mainstreaming environmental information into all decision-making.
2. As part of the environmental cooperation, attention should be given to development of environmental policy design, making full use of the available instruments (non-regulatory tools,

frameworks such as assessment of environmental costs and benefits and environmental impact assessment) to integrate environmental protection into all economic activities.

3. Investments to improve the ecological situation are at the moment suffering from insufficient financing mechanisms and, not least, from insufficient guarantee mechanisms, which are not adequate for foreign investors and creditors. There is an immediate need to create a well-functioning guarantee mechanism.

4. Non-governmental organizations, local inhabitants and indigenous groups in ecologically vulnerable northern areas should be allowed access to the planning and decision-making processes, and their rights to a clean and healthy environment should be respected.

5. In the gas and oil production and transportation sectors the highest technological standards should be applied to production, gas and oil pipelines and oil ports and tankers navigating on the Baltic Sea.

6. The European Union and especially the applicant countries and Russia have much potential to save energy. Thus, the saving of energy should be one of the main topics under the Northern Dimension. The use of renewable energy sources (e.g. biomass and wind) could be increased, substituting for fossil fuel use. The flexible mechanisms contained in the Kyoto Climate Protocol will give new tools of joint implementation and emission trade also in the area of Northern Dimension.

7. The panel welcomed the foreseen re-inforcement of the environmental partnership between the European Union and Russia, as described by the EU Environment Commissioner Wallström.

Panel 3: Health and Social Sector

Ali Arsalo, Stakes, Chairman of the Panel

and

Anatoly Kagan, Vice-Governor, Saint Petersburg

Preliminary Conclusions of the Panel for Health and Social Sector

1. The process that was initiated in Oulu and followed in Lappeenranta needs and deserves further continuation. We need functioning comprehensive mechanisms and actions to face the challenges and threats that are currently prevailing in health and social sectors in the region of the Northern Dimension. We agree that health and social well-being are essential factors for overall development and social stability.
2. We share the existing problems and we also have large under-utilised potentials. Therefore, we need new approaches to support the development in our partner countries and we need to enhance collaboration.
3. The key areas and priorities are system development, prevention of infections and development of training. However, we agree that health problems are closely connected with social situation. Social problems, demographic factors, question of values and human rights form a complex network. The spread of these problems do not respect national borders. Multinational, rapid actions and collaboration are needed in order to avoid deep and harmful impacts in the future.
4. We call other partners and neighbouring sectors to participate in the work against social problems and infections because it should be a joint interest that concerns everybody over the institutional and national borders or social classes. In this respect we want to support the collaboration between NGOs and public institutions and challenge enterprises to share the responsibilities.
5. Co-ordination needs to be improved and we need to support the partner countries to improve their mechanisms and capacity for strategic planning and taking the overall responsibility for the future development.
6. We should recognise the promising examples of multinational actions already taken in the framework of the Baltic Sea Task Force and start using them as examples in developing new funding and operational mechanisms.
7. Baltic countries and Poland are Candidate Countries for EU and with Russia EU shares a long common border. On the basis expressed in this Forum, the whole region of Northern Dimension would greatly profit from a comprehensive and long-term partnership framework programme taking into account the various aspects and special features of the health and social sectors, calling all actors to participate in the work and decreasing the borders between countries. The programme could consist of the following aspects:

Draft Outlines for EU-Northern Dimension Framework "Partnership in Health and Social Protection" (PiHSP)

- A. Framework and outlines which describe the basis, broad objectives and contents of the partnership and co-operation between EU and Northern Dimension partner countries in the sectors of health and social protection.
- B. The framework aims at a holistic view and coherency in planning and materialising the actions.
- C. It takes into account both actual realistic prevailing factors and also the special features characteristic for the sector itself.
- D. The framework also identifies and is guided by the negative consequences of the health and social problems caused to other, neighbouring sectors and to the whole society.
- E. The Framework should also comprehensively and equally take into account the different needs of health and social services which integrally and complementarily support each other.
- F. The Framework would provide tools for the partner country and EU / ND authorities at different levels to improve co-ordination of activities and long-term planning of the sectoral development and its funding.
- G. The Framework should give a comprehensive description of the situation in health and social protection and their needs and perspectives. Therefore, it should include at least the following areas of content:
 - prevention, diagnostics and treatment of communicable diseases
 - child protection
 - particular groups in need of social services like elderly, disabled, prisons and prisoners, prostitutes, drug users etc
 - strengthening the service systems and their reforms, their integration, management and administration, training and financing
 - NGO potential
 - preventive medicine (prevention on non-communicable diseases)
 - health promotion
 - research
 - training
 - hospitals and specialised services
 - referral system as a whole
 - equipment and investments
 - private sector and co-operation between different actors
 - provision of pharmaceuticals
 - legal aspects

The idea is not to create a new gigantic and bureaucratic development programme which would enhance inefficiency and costs for administration.

