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**COMMISSION STAFF WORKING DOCUMENT**

**2004 Annual Progress Report on the Implementation of the  
Northern Dimension Action Plan**

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### 2004 Annual Progress Report on the Implementation of the Northern Dimension Action Plan

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## 1. INTRODUCTION

The Northern Dimension Annual Reports follow the request made in the “Full Report on Northern Dimension Policies”<sup>1</sup>, endorsed by the Gothenburg European Council in June 2001, which asked the European Commission to produce “[...] *Annual Progress Reports to take stock of the implementation of the Action Plan and further development of the ND initiative...*”

This is the first Annual report on the Second Northern Dimension Action Plan. The Second Action Plan was proposed by the Commission in June 2003, approved by the General Affairs Council on 29 September 2003 and endorsed by the European Council in Brussels on 16 and 17 October 2003<sup>2</sup>. The Northern dimension Second Action Plan came into force 1 January for the period 2004 - 2006.

The EU enlargement of 1 May 2004 modified the focus of the Northern Dimension policy considerably. Since that date eight of the nine States in the Baltic Sea are EU Member States. Therefore the Northern Dimension policy increasingly concentrates on relations and cooperation with North West Russia, as was already foreseen in the text of the Second Action Plan itself.

Northern Dimension annual reports will progressively make use of the Northern Dimension Information System (NDSys), set up by the Commission in its External Relations (Relex) website, to provide an easy and accessible means of sharing information on Northern Dimension activities carried out by all stakeholders. As the NDSys is a key information tool on Northern Dimension projects, updated every year, the Northern Dimension Annual reports will be in the future less voluminous, concentrating on Northern Dimension activities in priority fields.

## 2. THE POLICY FRAMEWORK

### 2.1. Consequences of EU Enlargement

The most important political event for the Northern Dimension region during the period covered by this report was the EU accession of Estonia, Latvia, Lithuania and Poland on 1 May 2004. The full and effective integration of these four countries into the European Union has continued to materialise during the reporting period, also in the form of phasing-out of PHARE aid as well as the post accession transition facility. Since May 2004 these countries are contributing on the EU side to the Northern Dimension exercise.

In the last full year before accession, the EU continued its support to the acceding countries from the Northern Dimension region. In 2003, Phare allocated € 42.5 million to Estonia, € 49.1 million to Latvia, € 102.8 million to Lithuania and € 459.5 million to Poland. The 2003 ISPA (Instrument for Structural Policies for Pre-accession) contributions to the four countries amounted to € 30.9 million for Estonia, € 53.5 million for Latvia, € 53.1 million for Lithuania and € 377.9 million for Poland. In the same year, SAPARD (Special Pre-Accession Programme for Agriculture and Rural Development) allocated € 13.2 million to Estonia, €

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<sup>1</sup> Available at: [http://europa.eu.int/comm/external\\_relations/north\\_dim/doc/full\\_report.pdf](http://europa.eu.int/comm/external_relations/north_dim/doc/full_report.pdf)

<sup>2</sup> The Presidency Conclusions of the European Council of 16/17 October are available at: <http://ue.eu.int/pressData/en/ec/77679.pdf>

23.5 million to Latvia, € 32.1 million to Lithuania and € 181.8 million to Poland. Budget allocations for the three pre-accession instruments for the four countries thus total € 1,420 million.

The Treaty of Accession included a Transition Facility designed to continue to assist the new Member States in their efforts to strengthen their administrative capacity, to implement Community legislation and to foster exchange of best practice, as an extension to assistance provided until accession under Phare. It will run for the three years 2004 - 2006. In 2004 there was an allocation of € 8.4 million to Estonia, € 6.7 million to Latvia, € 22.4 million to Lithuania and € 49.9 million to Poland. The total for these four countries comes to € 87 million.

As from 1 May 2004 the EU financial tools devoted the Northern Dimension policy are TACIS programme funds (national and regional programmes), INTERREG and to a lesser extent the various EU policies that have an external effect in the Northern Dimension area. From 2007 the Commission has proposed that the European Neighbourhood and Partnership Instrument, (ENPI), will be the main source of EU financing for the Northern Dimension policy as one of the four new instruments for external action; under the Commission's proposal the Northern Dimension area could also benefit from the Instrument for Stability<sup>3</sup> (IfS) if necessary.

