

Speech by Danuta Hübner, European Commissioner for Regional Policy, at the Conference "Prosperity and Sustainability – local cooperation in the Baltic Sea Region"

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**THE EU'S ROLE IN STRENGTHENING COOPERATION IN THE
BALTIC SEA REGION**

Key messages of speech:

- After the 2004 enlargement the Baltic Sea region has become the fastest growing EU zone with a great potential for innovation and cooperation.
- EU Cohesion Policy will continue to play a vital role in the Baltic Sea cooperation. It will promote the Northern Dimension of the EU by providing opportunities for discussion, partnership structures and funding for common projects.
- The new programming period will provide more possibilities for cooperation than ever before (opportunity for new programmes in Baltic Sea due to increased geographical eligibility; more funding available; new instruments such as EGTC or Jeremie.
- Sustainable growth and environmental sustainability are among the challenges in the Baltic Sea region 2007 – 2013. Co-operation can help addressing these challenges.
- Commission expects programme submissions before end of 2006.

Ladies and Gentlemen,

Let me start by thanking the Swedish Prime Minister, Mr Göran Persson for inviting me to this conference. It is a pleasure to come to this beautiful island with its important position in the middle of the Baltic Sea. I am well aware that cooperation with all surrounding regions and countries has a very long tradition in this region. There is certainly no better place to discuss the cooperation in the Baltic Sea region than Gotland, a beautiful island in the middle of the Baltic Sea.

Baltic Sea cooperation has already proven to be a success story. The Baltic Sea region has developed into one of the most dynamic regions in Europe. The 2004 enlargement has contributed to this. Stability is now a fact of life in the region, cooperation across borders is increasing, economic development is thriving. It is today the fastest growing region of the EU. The Baltic Sea cooperation has become a role model for successful collaboration for many other regions of Europe.

My message to you today is that EU regional policy will continue to play a vital role in your cooperation by providing

- (1) opportunities for discussion of common issues: problems and challenges, but also opportunities,
- (2) possibilities for cooperation and partnership to resolve these issues, and
- (3) funding for common projects.

These three elements have been the main features of the EU INTERREG programmes in the Baltic Sea region for a long time. From 2000 onwards, we have already included all the partner countries, including the then candidate countries and Russia, in our programmes. This work together has been a great success. It has given concrete expression to the Northern Dimension policy, through partnership-building and specific projects.

Earlier this year I attended an INTERREG forum in Stockholm. I had the opportunity to meet representatives from many excellent Baltic Sea Region

INTERREG projects. Let me mention two of those initiatives that make a difference in this region.

The **EcoForum Baltica**, a project that promotes the development and knowledge among Environmental Management Systems SMEs and public authorities. It is an excellent project where experience from old Member States is transferred to the new ones. Lessons and experience sharing is our duty and there are many success stories to be proud of.

Another impressive initiative, the **Baltic Gateway** paves the way for transport investments in the south Baltic Sea area, mainly in the forward-looking field of maritime related inter-modal transport.

These are two out of many excellent initiatives which should be maintained in the future. This requires good cooperation between Member States. I believe that the EU's Co-operation programmes provide excellent platforms for this.

This leads me to the **new programming period 2007-2013**. Within the framework of the new generation of regional policy, the Union will offer to the countries of the Baltic Sea more opportunities for cross-border cooperation than ever before. The decision on the new financial perspective and the new Regulation which have been published in the Official Journal on 31 July 2006 provide

- a wider geographical scope for cooperation,

- more instruments to assist you with implementation, and
- more funding than ever.

Let me first turn your attention to the **geographical scope for cooperation**. One major innovation in our new Regulations is the inclusion of **new eligible areas along the coasts**. Cooperation across sea borders will now be possible up to a distance of 150 kilometres. For the Baltic Sea region, this brings several important new areas into cooperation programmes. For Sweden this will have a particularly big impact. 17 of its 21 regions will now be eligible for cross-border co-operation.

