



**Annual Report from the Committee of Senior Officials**  
The 5<sup>th</sup> Year of the Council's Activity 1996-1997

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# **Annual Report from the CBSS Committee of Senior Officials**

## **REPORT OF THE CHAIRMAN OF THE COMMITTEE OF SENIOR OFFICIALS, THE FIFTH YEAR OF THE COUNCIL ACTIVITY**

### **1. Introduction**

During the period of Latvia's chairmanship of the Council of the Baltic Sea States (CBSS), 3 July 1996 - 3 July 1997, the Committee of Senior Officials (CSO) conducted its work according to Ministerial Council directives as outlined in the Copenhagen Declaration, and in the Communiqué of the Kalmar Ministerial Session. The CSO worked on the co-ordination and follow-up of the implementation of Action Programmes, also taking into account the European Commission's Baltic Sea Region Initiative and aiming to develop Baltic Sea Region into an integrated, competitive and dynamic area of sustained growth, where co-operation, democracy and market economy prevail.

The following tasks were identified as priorities by the incoming Chairman and accepted as such by the CSO:

- the implementation of the CBSS Action Programmes linking same to the European Commission's Baltic Sea Region Initiative endorsed by the European Council;
- fostering people-to-people contacts, as well as strengthening democratic structures in the Region;
- receiving information on the work of the Task-force on Organised Crime in the Baltic Sea Region established by the Heads of Governments in Visby whilst studying the concept of civic security;
- evaluation of possibilities for improved and increased educational exchange in the Region and assessing activities of the EuroFaculty in the light of findings of the Evaluation Report commissioned by the Steering Committee.

### **2. CSO Meetings**

11-12 September (Riga). The meeting was held in conjunction with the Fifth Parliamentary Conference on Co-operation in the Baltic Sea Area. The meeting accepted work plans of the Working Groups on Assistance to Democratic Institutions and Economic Co-operation for 1996/1997.

The Secretary General of the Helsinki Commission (HELCOM), Mr. Tapani Kohonen, addressed the Meeting and reported on the work of HELCOM. HELCOM undertook to finalise a register of its tasks, including Action Programmes, and agreed to present progress reports to the CSO.

The CSO discussed the promotion of growth and development in the Baltic Sea Region as proposed by the Baltic Sea States Business Summit in Stockholm, in particular relating to infrastructures on the Eastern shores of the Baltic Sea. The recommendations made at the Stockholm Business Summit should, where possible, be linked with the indicative Baltic Sea Region framework of assistance to be prepared by the Working Group on Economic Co-operation

17-18 October (Vaasa). The Meeting was held in conjunction with the Fourth Baltic Sea States Subregional Conference and opened by the Chairman of the CBSS, Mr. Valdis Birkavs. The speaker of the BSSSC Mr. Gerd Walter, while addressing the CSO, noted that the main task for BSSSC is to implement the Action Programmes. He informed on decision to establish

BSSSC secretariat in Kiel.

The CSO accepted the work plan of the Working Group on Nuclear and Radiation Safety for 1996/97.

Regarding the implementation of the Action Programmes the CSO recognised the growing importance of the work done by the Working Groups and invited them to report to the CSO regularly.

5-6 December (Riga). The CSO was addressed by the CBSS Commissioner on Democratic Institutions and Human Rights, including the Rights of Persons belonging to Minorities Prof. Ole Espersen. Mr. Espersen introduced the new magazine "Mare Balticum" and informed the Meeting on his activities including the implementation of points 1.1. (Essence of Democracy: Participation), 1.2. (Local Initiatives) and 1.3. (Non-Governmental Organisations) of the Action Programmes and studies initiated by him.

The Meeting was also addressed by the Chairperson of the VASAB 2010 Committee for Spatial Development in the Baltic Sea Region Ms. Dzintra Upmace. The CSO noted that the Working Group on Economic Co-operation should deal with spatial planning matters during its meeting in May, 1997.

23-24 January (Riga). The Chairman of the Task-Force on Organised Crime in the Baltic Sea Region Mr. Pär Nuder reported on progress of the Task-Force. The work of the Task Force is receiving strong political support. The work in progress also takes into account the European Union enlargement process.

The Chairman reported that during a visit of the Chair in European Commission in Brussels on 9-10 of December, 1996 it was stressed that the Baltic Sea Region Initiative is deemed to be a very important instrument by the CSO because it proposes the preparation of an indicative Baltic Sea Region framework of assistance which would form the basis for comprehensive development. The Commission replied that the WG on Economic Co-operation should continue giving priority to seeing that existing objectives are being implemented in line with the Kalmar Action Programmes. It was agreed that the Baltic Sea Region should acquire a macroeconomic identity and that the European Commission will contribute towards the realisation of such a study. The CSO welcomed the proposal, but expressed the view that it is not a substitute for the proposed framework of assistance.

The second part of the January meeting was devoted to EuroFaculty matters and held together with representatives of the EuroFaculty Steering Committee and Evaluation Committee.

20-21 February (Riga). The meeting decided on the formats of questionnaire to be used for co-ordination of the implementation of the Action Programmes.

The CSO agreed to recommend EuroFaculty to improve its work in academic, financial, organisation and management areas.

The CSO agreed that CBSS should have its own periodical which will consist of Internet Home-Page and its printed version - the CBSS Newsletter. The CSO also agreed on mission, format, content, addressees, editor and publisher, as well as the human resources required to prepare the CBSS News-letter. For the time being the CSO welcomed an offer made by the Support Group and authorised same to publish a news-letter monthly at its own expense and put it on the Internet until the CBSS has finalised its own News-letter project.

The CSO discussed the progress of the implementation of European Commission's Baltic Sea Region Initiative in relation to preparation of Baltic Sea Region framework of assistance and the Region's macroeconomic identity and received assurances from the European Commission that the work on these projects will be continued.

11-12 March (Kaliningrad). The Meeting was hosted by the Governor of Kaliningrad Oblast. The CSO approved the revised budget for CBSS Commissioner on Democratic Institutions and Human rights including the rights of persons belonging to minorities for 1996/1997.

The CSO discussed the preparation for the meetings of Ministers of Transport in Berlin and

Trans-European Transport Ministers Conference and underlined the rapidly growing importance of West-East-West traffic.

The CSO decided that printing and distribution of the CBSS News-letter would be undertaken by Lithuania and setting -up of the CBSS Home page by Latvia.

The CSO visited Kaliningrad University to evaluate the progress of EuroFaculty branch in this University.

2 May (Riga). The CSO Chairman reported on his participation in: (A) seminar on Regional Co-operation in Oslo, (B) on Intergovernmental Conference on Sub-regional Co-operation in Bratislava, (C) meeting of the CBSS, Black Sea Economic co-operation and the Central European Initiative Trieste meeting.

A Norwegian proposal on forum for contacts across the borders between local decision makers and a link between local authorities within individual member countries(Norway) was introduced by Amb. A. Rindal.

Reports on all the working groups , the Task-force and Support Group were given.

Implementation of the Action Programmes was discussed.