## **2.2 The Second Northern Dimension Action Plan 2004-06<sup>4</sup>.**

The Second Northern Dimension Action Plan fixes for the period 2004-2006 a set of priorities, objectives and actions to be implemented by the Northern Dimension through the external and cross-border policies of the European Union, as well as through the policies, projects and activities carried out by all the other Northern Dimension stakeholders. The Second Action Plan and its implementation serve to consolidate the Northern Dimension policy.

The Second Action Plan establishes five priority areas: economy, business and infrastructure, social issues (including education, training and public health), environment, nuclear safety and natural resources, justice and home affairs and cross-border co-operation. Within each of these areas, the Action Plan provides strategic priorities and specific objectives, and indicates the priority actions to be followed in order to achieve these objectives. The Action Plan underlines the need to pay particular attention to two geographical zones covered by the Northern Dimension where specific development gaps or sectoral problems exist, such as the Arctic and sub-Arctic regions and the Russian Kaliningrad Oblast (cross-cutting sectors).

Subsidiarity and synergy between the different Northern Dimension actors are two concepts highlighted in the Action Plan. Both concepts ensure the full involvement of all stakeholders in the Action Plan implementation, including the partner states, the regional organizations, regional and local authorities, education and research institutions and civil society, as well as the Union itself.

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<sup>3</sup> IfS, COM (2004) 630:  
[http://europa.eu.int/celex/cgi/sga\\_rqst?SESS=11395!CTXT=6!UNIQ=5!APPLIC=celexext!FILE=VIS\\_U\\_visom\\_6\\_0\\_1!DGP=0!VI\\_all0#texte](http://europa.eu.int/celex/cgi/sga_rqst?SESS=11395!CTXT=6!UNIQ=5!APPLIC=celexext!FILE=VIS_U_visom_6_0_1!DGP=0!VI_all0#texte)

<sup>4</sup> The full text of the Northern Dimension Second Action Plan is available at:  
[http://europa.eu.int/comm/external\\_relations/north\\_dim/ndap/ap2.pdf](http://europa.eu.int/comm/external_relations/north_dim/ndap/ap2.pdf).

The Commission plays a particularly active role in the implementation and monitoring of the Action Plan while engaging in coordination through, for example, its participation in the meetings of the Chairs of the four regional organizations in the North or by compiling the list of Northern Dimension current projects in the Northern Dimension Information System. The Second Northern Dimension Action Plan itself is based on the proposals made by the Commission and the Northern Dimension partners.

Indigenous peoples' issues, a particularly important aspect throughout the Northern Dimension Second Action Plan, have been revitalized within the Commission services in 2004, by the setting up of a relevant inter-service sub-group of the Human rights group and by introducing its analysis in the project programming stage.

### **2.3 Northern Dimension Senior Officials Meeting**

One of the innovations of the Second Northern Dimension Action Plan is to establish the Senior Officials' Meeting (SOM) as a second-level Northern Dimension structure to carry out a review of Northern Dimension activities, alternating on an annual basis with a Ministerial Conference.

The first SOM meeting was held under the Netherlands EU Presidency on 21 October 2004 bringing together senior officials from the Northern Dimension stakeholders, including representatives from the Northern Dimension states and all EU Member States, the other EU institutions and bodies, the four regional organizations in the North and the International Financial Institutions active in the area. As is customary in the Northern Dimension Ministerial meetings, Canada and the US were invited as observers.

The objectives of the meeting were achieved, i.e. to assess the implementation of the Action Plan, to review progress to date and to identify any areas in which further stimulus could be necessary. The agenda reflected the review character of the meeting, providing for a discussion on 'achievements and challenges', an exchange of information on the key priorities being pursued by each partner, and agreement on the likely timing of the Ministerial meeting in 2005. No final document or conclusions were adopted.

The Commission stressed the need for full involvement of all Northern Dimension partners and welcomed the successful achievements of the four regional organizations. In particular, the Commission, like other partners, stressed the importance of Russia's full involvement in the Northern Dimension activities. The Commission also emphasized the need to set a limited number of priorities, such as cross border cooperation neighbourhood programmes and particular attention to nuclear safety and environment in the region. The Commission announced the forthcoming increase of the European Investment Bank (EIB) loan funding possibilities for environment, transport, energy infrastructure and telecommunications projects in Russia, including the Northern Dimension region.

