

Ladies and gentlemen,

I was delighted to accept your invitation and am very pleased to be able to speak here today at the LogOn Baltic final conference.

Finalizing the project which involved partners from nine Baltic Sea bordering countries will clearly show the achievements in developing spatial integration as well as improving logistics and ICT (Information and Communications Technology) competence. The need of action in this field was already realised one and a half year ago when the project started. The main objective was to gather information and elaborate helpful advices to regional development agencies on how to support the enterprises in participating regions in their effort to advance ICT and logistics competence, thus improving the regional development. Although the Baltic Sea region is the most dynamic region in the European Union, only constructive further development and achievement of new knowledge will help to remain in this unique position.

I was asked to give an overview of political, economic, and cultural development of the region both in the past and in the future. Historians and economists wrote volumes concerning these issues and I don't dare to qualify for being called one of them. Therefore allow me to begin by briefly introducing the Baltic Sea Forum, since I am speaking here today in my capac-

ity as the Forum's Chairman. Then I would like to touch on individual issues that are particularly urgent for the states around the Baltic Sea, especially with focus on economic sector as well as sea transportation and logistics.

But first, let me say few words about the organisation chaired by myself. I believe the Baltic Sea Forum is a good example of the activities taking place in the Baltic Sea region, as well as providing a model for others. As a non-profit, non-governmental organisation, the BALTIC SEA FORUM has been working since 1992 to make sure that the worlds of business, politics, culture and the arts do not just pay lip service to cooperation and integration, and has been providing an active platform on which these issues can be addressed by means of contacts, communication and projects. Among the numerous cooperative bodies and organisations in the Baltic Sea Region, whether they are international in nature or part of the civil society, the Baltic Sea Forum understands itself as a network of networks. We want to provide an overview of regional issues, strategies and institutions. Our goal is to bring together projects and partners in shared activities in order to set and maintain the pace of growth and development in the region.

Over the years, a close network of representatives working for the Forum on a voluntary basis has been established around the Baltic Sea. Many significant personalities and opinion-formers encounter each other in the Forum's bodies. The activi-

ties of the Baltic Sea Forum extend from the organisation and co-hosting of various conferences on topical regional issues in the Baltic Sea area to the implementation of projects undertaken by the Forum on its own or with partners and the provision of intensive, highly personalised support to our members. Both prestigious major companies and committed small and medium-sized enterprises attend the Forum's events. Its members include personalities from politics and business, the honorary consuls of the countries around the Baltic Sea and individuals who are interested in the Baltic Sea Region for private or commercial reasons.

Of course, the BALTIC SEA FORUM is not the only fish swimming in the busy waters of the Baltic Sea. Both in economic and political terms, the Baltic Sea region can present itself to the international community as a model for efficient, clear, modern forms of regional cooperation and coordination. The region boasts more than 30 institutions, associations and forums. Beside them every single project, e.g. initiated within EU programmes for international cooperation, creates a new network of involved partners, so does the LogOn Baltic project. What they all have in common is a strong emphasis on networking, communication and cooperation, which come into play when projects are being implemented, contacts cultivated and campaigns run.

Now I would like to proceed to economic matters. The Baltic Sea Region is characterised by its great economic heterogeneity. Nevertheless: overall, it is possible to paint a picture of a strong and prosperous region. This is illustrated, for example, by the close collaboration and networked economic activities taking place across the Baltic Sea region, particularly in trade, transport, logistics and infrastructure. Leading economic research institutes forecast an extraordinary increase of freight volumes and passenger numbers within the EU. The Baltic Sea Region is developing even more dynamically and is expected to see a doubling of goods traffic by 2015.

Whenever the Baltic Sea is being discussed, one key question is always raised: What is the real significance of the Baltic Sea? Is it mainly important as an economic factor? Or does it require particular care as a natural habitat that needs to be protected against interference and disruption? And how can these two points of view be reconciled?