A report on the contribution of the Baltic Sea States sub-regional conferences and HELCOM to the implementation of the Action Programmes was given.

Setting up of a CBSS Secretariat and improvement of working structures and affiliation of observer countries was discussed.

The Meeting welcomed the Danish contribution of 10 000 USD to the Chair to meet the cost of the CBSS Home Page on the Internet and thanked for it.

3-4 June (Riga) The meeting received final versions of the reports from the Working Groups on Economic Co-operation and Assistance to Democratic Institutions as well as reports on the work of the Task Force, the Support Group and a revised Norwegian proposal on forum for contacts across the borders.

Setting up of a Permanent Secretariat and formation of new working structures was discussed in conjunction with the publication of CBSS Newsletter and the setting up of Homepage .

Reports on the implementation of Action Programmes were received as well as the draft Communiqué for the Ministerial Session discussed.

The extension of invitations to the Ministerial Session was discussed.

12-13 June (Riga) This meeting was held to consider documents to be prepared for the ministerial session and to decide on the extension of invitations to guests representing states outside of the Region.

1 July (Riga) This meeting was held to adopt the final versions of the documents to be presented at the Ministerial session, and to familiarize with Guidelines for CBSS during Danish Chairmanship. At the end of the meeting the term of Latvia's Chairmanship ended and Ambassador Dan Nielsen (Denmark) took over as Chairman of the CSO.

### **3. The CBSS Working Groups.**

The Working Groups are the major working structures of the CBSS. In order to ensure efficient implementation of the various programmes and priorities the Chairmen of the Working Groups gave regular reports to the CSO on the activities undertaken and progress achieved by each Group.

Since new areas of co-operation have appeared, the Working Groups have not always coped with the all challenges presented to them, which raises the question whether additional working groups should be formed or other structural improvements made.

As progress depends on actions and decisions of each of the CBSS members, it is essential for each country represented on the Council to organise the follow-up of the implementation of the co-operation objectives at the national level.

### **- Assistance to Democratic Institutions.**

This Working Group in 1996/97 was chaired by Ole Frijs Madsen (Denmark). The final report of the Working Group is to be found in Annex 1

The Working Group under Danish chairmanship followed up proposals made by the preceding Polish chairmanship, and:

- Established regular contacts between the CBSS Commissioner and the Working Group and introduced follow up mechanisms pertaining the CBSS Commissioner's recommendations and feed back procedures to the Commissioner;
  - Held a seminar on the complaints procedures in March 1997;
  - Organised meetings with other regional actors such as United Nations Development Programme and Organisation for Security and Co-operation in Europe;
  - Created a framework for future seminars ensuring operational conclusions and follow up.
- While implementing the Action Programmes the Working Group:
- Discussed the need of ensuring freedom of the press and the media, and the role of access to information in democratic institution building;
  - Organised a seminar on free media in Warsaw on 5-6 September 1996.
  - Discussed national perceptions of the concept of civic security and is currently developing a condensed paper on civic security;
  - Elaborated on people to people contact activities and received written reports on educational activities given by Working Group members. National experts participated in the discussion covering EuroFaculty. The WG took note of an independent evaluation report concerning the Riga School of Economics;
  - Prepared a review of the Commissioners mandate and made reports on the rights of (A) non-citizens to stand for public office, and (B) rights and duties of the personnel of the armed services;
  - Paid visits to the Icelandic parliament and the parliamentary Ombudsman's office.

To ensure continuity of work a six item proposal for the succeeding Latvian chairmanship was prepared, which includes the organisation of a seminar on democratic institutions, to give an overview of the importance of democratic institution building in the region.

Latvia will chair the Working Group during 1997/1998.

### **- Economic Co-operation.**

This Working Group was chaired by Joris Declerck (European Commission) whose final report is to be found in Annex 2.

The report makes it evident:

- That development of transport networks and other communications is progressing.
- In order to reconstruct the energy sector major studies are being prepared, to interlink the electricity and gas networks throughout Northern Europe.
- Border crossing problems are becoming a barrier to economic co-operation and development in the Region. Precise recommendations were formulated. Continued commitment by the Governments is essential to solve the problems. In line with the Kalmar objectives all CBSS countries, following the initiative of the WG on Economic Co-operation, have appointed national authorities to whom border-crossing problems can be reported and who shall be responsible for monitoring solutions.
- The Kalmar objective of having most favoured nation treatment (MFN) as the minimum standard for trade relations among CBSS members will be achieved when also Russia will grant MFN treatment to Estonia. Trade relations among most countries in the Region are already at higher standards.

- Also the legal and regulatory frameworks, the promotion of Small and medium size enterprises (SMEs) and the performance of the financial sector were reviewed. All these are essential for improving the conditions for economic activities both at the national and the regional levels. Considerable progress is being achieved, but more efforts are needed. It is important that all countries in the region contribute and align their practices with one another.
- A Baltic Business Advisory Council - BAC - was established, through which the CBSS and in particular WG on Economic Co-operation, can benefit from the views of the business community. The BAC has agreed to set out their views on economic development in the Region, identifying opportunities, bottle-necks and also indicating their own possible contributions towards economic development in the Baltic Sea Region.
- The WG has started to work and proposes to continue its efforts towards drawing up "a macroeconomic identity" of the Region which should help in indicating the economic potential of the Region as a whole. The expected accelerated and dynamic developments will call for major investments. More efforts will be needed to mobilise and co-ordinate the financial resources from national budgets, bilateral and multilateral co-operation and from the international financial institutions.
- The efforts to establish a general indicative framework of assistance within CBSS have so far, not yielded tangible results, but progress is made in a number of sectoral fora. Indeed, for transport infrastructure, the G24 Working Group on Transport, the Pan-European conference of Transport Ministers and the TINA Group established by the European Commission together with the Associated countries are multilateral fora where the investment needs and financing possibilities are examined and eventually decided upon. Cross-Border Co-operation involving Phare, Tacis and EU structural funds are co-ordinated in the Baltic Co-ordination Committee, in which also local authorities take part.
- The CSO noted the recommendation made by the WG that various other fora are involved and fulfil decisive roles particularly in infrastructure development. Therefore, it is important for the CBSS to liaise with these fora and take advantage of their activities. The CSO stressed the importance of the national responsibility of each of the CBSS members in implementing the co-operation objectives. The utmost importance of human resources in all these actions is also recognised.

Germany will chair the Working Group during 1997/98.

#### **- Nuclear and Radiation Safety.**

Since its inception this Working Group has been ably lead by Professor Antti Vuorinen of Finland, who was assisted by Raimo Mustonen. His report is to be found in Annex 3.

The WG has followed its work plan accepted by the CSO. Regular reports were received on projects and developments in Sillamae, Paldiski, Salaspils, on radioactive waste management problems, development in waste depositories, radiation monitoring network and early warning possibilities, and implementation of legislation. Considerable progress has been made in the spheres of emergency planning exercises in the Baltic Sea Area. The work of the group could further benefit by a more active participation of all CBSS member states.