Various Northern Dimension stakeholders, including the regional organisations and the International Financial Institutions gave short briefings on their activities. All agreed on the importance of the Northern Dimension policy and the need for closer coordination and cooperation at various levels (national, regional, local etc.). Moreover mutual cooperation between EU Member States and other partners was mentioned. The European Economic and Social Committee found that many actors in civil society are still poorly aware of the Northern Dimension framework and therefore argued that more efforts should be made to closely involve all civil society stakeholders in Northern Dimension activities. A further

Northern Dimension challenge recalled at the meeting was the need for continuity of the environmental programmes in which a large number of new projects are constantly being identified and the need to maintain intensified cooperation on climate change.

The stakeholders agreed on a positive assessment of the Northern Dimension partnerships on Environment and Nuclear Safety and on Public Health and Social Well-being. New partnerships might eventually be considered in other fields, on condition that there was a broad constituency of support and commitment among a sufficiently wide range of partners. The ownership of all concerned partners is an important element of all partnerships, old and new.

The Commission reported on the launch of the Northern Dimension Information System (NDSys) and requested reactions from the users. All agreed on the need for greater selectivity of data and for active contributions from all partners. Partners were requested to make use of the system, since this would enhance coordination and information about Northern Dimension activities carried out by other parties.

## **2.4 European Union Institutions other than the European Commission**

In addition to the SOM meeting organized by the Netherlands Presidency of the Council, the other EU institutions have continued their commitment to the Northern Dimension policy.

The European Parliament has maintained its regular meetings with the Parliamentary structures linked to the regional organizations in the North, such as the meeting between the European Parliament's Delegation for Relations with Switzerland, Iceland and Norway and to the EEA Joint Parliamentary Committee (SINEEA) and the Standing Committee of Parliamentarians of the Arctic Region, held in Brussels on 29 November 2004. Mr Corell, Chairman of the Arctic Climate Impact Assessment (ACIA), was invited to the meeting and presented the ACIA report "*Impacts of a Warming Arctic*" and its scientific and political outcomes (see point 3.4.1). The presentation opened the way for a discussion on the environmental challenges suffered by the Arctic and its population. Moreover indigenous peoples' representatives took the floor to express their expectations from the Action Plan. The Commission participated in the debate. Both parliamentary sides concluded that they would do their utmost to keep the Arctic window of the Northern Dimension alive and active.

The European Parliament SINEEA Delegation held a Joint Meeting with the Nordic Council Praesidium in Brussels on 2 December 2004. The discussions there concentrated on EU enlargement in the Baltic area, future EU enlargements, cooperation with sub-national parliaments/assemblies in the North and the European Parliament's suggestion to set up a Northern Dimension forum. The Commission also participated in this debate and at the request of the Parliamentarians reported on EU/Russia relations.

Close institutional cooperation between the European Parliament and the Nordic Council continued, as demonstrated for example by the participation of the EP President Mr. Pat Cox at the Nordic Council session of 14-15 April 2004 in Helsinki under the topic "the Northern Dimension in the enlarged Europe". The Nordic Council asked for a parliamentary dimension to be established in the Northern Dimension.

The European Economic and Social Committee adopted a report on the Second Northern Dimension Action Plan on 7 July 2004. The EESC proposed an annual forum on the Action plan implementation, bringing together representatives from the social and economic organizations represented in the Committee. It also set up a Northern Dimension Follow-up Group to establish relations with as many civil society organizations as possible with the objectives of assessing the awareness and involvement of civil society organizations in the Action Plan implementation and seeking civil society opinions regarding its contents. The Group distributed a questionnaire and in the first part of 2004 organised two fact-finding missions, respectively to Gdansk and Riga and to Kaliningrad, to meet with regional/local representatives, social partners and NGOs. The EESC concluded that there is a substantial need to spread information on the Action Plan.

The Committee of the Regions issued an Opinion on 17 November 2004 on “Local and regional government in Russia and the development of cooperation between the EU and Russia”. In this Opinion the Committee notes the importance of the Second Northern Dimension Action Plan, under which any Northern Dimension stakeholder has the opportunity to join in practical projects, cooperative ventures and exchanges of best practice in specific areas. The Committee proposes to activate cross-border technical cooperation at local and regional level between EU and the Kaliningrad Oblast. It also proposes that the EU and Russia focus on geographical areas within the Northern Dimension that are not readily accessible and draws attention to the Plan’s Arctic Window and relations among the sixteen countries and regions in the northwest Arctic and semi-Arctic areas around the Arctic Circle. The Committee considers itself in a position to play a key role in setting up a unifying, coordinating, consultative body that brings together local and regional representatives from across the Northern Dimension region.