To someone standing on the coast, the Baltic Sea appears to be a limitless open space beyond all human control. But when you look at it more closely, you realise how intensively it is used for economic purposes, particularly the areas of sea close to its coastlines. There can be no doubt that this inland sea is a very important economic factor, not just for the states that surround it, but also for the whole of the European Union.

The Baltic Sea has been used as a transport route for hundreds of years – we only have to think of the Vikings and the Hanseatic League. Indeed, it is one of the busiest waterways in the world. Usually, we only become conscious of the hazards this involves when another accident takes place. The Baltic Sea, which makes up just 0.1% of the world's seas, carries 7% of the global volume of goods transported by sea. The volume of goods transported is increasing all the time. This development is an expression of a prospering economy that cannot be imagined without the exchange of goods. And this, in turn, would be impossible without maritime shipping. Maritime shipping is one of the key industries in the Baltic Sea Region. Now, the enlargement of the EU in the Baltic Sea region creates a unique opportunity for the development of a transport sector adapted to modern needs. The current transport system is designed to meet national needs and is not optimal for a modern situation when transport is more and more international. The development of cargo transportation by the creation of an efficient transport chain in the region promoting combined means of transportation and establishing the Baltic Sea region as a central transportation link between West and East should be supported. Integral to this should be the creation of new sea transportation routes, thus increasing the capacity of West-East transportation corridors by combining sea and road transport.

As already mentioned, the speed of the economic growth is surprising all participants. For example, the Hamburg harbour

increased the container traffic to the Baltic Sea between 2005 and 2006 by 12.5%. That increase represents the second largest increase after the container traffic to North East Asia. The transport industries as well as the harbours in the region have to adopt themselves to those requisitions. There are large investments into the infrastructure. Examples of this can be found in the harbours of Gdansk in Poland and in Ust'-Luga in Russia. But it would also be possible to name almost all Baltic Sea ports in Germany, Scandinavia and the Baltic States. For the period between 2006 and 2009, an average increase of 4.5% in the handling of goods in the German sea ports is predicted. The European Union supports the development through specific programmes. The introduction of the "Motorways of the Sea" is one of them. Nevertheless, a key role belongs to the intermodal transport in the processing of transport chains.

The efforts being made to transfer goods "from road to sea" are also contributions to environmental protection. There are good reasons for the European Union to promote "Motorways of the Sea" as an important part of a Trans-European Transport Network. Let me shortly recall the history of this undertaking. The basis for the whole initiative is the White Paper on European Transport Policy for 2010, which proposed the establishment of what it calls "Motorways of the Sea". This approach was recommended by the European Commission in 2001 and defined more precisely at the ministerial conference on Motorways of the Sea in Ljubljana, Slovenia, on 24 January 2006. The Baltic

Sea Forum has already initiated two round tables in Germany and Finland intended to consider and coordinate the options for cooperation between the two countries' ports.

Rather like shipping, fishing too tends to lay claim to the sea in its entirety, which can lead to conflicts over the use of resources. But this is not the main problem for fishing. Nor is maritime pollution. Rather, it is overfishing that has become the most serious threat, and not just from the perspective of the fishing industry but also in ecological terms. The common European initiatives to offer stable economic conditions to the fishing industry through catch quotas and catch restrictions, on the one hand, and to regenerate stocks, on the other, are therefore to be welcomed.

The Baltic Sea's fish and microorganisms now are being used as sources of new biological active substances in medicine and agriculture. But it is not just the living treasures of the sea that need to be regarded as valuable resources. Primary commodities are also crucial to our prosperity. The Baltic Sea may not be nearly as significant for the production of crude oil and natural gas as the North Sea, but these fossil fuels are being extracted in considerable quantities there, off the coasts of Poland and Russia, for example.

The generation of electricity at sea is becoming increasingly important. Offshore wind parks are seen as an opportunity to

mobilise regenerative energy on a large scale in order to meet our demand for power in the future and, in this way, make a significant contribution to climate protection. Germany has seen a real run on offshore wind parks spurred by the attractive financial provisions adopted in the Renewable Energy Sources Act. The energy mix of the future will be put together by researching new technologies at the same time as we retain old sources of energy.