Bi- and multilateral activities co-ordinated by the G24 countries and financed by the European Bank of Reconstruction and Development, were organised to support safety improvements at nuclear power plants in Ignalina, Sosnovy Bor and Kola, which are co-ordinated by a special committee founded by the G24 countries, utilising a special priority list produced by the IAEA and financed by the European Reconstruction and Development Bank. Also, the existence of bilateral assistance programmes was acknowledged and gratitude expressed to Denmark and Sweden for support activities at Ignalina; Finland and the TACIS programme of the European Commission for assisting the Sosnovy and Kola nuclear power plants; and Norway as a major contributor to the safety measures at the Kola nuclear power plant, where

many technical improvements have been realised.  
Finland will continue to chair the Working Group during 1997/98.

#### **4. Co-operation with the CBSS Commissioner on Democratic Institutions and Human Rights, including the Rights of Persons belonging to Minorities, Prof. Ole Espersen.**

At the CSO December meeting, the Commissioner informed the CSO about his work connected with follow up on participation in a democratic society, on local initiatives, and on the work of non-governmental organisations in line with the Kalmar Action Programmes. His studies on the right to participate in local elections, access to information, the rights of conscripts, citizenship issues and ombudsman institutions in the CBSS countries will assist to identify what problems remain to be solved in order to implement the Action Programmes. Also a study on NGOs will contribute to the implementation of the Action Programmes. An initiative of the Commissioner pertaining to the rights of the child is particularly welcome. The Commissioner together with the WG on Assistance to Democratic Institutions worked out a system on how to follow the implementation of the Commissioner's recommendations, e.g. through discussions both in the Working Group and with relevant authorities in the CBSS member states. So far, the Working Group has discussed the Commissioner's surveys on rules and regulations related to the rights and duties of the personnel of the armed services and on voting rights and the right to stand for public office, respectively. Jointly, a seminar was organised on procedural rules for the Treatment of Complaints before the European Human Rights Commission and Court, which was of particular importance with regard to the European Convention on Human Rights.

The work of the CBSS Commissioner not least in relation to the Kalmar Action Programmes has proven very constructive.

#### **5. The Task-Force on Organised Crime in the Baltic Sea Region.**

The CSO has with great interest followed the progress of the Task-Force on Organised Crime in the Baltic Sea Region set up by Heads of Government at Visby in May, 1996.. The work has been carried out in close co-operation with law enforcement agencies in CBSS member countries. The four main areas of work of the Task Force are: improved and increased exchange of information, joint operative measures, judicial co-operation and surveys, as well as training and seminars. The Task-Force has created a new communication system, BALTCOM. It has taken action to stop production and smuggling of amphetamines, illegal migration and the trafficking of stolen vehicles.

The CSO appreciated the positive results of the Task-Force. An oral report on the work of the Group will be given to the Sixth Ministerial Session in Riga. The Task-Force will continue its work, for the time being, and report to the next Heads of Government summit meeting.

#### **6. Implementation of the Action Programmes.**

Good progress is being made through a multitude of programmes and projects, bilaterally and multilaterally.

Centers for human rights have been established and Ombudsman institutions are being set up. Intensive co-operation in the areas of legal systems, cross-border co-operation, political and administrative systems, education, media, police and customs matters is taking place. Joint exercises and projects involving coast and border guards, police and customs have been organised.

An increased number of scholarships have been offered to students from CBSS member states, including those for language training for minorities in Estonia and Latvia. Progress has been made at the Stockholm School of Economics in Riga, as well as in Eurofaculty, mainly through the extension of the latter to the university of Kaliningrad.

Seminars on civil law and EU law have been arranged. The Visby Grant Programme has been initiated by the Prime Minister of Sweden.

Strengthened co-operation in the field of culture is taking place, including the existing "Ars Baltica" and a newly established Baltic Network of Academies of Arts in the region. CBSS Ministers of Culture will meet in Lubeck in September, 1997.

Free trade agreements have been signed between the member states and a draft most favoured nation agreement between Russia and Estonia has been initiated. Preparations for joining World Trade Organisation are in progress. Development of legislation and regulations for business activities progressed as did the removal of trade barriers.

Efforts in the area of land reform are made, e.g., the compilation of land registers, mapping and geodata.

The infrastrucutre of the region was improved through enhanced land, sea and air traffic co-operation. Measures were also taken to improve the safety in road and air traffic as well as maritime transports, e.g. RoRo-traffic. The environment of the region was being considered also in this context, including the means to receive waste from ships.

An Interreg IIC secretariat was opened in Karlskrona in co-operation with Gdansk. Phare and Tacis programmes of the European Commission provide for participation in spatial planning. Energy co-operation is carried out between the EU and the Nordic Gas Grid, and in the "Baltic Ring", also investigating the possibilities of a natural gas network.

In order to facilitate accession to the European Union, active co-operation between the candidate countries Estonia, Latvia, Lithuania and Poland on the one hand and the European Commission and CBSS' EU members on the other is being pursued.

## **7. EuroFaculty.**

An evaluation report commissioned by the Steering Committee was received by the CSO in December. The CSO considered the independent evaluation report to be incomplete.

Following comments made by the Chairman of the Steering Committee Prof. Petersen, members of the Steering Committee - Prof. Pentti Kauranen, Prof. Toivo Maimets, and representative of the Evaluation Committee Rector Caspersen, the CSO at its meeting on 20-21 February 1997, formulated recommendations concerning the future work of EuroFaculty relating to curricula reform, training of teachers, the role of Academic Advisory Boards, arrangements for Ph.D. training, and preparation of annual implementation programmes. The CSO recommended that an additional evaluation focusing on the finances and the efficiency of the EuroFaculty should be undertaken.

Integration into existing University structures was recommended and the need to minimise the faculties' own administrative structures stressed. The need for transparency in financial matters and comprehensive audits was underlined.

The EuroFaculty Steering Committee, welcoming the concern and interest shown by the CSO regarding EuroFaculty, has stated that its recommendations will be implemented as soon as possible.

The CSO expressed concern about the financing gap for 1997-98, and noted the information from the Commission on the procedures to be followed for applying for support from the European Union Phare programme as well as on the efforts being made to secure Phare funding for 1997-98 and for later academic years.

## **8. Relations with the European Union.**

The Baltic Sea Region Initiative which the European Commission presented in May 1996 to the Heads of Government of the Baltic Sea States, sets out how the European Union supports the co-operation actions of the Baltic Sea States. The Initiative is implemented with financial support of the Phare, Tacis and other Community programmes and on the basis of highly

developed bilateral relations which the European Community has with each of the countries in the Region. A large number of programmes and projects in all areas identified in the "Initiative" (democracy and civil security, economic co-operation, environment and regional co-operation) are being implemented. They involve large numbers of administrations, institutions and people; and take the form of know-how transfer, supply of equipment or investment co-financing (with grants from Phare and loans from EIB). Many programmes concern a particular Phare or Tacis partner country; others are addressed to a group of partner countries, and still other cater for cross-border co-operation. The multilateral Baltic cross-border co-operation programmes funded by Phare, and now also by Tacis, are managed by a Committee of representatives from all the countries bordering the Baltic Sea. Delegations include representatives from the local authorities in order to stimulate their involvement in regional co-operation. The Commission provides information about this large number of actions in the various Working Groups of the CBSS, to the CSO (Information on Kalmar Implementation), and in other Baltic bodies such as HELCOM.