## **2.5 Regional Organizations of the North**

The Commission continued in 2004 to closely cooperate with the four regional organizations in the North.

The Commission, represented by Commissioner Siim Kallas, participated in the V Baltic Sea States Summit of Laulasmaa on 21 June 2004<sup>5</sup>, held at the end of the Estonian Presidency of the Council of the Baltic Sea States (CBSS). The main issues discussed at the Summit were the future of the Baltic Sea Regional Cooperation and the role of the CBSS after EU enlargement, economic cooperation investments, infrastructure and maritime safety, environment issues and the social dimension of regional cooperation. The summit gave political guidance on future Baltic cooperation and welcomed the incoming CBSS Polish Presidency.

The Commission participated in 2004 also in the CBSS meeting of Ministers for Trade and Economy held in Tallin on 19-20 April and in the meetings of the CBSS Committee of Senior Officials (CSO), both under the Estonian and Polish Presidencies. The February CSO meeting was held in Brussels, co-organized by the Commission on 5-6 February, in order to facilitate an open discussion between the CBSS CSO members and Commission officials. Finally, the

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<sup>5</sup> The Chairman’s conclusions of the V Baltic sea Summit are available at <http://www.cbss.st/summits/laulasmaa2004/chairmansconclusion/>



Commission participated in a number of subordinate/linked entities to the CBSS and followed up the work of its Working Groups.

As for the Barents Euro-Arctic Council (BEAC), the Commission participated in the Mid-Term Review meeting (Deputy Foreign Ministers Meeting) of the BEAC Norwegian Presidency held on 13-15 September 2004 in the Solovetsky islands (Russia)<sup>6</sup> in which transport cooperation, infrastructure development, public health, human trafficking, situation of indigenous peoples and rescue operations in the Barents Sea were the key topics of discussion. Discussions also covered the need to rationalize the various working groups in the North and a wish to include the Russian Barents areas to the East in EU cooperation programmes, notably the Neighbourhood Programmes. Moreover, the Commission participated in the CSO meetings under the Norwegian Presidency, respectively in Kirkenes 25-26 February, Sortland 11-13 May, Hammerfest 29 June-1 July and Oslo 1-2 December.

The Commission continued to follow the activities of the two Northern regional organizations, of which it is not a member: the Arctic Council and the Nordic Council of Ministers. A Joint European Commission/Arctic Council Seminar was held in Brussels on 7 July 2004. The seminar discussed synergies and possible cooperation on environmental issues (water and climate change, monitoring and research)

The Nordic Council of Ministers' activities in the Baltic area are being re-focussed towards North West Russia while it continues to expand its network of offices in the Northern Dimension area. These elements facilitate cooperation and exchange of information with other stakeholders.

There were two co-ordination meetings of the Chairs of the Senior Officials Meetings of the four regional organizations in the North with the Commission in the margins of the CBSS CSO February Special meeting in Brussels and in Reykjavik on 26 June. The Chairs' meetings with the Commission are intended to promote coordination of activities and exchange information. It was agreed to meet in this format regularly, at least on a yearly basis.

## **2.6 Canada and the US**

Canada and the US enjoy observer status in the Northern Dimension higher structures, i.e. the Ministerial meetings and the Senior Official Meetings, reflecting their Arctic interests, Arctic Council membership and their activities in the Northern Dimension area (e.g. Canada's participation in the NDEP Fund and US E-Pine programme).

The EU-Canada Partnership Agenda, adopted at the EU-Canada Summit in Ottawa on 18 March 2004, provides for enhanced cooperation on Northern issues in areas such as: environment, including climate change, sustainable development and trans-boundary pollutants, especially through the EU Northern Dimension Environmental Partnership; health through the development and implementation of the EU Northern Dimension Partnership for Health and Social Well-being; education by identifying ways to strengthen links, through the University of the Arctic and, where appropriate, the Canada-EU Higher Education Agreement; other areas of emerging interest including transport and communications, legal instruments, and economic development and capacity building in Russia.