To stay with the topic of energy: The security of energy supplies is a challenge for all the countries around the Baltic Sea. Apart from the generation of wind power, the Baltic Sea is also being used to shore up Western Europe's energy security in other ways. The planned North European Gas Pipeline, which will be laid from Russia through the Baltic Sea to Lubmin in Germany to secure the gas supply for Western European Countries, is currently attracting a great deal of attention; and more pipelines are being planned.

Of course, any undertaking on such a grand scale is bound to draw criticism. In the present case, there have been differences of opinion with several of the states around the Baltic Sea, who feel discriminated against by this major project. Above all, Poland perceives a danger that it will become more reliant on Russian gas. Among other things, there are fears that the flow of gas could be halted if bilateral disputes flare up between Poland and Russia. At the latest since the criticism from the Baltic



States and Poland, meanwhile from Sweden and Finland too, the pipeline has become a matter for the whole Baltic Sea Region.

Since 2004 when new member states joined the European Union the Baltic Sea became nearly an inland sea of the European Union. This term is often used by many speakers but it perverts the truth that it will never become a real EU inland sea. Nobody sees Russia as a part of European Union in the future. Thus close cooperation and good relationships with the Eastern neighbour country are absolutely essential.

The Russian Tsar Peter the Great recognised as early as in the eighteenth century that the Baltic Sea was Russia's gateway to the West and therefore the best place to start building up trading operations. He even moved the Russian capital to Saint Petersburg for this reason, and the city is still the country's most important Baltic port.

I have now come to one of the central challenges faced by the Baltic Sea Region: that of integrating Russia – a task that holds out great potential for the further development of the *Mare Balticum*. It should be clear to everyone that this represents a real political challenge, especially for the three Baltic States, Estonia, Latvia and Lithuania. However, as academic studies have also concluded, it is important that the economic integration of Russia's North West, above all, should result in this area ceas-

ing to be viewed solely as a partner and truly becoming a part of the region. This will generate long-term benefits for both sides. North Western Russia has grown very strongly in economic terms since 1998, but also has weaknesses when it comes to business relations, in particular in the form of barriers to trade and investment. As a result, its integration with the other states around the Baltic is still being held back.

North Western Russia's promise for the relatively peripheral Baltic Sea Region lies not least in the size of Saint Petersburg, which has a population of 4.6 million. If we succeed in integrating this still weak area, with all its enormous potential, not only Russia itself, but the whole region will profit greatly. It should not be forgotten that a certain amount of efforts will be required from the Russian side as well if this is to happen. Nevertheless: the area could well represent a source of future prosperity for the region. The involvement of Russian partners into the LogOn Baltic project is a good example of cooperation and mutual understanding.

As mentioned before, the Baltic Sea Forum arranged some "Motorways of the Sea" projects with German, Finnish and Swedish ports. Finland in particular is a hinge in Baltic Sea traffic system and one of the important traffic routes to Russia. It may not be forgotten that transport over Russian ports has to fight with some handicaps. The Kalinigrad area is separated by Lithuania, Poland and Belarus from the residual country. The ports in the

Finnish Bay are not ice-free. The rapid growth of the Russian economy guarantees freight to all Baltic Sea ports also in the future. Surely, political influence in Russia to steer the goods stream may not be underestimated. For the competitors however it should be a motivation to improve the infrastructure, efficient dispatching and not least to specialise in narrow niches, too. The Baltic ports must see to it, that they intensively take part in the programmes for the optimization of the traffic streams.

Ladies and gentlemen, I am coming to end of my remarks today. The Baltic Sea region is unique example of close neighbourhood cooperation and strong economic growth. The recently released State of the Region Report clearly acknowledges too, that cooperation is a key opportunity and necessity for the Baltic Sea region to improve its competitiveness position within the European Union and globally. Every single effort counts.

Thank you for your attention.