A very intensive and wide ranging co-operation is taking place in preparation for accession of the four associated countries in the Region. Also the Phare programme is being redirected to focus stronger on accession preparation with two priority areas: institution building and investment support, including investment in human resources. The Commission has further demonstrated its strong commitment to the Baltic Sea Region, i.a. through its chairing in 1996/97 of the CBSS' Working Group on Economic Co-operation and that of HELCOM. The International Baltic Sea Fisheries Commission is presently also chaired by an European Commission official.

In this regard the recommendation of the European Union Committee of Regions is noted that the CBSS should become the political forum within which various interests and schemes are launched by the European Commission, national, regional and local authorities.

### **9. The Baltic Sea States Support Group.**

The representatives of the Baltic Sea States Support Group, established as a result of the Visby Summit, regularly informed the CSO on their activities regarding:

- a) the coordination of Baltic Sea regional co-operation between Heads of Government;
- b) the preparation of the agenda for the next Heads of Government meeting proposed by the Support Group to be held in Riga in early 1998,
- c) the creation of a data base on developments in the Baltic Sea regional co-operation and
- d) the publishing of their Baltic Sea Region Newsletter.

### **10. The role of the CBSS in international fora.**

In his capacity of Chairman of the CBSS, the Latvian Minister for Foreign Affairs, Mr. Valdis Birkavs participated in:

- The Fifth Parliamentary Conference on Co-operation in the Baltic Sea Area in Riga on 10-11 September, 1996.
- The Fourth Baltic Sea States Subregional Conference at Vaasa (Finland) on 17-18 October, 1996.
- Baltic Tourism Conference Meeting in Riga March 5, 1997.

The CBSS Chairman accompanied by CSO Chairman visited:

- Iceland on 13-15 October, 1996;
- European Commission in Brussels on 9-10 December, 1996;
- Poland on 10-11 February, 1997.

The CBSS Chairman visited Russia on 8 April, 1997.

The CSO Chairman visited Estonia on 26 August, 1996, Finland on 27 August, 1996, Russia on 2 September, 1996, to discuss the work of CSO.

On behalf of the CBSS Chair the CSO Chairman participated in the:

- colloquium "Kaliningrad: Future Prospects of the Region" in Trawemunde on 3-5 November, 1996;
- OSCE summit in Lisbon (Portugal), on 2-3 December, 1996;
- seminar on Regional Co-operation in Norway on 13-14 March, 1997;
- Nordic countries cultural festival in Riga, on 5 April - 2 May, 1997;
- Inter-governmental Conference on Sub-regional Co-operation in the New-Europe: Current Issues and Future Prospects in Bratislava on 7-8 April, 1997;
- meeting of CBSS, Black Sea Economic Co-operation and the Central European Initiative in Trieste on 17-18 April, 1997;
- Seminar on Baltic Regional Development organised by Academie Diplomatique Internationale in Nice (France) on 30-31 May, 1997;
- OSCE seminar on Regional Security and Co-operation in Vienna on June 2, 1997.

### **11. Conference of Baltic Sea States Subregional Co-operation.**

The Fourth Baltic Sea States Subregional Conference (BSSSC) was held at Vaasa (Finland) on 17-18 October, 1996. During the conference three workshops were organised:

n on Information Flow and Communication in the Baltic Sea Region;

n on Youth Co-operation in the Baltic Sea;

n on Energy and Sustainable Development;

The initiative of the BSSSC to set up Working Groups acting between the annual conferences was a very important event for strengthening the dimension of sub-regional co-operation. The suggestion by the European Commission to establish the Working Groups in the fields of small and medium size enterprises, environment and human resources should be given a due consideration.

The establishment of the Secretariat for the BSSSC in Kiel will provide possibilities for promoting and monitoring bilateral/multilateral co-operation projects on the subregional level, co-ordinating the flow of information and public relations. The newly formed Board of the Conference which will act as political body between the conferences will have an important role to play giving further impetus for sub-regional co-operation.

The structural changes made in BSSSC will improve structural capabilities while adapting to new demands for regional co-operation after Visby and Kalmar.

The CSO discussed a proposal to strengthen the co-ordination of cross-border co-operation at the sub-regional level and to further develop the ties between the inter-governmental and sub-regional levels. It was decided to explore the possibilities further in close co-operation with the Baltic Sea States Sub-regional Conference.

### **12. Senior Officials Group of Agenda 21 for the Baltic Sea Region.**

The CSO received the reports of meetings of the Senior Officials Group (SOG) (Stockholm 23-24 January and Riga 20-21 March) for preparation of Baltic Agenda 21 document declaration. From the reports received, it is evident that the work is progressing well and efforts are made to co-ordinate different activities taking place in relevant fora. The further co-operation between the SOG, HELCOM and VASAB is necessary for preparation of the final document in the first half of 1998 and to avoid duplication of activities.

### **13. Contacts with regional bodies and organisations.**

In line with coordinative role of the CBSS, the CSO invited representatives of the following bodies and organisations to present reports on their activities during the Latvian chairmanship:

- Helsinki Commission on Environmental Protection by Mr. Tapani Kohonen, Secretary

General of HELCOM (September and May);

- VASAB 2010 by Ms. Dzintra Upmace, Chairperson of the VASAB 2010 Committee for Spatial Development in the Baltic Sea Region (December);
- Baltic Sea Tourism Commission by Ms. Gundega Zeltina (December);
- Baltic Sea States Sub-regional Conference by Mr. Gerd Walter (October), Mr. Knud Andersen (May);
- Task-force on organised crime in the Baltic Sea Region by Mr. Pär Nuder (January);
- Support Group by representatives of the group (October-June).