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<sup>6</sup> More information on the conclusions of this meeting can be found at:  
<http://www.beac.st/default.asp?id=5203>

The EU and US have continued to exchange information on respective initiatives in the Northern region, in particular on the implementation of the EU's Northern Dimension Action Plan, and on the new US initiative "e-PINE", the Enhanced Partnership for Northern Europe. This new initiative builds on US cooperation with the Nordic and Baltic States during the 1990s, through the US Northern Europe Initiative (NEI) and US participation in regional fora such as the CBSS, the Barents Council and the Arctic Council, and confirms continued US interest in the Northern region. "E-Pine" comprises eight countries of the Nordic and Baltic region (Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden) and the US, and will concentrate on cooperation in three areas, Cooperative Security, Healthy Societies and Vibrant Economies.

### **3. THE PRIORITY SECTORS IN THE SECOND NORTHERN DIMENSION ACTION PLAN**

#### **3.1. The Northern Dimension Information System<sup>7</sup>**

The Commission fulfilled the mandate on information flow contained in Second Northern Dimension Action Plan in its first year of implementation (2004): *"The flow of information on Northern Dimension activities and achievements among partners will help to avoid duplication and overlap, identify gaps, and share best practices. The Commission is ready to compile and circulate this information among all interested stakeholders, but an effective information exchange will depend on the contributions of all partners"*. Accordingly, and drawing on substantive contributions from a number of Northern Dimension partners, the Commission compiled listing of Northern Dimension activities in its External Relations website, known as the first edition of the Northern Dimension Information System (NDSys).

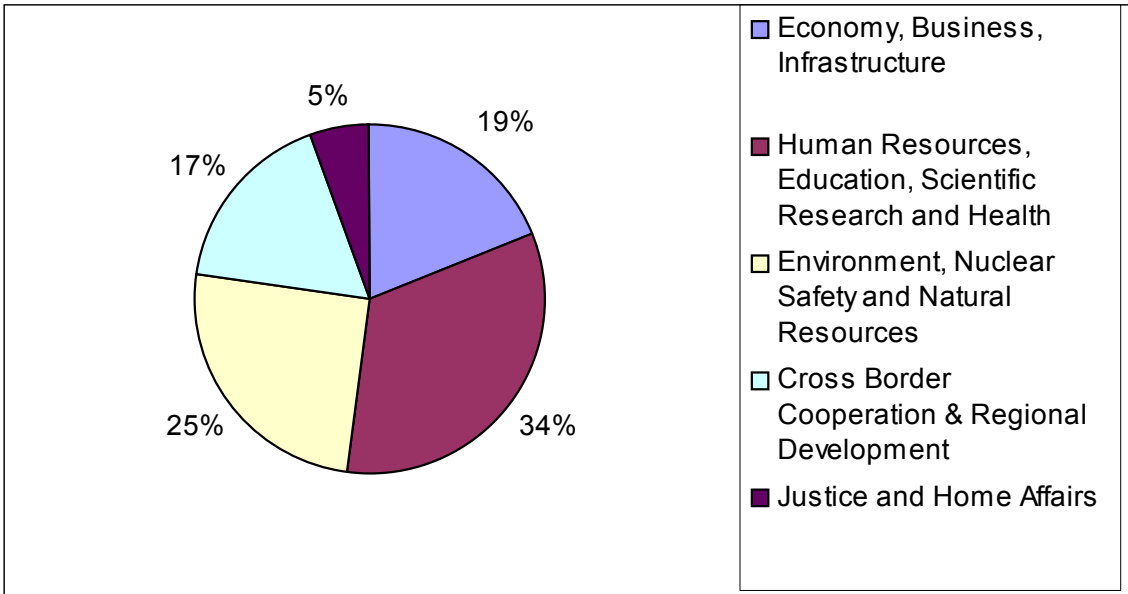
The NDSys objectives are to: a) increase visibility of the policy, b) encourage exchange of information between the Northern Dimension partners and c) facilitate stakeholders' participation in projects, therefore maximizing their potential synergy. The NDSys therefore contributes to greater efficiency with existing limited resources, by avoiding overlapping and facilitating cooperation between the different projects and actors involved in the Northern Dimension.

Contact points designated by each Northern Dimension partner state, by regional organisation and International Financial Institution have been responsible for the overall coordination of the process and for forwarding contributions to the Commission, after a preliminary quality check of the material received. An "external link" to other sources of information, where those interested will be able to obtain more details on the project(s) was specifically requested.