There will therefore be positive changes in programme geography. One can say that the opportunity for new programmes across the Baltic Sea has increased.

The new Central Baltic programme will now include the current Swedish-Finnish Archipelago and Finland-Estonia programmes as sub-programmes. Due to the maritime 150 km rule, the programme area is enlarged to cover parts of Latvia, many Baltic islands, and several additional regions on the Swedish coast, as well as Gotland. I am sure that this new maritime programme will be an exciting experience in a cross-border context.

The new South Baltic programme also offers a new potential for cross-border programmes. It will include coastal regions from southern Sweden, Poland and the Danish island of Bornholm. Discussions are ongoing about the

potential participation of Klaipeda in Lithuania and Mecklenburg-Vorpommern in Germany. I would strongly encourage these regions to participate. This means that almost the entire Euroregion Baltic will be included in this programme.

The important **Baltic Sea Region transnational programme** will of course be continued in 2007-2013. It covers all Member States around the Baltic Sea, as well as Norway, Belarus and Russia. It promotes continued cooperation with St. Petersburg, Kaliningrad and Belarus. This is a major instrument in itself, and addresses vital issues in the most comprehensive way.

Let me now turn to the question of **funding**. For the period 2007-2013, the Union's co-operation budget as a whole has been increased by 50% compared to the current period. It is perhaps not as large an increase as some of us would have liked, but nevertheless a package of almost EUR 9 billion (current prices) is a significant indicator of the importance attached to the co-operation by the European Union.

Countries like Sweden, Poland, Lithuania and Latvia will all receive significantly more EU funding for co-operation than in the current period. Sweden will receive EUR 235 million for cooperation, which is roughly 50 % more than for the current period. This means that the Central and South Baltic programmes, for example, will be able to address more strategic issues and be more ambitious in scope than they might otherwise have been.

As far as the Baltic Sea Region transnational programme is concerned, Member States have not decided yet how much funding they will allocate here, but it could be as much as 50% more than the current period. Again, this provides greater possibilities for co-operation – and also puts greater responsibility on the partners to ensure the success of the programme.

Another area with a potentially significant change with regard to the future co-operation programmes is that of **management structures**. Our experience with INTERREG has demonstrated the need for fully joint structures for managing such programmes. To assist programme partners in this regard, the Commission proposed a **new instrument** – the **European Grouping of Territorial Co-operation** (the EGTC) – and this has now been adopted as a Council Regulation.

The EGTC is a step forward in the implementation possibilities for co-operation. It offers regional and local authorities the option of creating a cross-border grouping with legal personality.

EGTCs will be able to manage individual projects or take on the role of a programme's "managing authority" responsible for the implementation of the whole co-operation programme. In this role, an EGTC would operate just like any other managing authority – with the added bonus that it would be genuinely joint, representing both sides of the border. In addition to the political signal this would send, it offers a range of practical advantages, including the simplification of employment procedures for programme staff.

It is not for the Commission to decide on whether and how this instrument will be used or to insist on a particular approach for the use of the EGTC instrument: it should be viewed as a framework tool which has been provided, and it is very much for the implementers – the users on the ground – to assess how best to take advantage of this. I look forward to receiving your innovative ideas!

Let me now turn to the **themes** on which cooperation programmes should focus in the 2007 – 2013 programming period. The new Regulations put an emphasis on key concerns such as **innovation, environment, sustainability and accessibility**.

Let me give you two concrete examples:

We all know that **Environmental sustainability** is central for the Baltic Sea. This is a suffering sea. It is very fragile and already badly polluted. Eutrophication has become a problem of great concern. Strong economic growth has increased the amount of pollution sources. In response, the EU has included the Baltic Sea in its priority transport programmes, the Motorways of the Seas, to help to manage the traffic in the region. However, much more needs to be done to prevent accidents, to protect the rivers running into it, and to organise the waste management, so that the soil and the sea can be kept in

good condition. The algae problem mentioned by Matti Vanhanen, which is visible now in summertime, is a negative side-effect of the intensive use of this shallow sea. It can only be relieved by cooperation. This is where the EU territorial cooperation policy will be crucial.