#### **14. Other events in the Baltic Sea Region.**

- The Fifth Parliamentary Conference on Co-operation in the Baltic Sea Area in Riga on 10-11 September, 1996.
- Baltic Sea Partenariat, Gdynia (Poland), 19-20 September, 1996
- Conference of Ministers responsible for the Environment Stockholm on 21 October, 1996.
- Fourth Conference of Ministers responsible for Spatial Planning, Stockholm on 22 October, 1996 under German chairmanship
- conference on combating drugs trafficking and money laundering in Riga, November 1996 (co-sponsored by UNDCP and European Commission)
- International symposium "Future Integration of the Baltic Sea States Gas Supply" in Tallinn on 28-29 November, 1996.
- seminar on co-operation in the Baltic Sea Region, Bonn on 16 December, 1996
- Baltic Tourism Conference Meeting in Riga on 5 March, 1997
- Ars Baltica in Kiel (Germany), on 8-9 April, 1997;
- III Baltic Lawyers' Forum, Gdansk (Poland) on 17-19 April, 1997
- Baltic Region Transport Ministers meeting in Berlin (Germany) on 21 April 1997.
- 8th Hansa Business Days in Kalmar(Sweden) on 22-23 April, 1997
- Women of the North in Kalmar(Sweden) on 20-25 May, 1997
- Pro Baltica Forum in Riga on 22 - 23 May;
- Conference "Strategies for sustainable development of the northern states in Europe" in Helsinki on 22-23 May, 1997
- Conference "Baltic Cities - Global Aspects on Urban Settlements in the Baltic Sea Region" in Stockholm on 29-30 May , 1997
- General Conference of the Baltic Sea Chambers of Commerce Association in St.Petersburg(Russia) on 5-6 June, 1997
- Second Baltic Sea Customs Conference in Tallinn on 5-6 June, 1997.
- Conference "Trans-national co-operation for spatial development in the Baltic Sea Region" in Rostock(Germany) on 12-13 June, 1997
- conference "EU and the Baltic States: Democratic Security and Human Rights" in Riga on 20-21 June, 1997.
- Trans-European Transport Conference in Helsinki on 23-25 June, 1997.
- 17th Conference of New Hansa in Gdansk(Poland) on 26-29 June, 1997.
- II Baltic Sea Games in Lithuania on 25 June-6 July, 1997.

#### **15. The CBSS Secretariat of the Chair**

The Latvian CBSS Chair has provided CBSS Members and the CSO with documentation, administrative and co-ordinating services performed by a secretariat, employing 5 Latvian staff members and Göte Lönnmar, seconded from the Swedish Ministry for Foreign Affairs. The Chair expressed a hope that in the future this co-ordinating role would be played by a permanent international secretariat.

## **16. CBSS Troika.**

The informal co-ordination of the CBSS activities was carried out by the so-called "Troika" (at present Sweden, Latvia and Denmark).

The "Troika" met before each CSO meeting. The "Troika" kept in touch regularly between CSO meetings on an informal yet constructive basis.

## **17. Proposed changes of working structures.**

As strengthening of CBSS regional co-operation cannot succeed without reinforcing the organisational framework and increasing the capacity of regional institutions, the CSO Chair has recommended that the CBSS establish a permanent international secretariat to comply with the tasks listed in the proposal worked out by the ad hoc Working Group on the CBSS Secretariat in 1996.

Furthermore, the Chair has recommended the setting up of a Projects Office tasked with the formulation and implementation of practical measures, connected with launching multilateral regional projects in the economic sphere.

## **18. Information.**

Initially, during the current period of work the Poland continued to publish the Baltic News-letter, started under the Polish Chairmanship(1994/95). Since March 1997 on behalf of the CBSS the Baltic Sea States Support Group in Sweden has published and distributed three editions of the Council News-letter. Future preparation and editing of a bi-monthly news-letter will be the responsibility of either a permanent secretariat or of the chairing country. A proposal by Lithuania for the printing and distribution of future CBSS news-letters involves a sharing of expenses amongst all states represented in the CBSS.

Arrangements with the Internet directorate in the USA are currently made for the registration and establishment of the CBSS Home Page.

## **19. Thanks to be expressed.**

Finally, the Latvian Chair, at the expiry of its term, wishes to express sincere thanks to all the colleagues - the other CSO members, for working so constructively together on many difficult tasks. Gratitude must be accorded also for the achievements of the CBSS Commissioner on Democratic Institutions and Human Rights, including the rights of persons belonging to minorities, as well as the Chairmen and members of the Working Groups. Mention must be made of the loyal performance of the Latvian Foreign Ministry staff seconded to the Secretariat of the Chair, who worked closely together with Mr. Göte Lönnmar from the Swedish Foreign Ministry.

Also the office bearers of the many other regional organisations must be thanked for establishing such a good working relationship with the CSO.

Jānis Ritenis

Chairman of the Committee of Senior Officials

# Annual report from the Working Group Economic Cooperation

Council of Baltic Sea States

cbss/wgec/anrep1

Working Group Economic Cooperation  
1997

27 May

WGEC 52

## Annual report for the period September 1996 - June 1997

### Summary and conclusions

In the period September 1996-May 1997, the WGEC met six times and examined the progress achieved with regard to the various economic cooperation subjects included in the “Action Programmes for the Baltic Sea States Cooperation”, adopted at Kalmar in July 1996. The main findings can be summarized as follows:

Development of **transport networks** and other communications is progressing. Also the reconstruction of the **energy sector** is taking shape with in particular the major studies, which are under way for interlinking the electricity and gas networks throughout northern Europe. Also studies on oil pipelines are envisaged.

In spite of the many actions already undertaken to improve both the infrastructure and the legislation and the procedures, **crossing borders** in the Region remains too often time consuming and too costly. Border crossing problems are becoming a barrier to economic cooperation and development in the Region. The human factor and continued strong commitments by the national governments are essential for any durable solution. It is noted with satisfaction that according to the “Kalmar objectives” - all CBSS countries have appointed national authorities to whom border crossing problems can be reported and who shall be responsible for monitoring the solutions. It is hoped that the activities of these authorities will contribute to solving the problems.

Considerable progress is being made in improving the **legal and institutional environment**, especially in the countries associated to the EU. In order to extend economic development throughout the Region, it is important that rules and legislations in all countries are clear, transparent, non-discriminatory, stable and proportionate with the objectives pursued. They must also be in line with one another across the different countries. In order to fulfil their role of collecting savings and reallocating them to competing investment demands, the **banks** need the confidence of all concerned. This requires high professional standards and proper legislation and supervising structures. In order to provide for collateral, a modern **system of land and other real estate property registration** is essential. **SMEs** contribute a major share to the creation of value added. In order to allow them to prosper, governments need to take consistently account of SMEs in all their policy decisions. SMEs need to be properly organised so to present their views to the authorities in an effective way.

The Kalmar objective of having **most favoured nation treatment (MFN)** as the minimum standard for trade relations among CBSS members will be achieved when also Russia will grant MFN to Estonia. Trade relations among most countries in the Regions are already at higher standards.

A **Baltic Business Advisory Council - BAC**- was established, through which the CBSS, and in particular WGEC, can benefit from the views of the business community. The BAC has accepted to set out their views on economic development in the Region, identifying opportunities, bottle-necks and also indicating their own possible contributions towards economic development in the Baltic Sea Region.

The WGEC will continue its efforts towards drawing up a “**macro-economic identity**” of the Region which should help in indicating the economic potential of the region as a whole. The expected accelerated and dynamic developments will call for major investments. More efforts will be needed to mobilise and **co-ordinate the financial resources** from national budgets, bilateral and multilateral co-operation and from the international financial institutions.

It is noted that in all the areas mentioned, **various other fora are involved** and often fulfil decisive roles. It is important for the CBSS to liaise with those fora and take advantage of their activities. As progress depends on decisions and actions by each of the competent authorities in each of the CBSS members, it is essential to organise in each of the countries the **national implementation follow-up of the CBSS cooperation** objectives. It was also noted that for various subjects examined (border crossing procedures, legal and institutional environment, financial sector, SMEs land registration), the human factor is decisive for the success or otherwise of the transition, so that **continued investment in human resources** is essential.