In the NDSys, projects and activities are presented by each priority area and cross-cutting sector of the Second Northern Dimension Action Plan. Projects in each priority area are listed under each Northern Dimension partner, while projects in each cross-cutting sector are presented both by partner and by priority area. All in all, information on descriptions of 860 entries (projects) is listed in the NDSys, out of which 656 are listed by priority area and 204 by cross-cutting sector, divided up as follows:

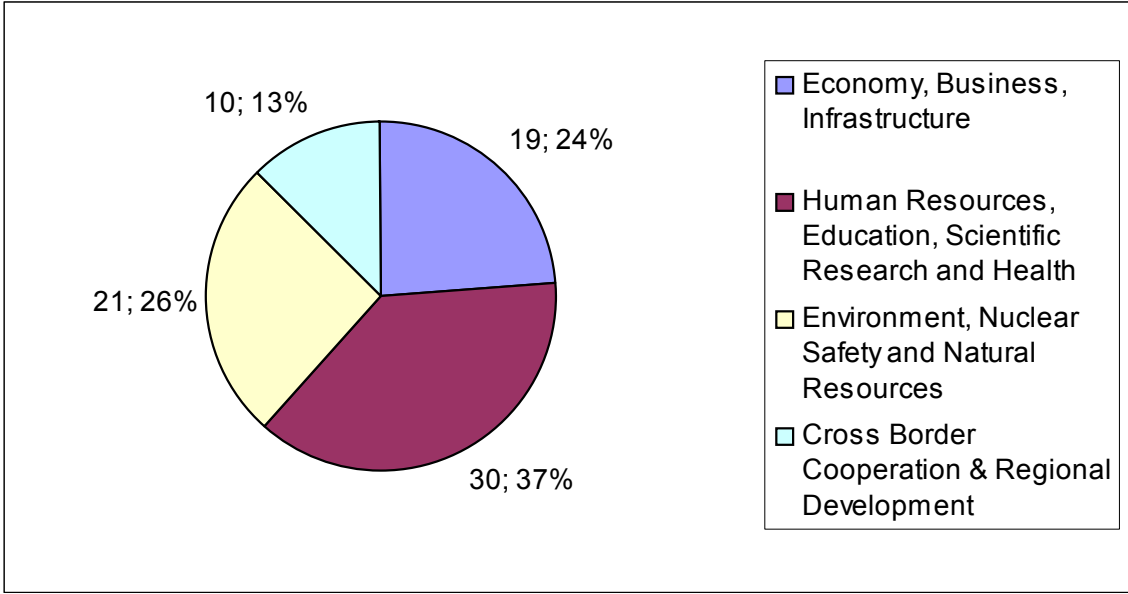
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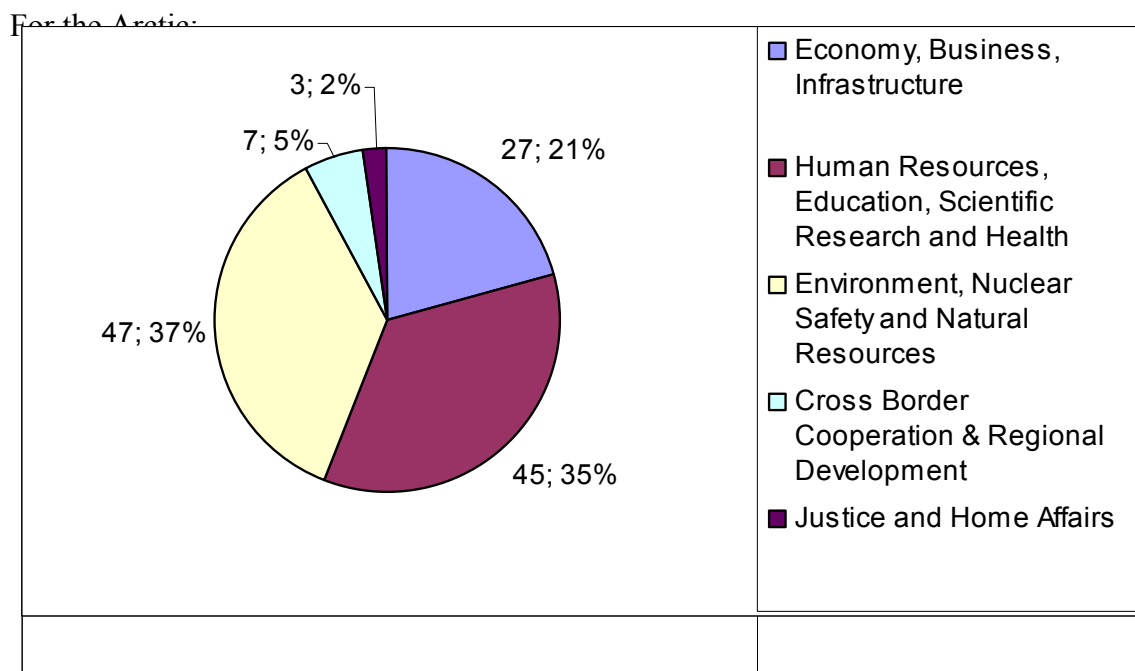
<sup>7</sup> NDSys is accessible through "Europa" at [http://europa.eu.int/comm/external\\_relations/north\\_dim/nis/index.htm](http://europa.eu.int/comm/external_relations/north_dim/nis/index.htm)