Instead, the Framework should make it clear that health and social sector is a vast entity in which all the elements need each other to ensure satisfactory functions.

It would also clearly show the benefits that could be gained both in terms of economy and overall social well-being and stability from continuous development of and investments for the sector.

Therefore, it would make the long-term inputs easier for the decision makers and follow-up of the process more interesting. It would certainly also make it more visible for the investors that hospital and equipment investments should be supported as part of the sectoral development but in balance with the development of other elements of the system.

In other words this means: identifying the different elements and priorities would become more obvious, visible, understandable and attractive if they are clearly connected with a long term development plan.

Panel 4: Forest Sector Co-operation

chaired by Mr. Rainer Häggblom

Northern Dimension: Forest Sector Development Initiatives

Russia has very large forest resources but their management suffers from e.g. limited financing, forest industry is operating at low capacity utilisation rate, and the contribution of the forest sector to the regional/national economy is largely below its potential.

Although some improvements have taken place, forest sector enterprises suffer from a number of internal and external bottlenecks. Condition of existing mills and infrastructure, including all logistics networks, has declined because of grossly insufficient investments. To revive the sector, it is imperative to increasingly integrate the enterprises towards the domestic and export markets and sharpen substantially the competitive edges at enterprise/sector and regional/national levels.

Due to the transition economy environment, modernisation and new investment ideas must be properly scrutinized and the financial resources must be focused to priority projects. To move the forest sector from the decline trend to sustained growth path and to jump from individual investment cases to forest cluster development, it is timely to channel development resources to two initiatives:

- Broad-based forest sector reform programme in North-West Russia to address e.g. sustainable forest management and certification, nature protection, structure and location of forest industry, bioenergy, investment environment and taxation, environmental management, productivity and competitive edges, environmental and forest administration, infrastructure, legislation and governance, R&D, technology and machinery, human resources, etc, and investment requirements, financing instruments, and returns on investments regional and national level

- Comprehensive programme to improve communication and transport logistics so as to enable the forest industry to serve the European export markets in a greatly improved manner. Improvements in roads and forest roads, harvesting equipment and trucks, railroads and railway wagons, water ways and vessels, transport connections, communication connections, tariffs, regulations and administration etc would be defined to enable targeted investments

The initiatives should utilise the lessons learned under the bilateral and multilateral development projects and be coordinated with ongoing Barents region forest sector initiative, Finnish- Russian Government Working Group, IFC/World Bank projects, enhancing the practical contents of forest sector under the Northern Dimension. The targets should be agreed upon during the Finnish-Russian Government Working Group meeting in March 2002. The initiatives should be established and managed in participatory manner so as to ensure ownership and implementation. As the initiatives deal with forestry, industry, environmental, socio-economic, infrastructure, administration, legislation, financing, trade, etc, they must be properly linked to a focal point in Russian Administration and enabled by a suitable external financing agency. Short-term actions to be undertaken:

- Arrange expert meeting for the logistics initiative to ensure Russian-Finnish-Baltic joint interests
- Secure commitment of principal counterparts and stakeholders to the initiatives
- Seek for Finnish co-financing as seed money and decide in principle on the organisations to carry out the initiative.

Panel 5: Cross-Border Investments, Logistics and Trade

Chaired by Mr. Pauli Jumppanen

CONTENTS OF PRESENTATIONS

Importance of Cross-Border Co-operation element as a part of the ND

- institutional building by sub-regions (EUREGIO's)
- opportunities for small and medium sized companies

Improvement of local business climate

- business/company legislation
- taxes, duties, VAT's
- banking procedures, accounting practices
- investment protection, etc.

Improvement of logistics and inform. networks

- border crossings, electronic custom clearances
- new transport connections (Belkomur, etc.)
- arctic extension of Northern e-Dimension

Optimal use of existing and new financial items

- TACIS CBC, PHARE CBC
- Interreg III Program
- contribution by EIB
- development of leasing financing

Development of new investment environments

- free-trade areas
- technology villages, industrial parks

Introduction of trade union movement

- labour policies, industrial relations
- social and health issues

RECOMMENDED ACTIONS

- Making EuroRussia Development Program to be a public-private forum for developing better investment climate and production conditions for the EU and Russian enterprises
- Developing leasing procedures for investments in Northwest Russia in a joint project by IFC and Finpro
- Developing a new element in frames of TACIS CBC for financing EUREGIO's on the EU - Russian border, similar to the practices in Central Europe
- Working out viable concepts for special economic zones and new types of industrial parts including innovation, service and training centres
- Introducing trade union movement into the cross-border part of the ND Program



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