## 1. Introduction

The principal objective of the Working Group for the Year 1996/97 was to monitor at the CBSS level the implementation of agreed cooperation objectives as included in the “Action Programmes for the Baltic Sea States Cooperation” adopted at Kalmar in July 1996. These followed the Declaration of the summit meeting of Heads of Government of the Baltic Sea States, at Visby in May 1996. The European Commission’s Contribution to these Action Programmes was set out in its “Baltic Sea Region Initiative”. As progress in the end depends, on decisions taken by the competent authorities of each of the CBSS members, follow up at each of the national levels is crucial. WGEC members were therefore requested to liaise with the various national authorities in the countries.

The **work method and programme** for the year 1996-97 were discussed and agreed in the meeting on 13 September in Riga. A pragmatic approach was agreed, by which primarily major gaps in existing or planned actions, which hamper achieving the cooperation objectives would be identified. It was further recognised that subjects not included in the list would be dealt with in appropriate fora (Working Group in Democracy and Nuclear Safety, Helcom, Baltic Cross-border Cooperation Committee) and that information would be exchanged through the CSO. The list of the meetings (date place, subject) is attached as annex 1.

Meetings with participation of experts on the following subjects took place:

- customs (border crossing) procedures: Helsinki, 15 October
- transport and other communications: Riga, 11 December

- |                         |                      |
|-------------------------|----------------------|
| - energy:               | Riga, 12 December    |
| - SME promotion:        | Hamburg, 18 February |
| - financial sector:     | Gdansk, 14 April     |
| - regulatory framework: | Gdansk, 15 April     |
| - land reform:          | Copenhagen, 27 May   |
| - spatial planning:     | Copenhagen, 27 May   |

The following subjects were also considered during the meetings:

- trade agreements between the CBSS countries
- national authorities to report border crossing problems
- Baltic Business Advisory Council - BAC
- framework of assistance
- macro-economic identity of the Baltic rim.

In preparation of each of these discussions, the Chair provided prior to the meeting papers setting out:

- \* the issues, background and factual information
- \* assistance provided by the European Commission.

Also several members provided written information on the situation in their countries and on the assistance provided.

A synthesis of the findings and conclusions on each of these expert meetings and subjects considered is given below; more details are provided in annexes 2.1 to 2.6.

Awaiting the establishment of the Business Advisory Council, representatives from the business community were invited by the country hosting the meeting or by another member to take part in the expert meetings. The international financial institutions (IFI) were invited to the expert meetings on transport and other communications, and energy. Representatives from the EIB, the EBRD and the IBRD attended.

## 2. Synthesis of findings and conclusions

### *2.1 Customs (border crossing) procedures*

Border crossing problems are becoming an effective barrier to trade development in the region. In spite of the many actions already taken i.a. with international support, the queues remain long - too long. This is partly due to strongly increased traffic.

Draft legislation in most countries is compatible with that applied by the EU countries, but has not always entered into force. New administrative forms, rules and classifications are compatible or the same as in the EU, but are not always applied or known by border staff. Fraud and other illegal activities as well as one sided interpretation of international conventions (TIR) add to the problems. Appropriate equipment, proper organisation and qualified staff of high integrity with appropriate statute, are all essential in solving the problems. The situation will not significantly improve without strong commitment by national governments to eliminate the remaining bottlenecks.

Other fora involving experts and competent authorities are handling customs issues. It is important to build on these achievements.

*Border crossing problems: national authority for reporting to and to monitor solutions*

According to the Kalmar Action Programmes each CBSS country should identify a national authority to which border crossing problems can be reported and who should monitor the follow up. This should have happened before 1 January 1997. By now all CBSS countries have identified these national authorities. Estonia, Latvia and Lithuania are negotiating a trilateral agreement which will provide for a Baltic Ombudsman function that will be competent for Border crossing problems for the three countries.

It will be important to follow up on the activities of these national authorities. The BAC (see point 2.10) can evaluate this and inform the WGEC. The possibility to establish a regional focal point will also need to be explored.

## 2.2 *Transport and other communications*

The objectives identified in the Action Programmes concerning the trans-european transport networks, including Via Baltica, are being implemented more or less according to schedule. However, expected economic developments in the medium term will require that in the near future due attention must be paid to increased traffic throughout the region, including maritime transport and its safety and in particular to increasing west-east-west traffic. In view of economic efficiency and of the limited financial resources it is in the interest of the countries concerned to coordinate their plans, allowing e.g. specialisation between the different eastern Baltic ports. It is also important that any forecast be based on realistic data and calculations. Copying of erroneous calculations from earlier studies must be avoided.

As to transport services, the importance of eliminating discriminations based on nationality, as well as the need to provide for fair and open competition, was recognised.

Transports (infrastructure) issues are dealt with in great detail in a number of specialised fora such as:

- Pan European transport conference, including Via Baltica Monitoring Committee;
- Baltic Sea States transport conference;
- G-24 Work Group on transport;
- TINA (Transport Infrastructure Needs Assessment in the Associated States of Central Europe);
- EU-Associated countries Ministerial meeting transport (Structured Relationship);
- EU-Associated countries bilateral Association Committees (sub-Committees on transports);
- EU-Associated countries Working Group on Maritime Transport.

## 2.3 *Energy*

The Kalmar objectives are being implemented. Various studies concerning i.a. the interlinking of the electricity and gas networks are completed or are under way. Also

studies on oil pipelines are being considered. Decisions on possible investments will have to be taken by the energy enterprises. The EIB indicated the loans which they are already providing, and their willingness to provide further loans for bankable projects. Early ratification of the Energy Charter Treaty would favour the implementation of the Kalmar Objectives.

In order to promote development, it is essential that a proper legal and regulatory framework is set up providing i.a. for non-discrimination.

#### 2.4 *Small and Medium sized enterprises - SME*

Governments need to take consistently account of SMEs in all their policy decisions. SMEs, for their part, must be properly organised so to present their views to the authorities.

SME support centers and institutions will need to assure their financial sustainability; for this, the quality of the services they offer will be determining. The financial sector will need to also cater for smaller enterprises.

SMEs need to pursue medium to long term objectives and engage in productive activities over longer time periods.

Developments on most of these issues in most of the transition countries seem to be rather at the beginning. Also in the longer established market economies, SME policies are in constant development.

#### 2.5 *Financial sector*

The situation and problems of the banking sector and ways of solving them differs considerably among the countries. Much progress has been achieved by the transition countries; but more is needed as illustrated by the still very low level of participation of banks in the economic activities. In order to fulfill their role of collecting savings, and reallocating these to competing investment demands, banks need the confidence of all economic actors and of the public at large. To achieve this, an appropriate framework of rules, legislation and a supervising body must be in place. Those working in the banks - both the commercial banks and central bank - need to achieve high standards of professional performance. The performance of the financial sector also depends on the overall economic situation both at the macro-economic and enterprise levels.