Now a few words on **entrepreneurship and innovation**. I heard much about this challenge last November at the Gothenburg conference: "Towards a knowledge Society: the Nordic Experience". The ICT links between businesses across the Baltic Sea are already striking. EU enlargement has been a big stimulus to the entrepreneurship in the entire area. We see it in trade, employment, research. We need to continue on this path to **make growth sustainable**. EU territorial cooperation in the Baltic Sea region will be vital for this. It will be a crucial component of the wider EU Cohesion Policy, alongside the national convergence programmes. That is why the new generation of EU regional policy has focused on the Lisbon and Gothenburg targets – competitiveness and sustainable development.

Europe needs to strengthen its efforts to bring knowledge faster and closer to the market and to combine it with actions to stimulate entrepreneurship and the search for new market opportunities. In the age of globalisation, **local initiatives and cooperation** matter more than ever.

It is at the **local and regional level** that most businesses, especially small and medium-sized businesses, interact with one another and with centres of learning and technology. It is also there that indispensable local knowledge

and expertise can be mobilised. Finally, local and regional authorities and other stakeholders have a wide range of powers which are crucial to the success of the European growth and jobs strategy.

All Member States should therefore ensure that **local and regional authorities** are closely associated with the efforts to promote innovation and, in particular, to use the opportunities provided by the new generation of regional policy programmes to reap the benefits of partnerships with other regions in key areas such as the development of clusters and in knowledge-sharing. **Cooperation programmes**, like those in the Baltic Sea, are central to this effort.

One final remark on the **tasks ahead of us**:

Many of you have already started preparations for the next generation of cooperation programmes. However, much remains to be done.

First of all, Member States have to **decide on the financial allocations** to the individual cross-border and transnational programmes in which they will be involved. A couple of days ago, I asked all Member States by letter to provide us with this information by the end of September. This will allow us to compile the total allocations per programme.

Secondly, **decisions regarding participation in programmes** are needed. This is particularly true for the new South Baltic programme where there is still some uncertainty about the participating regions (Lithuania, Germany) which has slowed down the process of programming. Such a decision is of major

importance because we are speaking about a brand new programme with no past to build upon.

Thirdly, **programme documents need to be written, negotiated and approved rapidly**. We must be able to demonstrate that co-operation programmes can be prepared and launched in good time to avoid unnecessary delays and to avoid discouraging potential applicants. The responsibility for this rests with Member States and regions. In this context, I am pleased that the draft Baltic Sea Region programme 2007-2013 was recently submitted for public consultation. I expect this programme to contribute to preparing major strategic co-operation projects. Some of them could then be financed by other EU Cohesion Policy actions, for example by the Objective 1 and 2 programmes in the Baltic Sea region.

Finally, I would like to ask you to develop ideas and projects for the next generation of cooperation programmes. We need to have a **proper project pipeline** in place to ensure that full use will be made of the increased funding for territorial cooperation as of 2007.

Ladies and Gentlemen,

Thank you for giving me this opportunity to come to Gotland. It is a privilege to see and understand some of its wonderful history and geography. Being here with you, I can better understand the wide agenda of events on the island this

week: "Viking days", "Poland week", and of course, this conference on the local dimension of prosperity and sustainability. Being here with you widens my appreciation of the context of this whole region, and the forward-looking way it is building new opportunities in the rich traditions of the past.

My message is that the EU provides the political context for cooperation, peace and prosperity around the Baltic Sea. Through EU regional policy, it also provides the funding. Through cross-border and transnational cooperation it also provides the vital partnerships and structures. The Northern Dimension is made concrete.

Success to our work together! Thank you for your attention