## 2.6 *Regulatory framework*

The art consists in finding the right balance between regulating and de-regulating. Indeed, societies need rules and legislation which ensure that the interests of all groups and policy objectives are taken into account. On the other hand, there must be sufficient freedom of action in order to allow dynamic and creative developments leading to higher efficiency, more value added and more wealth. So proper legislation and rules are essential and public administrations and other authorities, including judicial, or possibly private bodies must be equipped to monitor, and if needed enforce implementation.

Necessary rules and legislation must be proportionate with the objectives pursued; they must also be clear, transparent, non-discriminatory and stable. In order to stimulate economic activities across the borders, national rules must be in line, and if possible identical, with those of the other countries in the region.

Considerable progress is being achieved especially by the countries associated with the EU on the basis of their bilateral agreements and of the pre-accession cooperation. As this is a wide ranging and complex task involving all authorities, the efforts need to be continued in the coming years. It is important to agree on a number of high priority areas for which aligning shall also include Russia.

## 2.7 *Land reform*

The creation of a well functioning real property market is essential in market economies. Real property can i.a. serve as collateral in obtaining loans. The first step is to establish a land and real property register. This requires technical work, organisation, legislation and professional staff. The use of land should not remain fixed overtime, but must be allowed to change. The legal tools for organisation must also be put in place. Progress is being made; however the complexity and in one country enormous size of the problems mean that more time will be needed.

## 2.8 *Spatial planning*

Spatial planning has the ambition of bringing together several sectoral policies as well as the different levels of authority (national, regional, local, cross-border). This should allow a more efficient use of scarce resources and allow for a harmonious development of the different sectoral policies, involving all levels of authorities who will be involved in the conception and implementation. The concept is clear when viewed from a well defined common objective (e.g. avoiding floods in a river basin across borders). Spatial planning in most countries is at its early stages of development. As spatial planning will allow for economies of scarce resources and for avoiding negative side effects, it is important to develop the practice.

a) Trade agreements

The Kalmar objective of having most favoured nation treatment (MFN) as minimum standard for trade relations among CBSS members, will be achieved, when also Russia will grant MFN to Estonia.(on the basis of a formal agreement or otherwise). Free trade for non-agricultural goods already applies amongst most of the countries and some even include free trade in agricultural goods. According to the Partnership and Cooperation Agreement, the EU and Russia will examine in 1998 whether the conditions are fulfilled to start negotiations for a free trade agreement.

The essence of the complex web of bilateral trade agreements among the countries in the region can be summarised as follows:

free trade agreements (all goods, except agricultural and fishing):

- \* multilateral EC (in casu, D, DK, S, SF) - multilateral EFTA (in casu N, Icl.)
- \* EC - bilateral with each of the associated countries (Estonia, Latvia, Lithuania & Poland)
- \* Trilateral Estonia, Latvia, Lithuania
- \* bilateral Poland - Lithuania
- \* bilateral Poland - Latvia
- \* EFTA - bilateral with each of: Estonia, Latvia, Lithuania, Poland

agricultural free trade:

- \* Trilateral Estonia, Latvia, Lithuania
- \* bilateral Poland - Lithuania

MFN treatment

- EC - Russia
- Norway - Russia
- Poland - Russia
- Lithuania - Russia
- Latvia - Russia
- Poland - Estonia

b) Membership of the WTO:

- Members: Germany, Denmark, Sweden, Finland, Poland, Norway, Iceland
- Applied for membership; observer status: Estonia, Latvia, Lithuania and Russia

c) Common transit procedure for Estonia, Latvia & Lithuania: will enter into force as soon as Latvia will implement a guarantee system.

2.10 *Baltic Business Advisory Council (BAC)*

By the time of the 14-15 April meeting, ten member countries had nominated business organisations which will represent their country in the BAC. The chair suggested that until further notice, Russia will be represented by the Baltic Sea Chambers of Commerce Association - BCCA. This was communicated to the CSO at its meeting on 2 May. The BAC is thus established and has started functioning.

The BAC is a rather informal body which should provide the WGEC with the views of the business community on economic developments (opportunities, bottle necks) in the region. It decides itself on its organisation and working methods and has to provide itself for its functioning.

The **Baltic Sea Chambers of Commerce Association - BCCA** - represents Denmark, Estonia, Germany, Latvia, and (until further notice) Russia. The other CBSS countries are represented as follows:

- Finland: Confederation of Industry and Employers
- Iceland: Iceland Chamber of Commerce
- Lithuania: Lithuanian Confederation of Manufacturers
- Norway: Confederation of Norwegian Business and Industry
- Poland: Pomeranian Chamber of Commerce (Gdansk)
- Sweden: Association of Swedish Chambers of Commerce and Industry

The BCCA called a preliminary meeting with the designated BAC members in Kiel on 29 April 1997. It formally started its activities following the communication of its membership and terms of reference to the CSO meeting on 2 May 1997. Awaiting the installation of the BAC, business representatives were invited to the expert meetings of the WGEC:

- Customs procedures: BCCA; Stockmann retail stores Helsinki
- Transport & other communication: Latvian Chambers of Commerce and Industry (could not attend)
- Energy: Latvian Chambers of Commerce and Industry; Baltic (Electricity) Ring
- SME: BCCA; Hanseatic Parliament, represented by Handwerkskammer, Hamburg
- Financial sector: BCCA; Finnish and Swedish Delegations included business representatives
- Regulatory framework: BCCA

2.12 *Framework of Assistance*

This is mentioned in the Commission's Baltic Sea Region Initiative. The idea is to assemble the information on assistance to the transition countries in the region, so that better planning and coordination is possible.

In order to achieve this, the chair submitted rather detailed information on the European Commission's assistance in each of the subjects prior to the expert meetings. The information was given in a standard format (see annex 6) the WGEC members were requested to provide their information, according to the same format and, when appropriate, also the International Financial Institutions (IFI). It has however proved very difficult to provide information in a way that it can be added together with that from other donors. Indeed, assistance for a particular objective in a particular geographical area is very often part of a wider programme covering a wider sector and a wider geographical area. Further, in the case of Poland and Russia, most programmes are addressed to the whole country and not to the Baltic sea region only. In several areas, e.g. customs, assistance provided by the European Commission is a multiple of that provided by other donors. As to the IFI we regretfully have to report that, in spite of several reminders, they have not provided information in the required form, or no information at all.

On the other hand, other fora or bodies provide, at least partially for coordination of assistance:

- for transport infrastructure:
  - TINA (Transport Infrastructure Needs Assessment) looks at transport infrastructure needs in the associated countries (Estonia, Latvia, Lithuania and Poland) as part of the pre-accession cooperation.
  - Further, the European Transport Conference has a number of expert groups and takes decisions.

\* for cross-border cooperation:

The Baltic Cross border Coordination Committee - BCC - coordinates the cross border projects funded by Phare, Tacis and the EU structural funds.

It must also be noted that the national Phare and Tacis coordinators in each of the countries have the information on assistance to their countries. They are thus well placed to effectively contribute towards drawing up a framework of assistance.

In order to take this exercise further, it is recommended to:

- (a) select priority areas where it is important to have a framework. The macro-economic identity (see point 2.13) will be of particular relevance in this context.
- (b) call on the knowledge and strategic position of the national aid coordinators in the transition countries.
- (c) liaise with other fora/bodies who have the competence, the mandate and decision making authority for the various subject areas.

### 2.13 *Macro-economic identity*

At the request of the Latvian CBSS Chair, the Commission has accepted to contribute towards drawing up a "macro-economic identity" of the Baltic Sea Rim. The objective

is to form an idea of the economic potential of the Region as a whole, in which radical changes in economic development in the coming decades will take place. How fast changes will take place depends on the success and speed of transition. The share of the largest country in the region - Russia - will no doubt be very significant and determining for the development of East-West traffic.

The Commission has started establishing the “identity” by collecting data already available. In order to fill the gaps, expert assistance will be sought.

#### 2.14 *Report on economic developments by the Business Community*

BAC has been requested to present its independent views on economic development in the Region. The report should mention opportunities, bottlenecks but also give an indication of what the business community itself intends to do for fostering development in the region. The report could build on earlier reports of this nature (e.g. the 1996 Stockholm Business Summit). It must be concise, practical and result oriented. The BAC could present it to the coming Baltic Sea States Summit meeting. BAC has accepted.

### 3. Overall conclusions

- a) Market economies do need rules and legislation and competent authorities in order to see that the interest of all those concerned are duly taken into account. The building of an adapted legal and institutional framework, managed by a professional public administration is a necessary condition for proper economic development, creating value added for the society as a whole. In addition to its role as economic operators, the business community can contribute to the smooth functioning of administrative procedures and the respect of law by increasing the professional and ethical standards.
- b) Economic operators, supervising authorities, legislators, all need professionally competent staff of high standards of integrity. Know-how transfer and investment in human capital is a necessary condition for all subject areas considered.
- c) Progress in the Baltic Sea Region depends in the end on decisions and actions by the competent authorities in the countries. It is therefore of the utmost importance to properly organise at each of the national levels the follow up to the implementation of the Kalmar Action Programmes. Also a number of regional or European fora play a role as they have decision making or implementation authority. Consistent and continued commitment by the CBSS member governments is a necessary condition for progress.
- d) Much of the above is already handled in the framework of the various bilateral and multilateral cooperation programmes and also in the pre-accession cooperation between the associated countries (Estonia, Latvia, Lithuania and Poland) and the EU. The EU is also developing its relation with Russia. Russia’s participation in the CBSS is essential in order to achieve a higher level of aligning and economic cooperation in the Baltic sea Region.

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This report and in particular its annexes 2.1 to 2.6 will be further followed up both by the WGEC at the Regional level and by each of the CBSS members at the national levels.

This report was discussed and adopted at the WGEC meeting on 26-27 May 1997.

Joris Declerck

Chairman WGEC

annexes: -1 list of meetings

-2.1 to 2.6 conclusions of subject specific meetings

# Annual report from the Working Group on Nuclear and Radiation Safety

1

**COUNCIL OF THE BALTIC SEA STATES**  
**Committee of Senior Officials**  
**WG on Nuclear and Radiation Safety**

29 April 1997

**Chairman's Report by Mr. Antti Vuorinen / Mr. Raimo Mustonen**

1. After the meeting of The Committee of Senior Officials in Vaasa, 17-18 October 1996, the Working Group on Nuclear and Radiation Safety has met once, in Riga 19 March, 1997. The WG has regularly discussed several subjects concerning nuclear and radiation safety. The Group concluded that there are many subjects being of acute interest in many countries of the Region, and the need for a common forum for regular discussion and exchange of information is obvious. In it's last meeting the WG added 'illicit trafficking' into the list of subjects to be monitored. The current subjects of the WG are the following:

- Continued monitoring of projects and developments in Sillamäe
- Continued monitoring of developments in Paldiski
- Waste management developments
- Development in waste depositories
- Continued follow-up of expert group on emergency monitoring system and early warning
- × • Exchange of monitoring system data/automatic measuring systems
- Emergency planning exercises
- × • Illicit trafficking of nuclear materials
- Follow-up on nuclear safety and radiation protection legislation
- × • Plans to build the next generation reactors (Sosnovyi Bor, Poljarnyi Zor)
- Plans for upgrading and power increase in reactors, Finland and Sweden

The WG will continue monitor and encourage the relevant activities in Baltic Sea Area.

2.1 Relating to the waste depository and waste management at Sillamäe, in Estonia, WG has the opinion that the existing waste "mountain and lake" is a local environmental problem, but it does not constitute acute serious radiological risk. However, the long-term effects are by no means clear and that further national and international actions were necessary to prevent future negative effects, including the risk for contamination of the Gulf of Finland. The WG supports the ongoing activities for remediation and restoration of the Sillamäe waste depository and for planning new technology for waste management. The WG would appreciate of receiving information on the results achieved within the

ongoing projects, and clarification regarding legal aspects of the privatisation of the Sillamäe Plant. Also the experts within the HELCOM programme have paid attention to chemical pollutants which probably create more acute and serious risks.

- 2.2 Relating to Paldiski activities WG was informed about the progress in the area. Under the PIERG -program, there are six projects going on, including physical construction activities for radioactive wastes, improvements in infrastructure and training of personnel. The WG stressed the importance of international co-operation in the area. Especially, the co-operation with Russian experts is considered to be of vital importance.
- 2.3 The WG will continue monitoring on progress in decommissioning of Salaspils research reactor and confirmed support for negotiations about shipment of high enriched spent fuel back to the country of origin. Latvia has submitted to IAEA a proposal for technical co-operation on decommissioning of the reactor.
- 2.4 The WG assured strong support on co-operation for the development of Radiation Monitoring Network and data exchange capabilities. There are going on several development projects, and a compact progress report on situation will be prepared for the next WG meeting.
- 2.5 The WG will update information about regional and bilateral co-operation on Early Warning and strongly encourages such co-operation. Agreements on Early Warning were tested in the two international emergency exercises (INEX) organised by the Nuclear Energy Agency of the OECD. The updated summary of bilateral and multilateral agreements will be prepared for the next meeting of WG.
- 2.6 The WG encourages all relevant authorities for co-operation in countries of the Region for prevention and detection of illicit trafficking of nuclear materials. The countries of the Region were requested to provide short description of their control practices and co-operation between different national authorities to the WG. The WG expressed a need to arrange a regional seminar on preventive actions against illicit trafficking and optimised use of resources.
- 2.7 The WG has noticed progress in development of national legal framework and stressed the importance of completion of this process. The Group had a special discussion on the independence of national regulatory authorities with regard to promoting of nuclear energy.

- 2.8 The WG expressed a wish to every country of the Region, especially to Russia, for active participation in the Group's work in order to achieve the objectives of the Group more effectively.
3. The Chairman of the Working Group has expressed his willingness to leave the chairmanship because of his retirement. The WG did not select a new leader, because the next host country Denmark did not participate the Riga meeting, and the present chairman was asked to continue leadership for the next meeting.
4. Next meeting of the WG will be held in Denmark in September, 1997.