A more detail analysis of the entries referring to the two cross-cutting sectors is as follows:

For Kaliningrad:





The system will be updated annually, since the Commission understands that there are other more specialized data bases by sector or Organization which cover sufficiently the information needed in each specific field. The virtue of the NDSys is to list all Northern Dimension projects reported by each Northern Dimension partner. For the next edition, in 2005, the format of the form provided to the stakeholders will be made more user-friendly.

### 3.2. Economy, Business, Infrastructure

#### 3.2.1 Trade, Investment Promotion and Business Cooperation

##### 3.2.1.1 General

During 2004, following enlargement, the focus of the Commission's activities in this sector with regard to the Northern Dimension Action Plan was increasingly on the EU's relations with Russia. This has had three main aspects, each of which support and promote the objectives of the Northern Dimension Action Plan section 3.1.1. in relation to "Trade, investment promotion and business co-operation."

- Continued efforts to assist Russia in its reform of its legislative framework for the trade of goods and convergence of legislation with the EU *acquis communautaire*;
- Assistance and promotion of Russian efforts to integrate with the international economy through WTO accession and with the EU economy via the establishment of a Common Economic Space;
- Encouragement and facilitation of business to business co-operation via the EU-Russia Industrialists' Round Table.

In particular these activities support the Northern Dimension Action Plan key objectives:

*“to improve the business climate, removing technical and other barriers to trade and investment and promoting co-operation among the business community throughout the region,” and*

*“to support economic reforms and regulatory convergence in Russia, reinforcing the transparency and predictability of trade relations.”*

### 3.2.1.2. Regulatory reform in Russia

Closer convergence of EU and Russian legislation in the area of the free movement of goods is an aim of both the Partnership and Cooperation Agreement (PCA) and the developing roadmap for the creation of an EU-Russian Common Economic Space. Indeed, in some sectors, Russia has the objective of harmonisation with the *acquis communautaire*.

The Commission has assisted and encouraged regulatory reform in Russia by focussing on approximation of technical regulations and standards. The main practical instrument for this process during 2004 has been a TACIS project (Approximation of Technical Rules and standards), which has so far produced legislative drafts for 12 technical regulations, commented on 17 draft laws and procedures and has been influential in commenting on the national programme for the development of technical regulations and the establishment of national standardisation and market surveillance bodies. As part of the project, a workshop on technical regulation and standardisation issues was held in Brussels on 7 February 2005 attracted a wide participation of EU and Russian officials and allowed experts from both sides to exchange views and explain their different regulatory systems to each other.

In addition, during 2004 the Commission obtained commitments from Russia to reform technical regulations in specific sectors (textiles, pharmaceuticals and ICT equipment) as part of the bilateral deal agreed with Russia in connection with its accession to the WTO. And in future, as foreseen by the draft Common Economic Space roadmap, the Commission intends to establish a regulatory dialogue with Russia with the aim of achieving regulatory convergence in priority economic sectors.

### 3.2.1.3 Russian integration with the international and EU economy.

The main achievement in 2004 was the conclusion of the bilateral agreement between the EU and Russia in connection with Russia's accession to the WTO, including the deal on tariffs and non-tariff measures. Since the bilateral agreement was reached in May 2004, the Commission has monitored Russian compliance with its commitments and promoted completion of the multilateral agreement in order to achieve Russian accession to WTO as early as possible.

Likewise, the Commission has pursued its efforts in 2004 in the negotiations of the EU-Russian Common Economic Space Roadmap. The draft roadmap foresees the establishment of both a regulatory dialogue and an industrial dialogue between the EU and Russia. These dialogues, which have been so useful in the EU's relations with other major trading partners, are likely to form the focus of the Commission's relations with Russia in the future.

### 3.2.1.4 EU-Russian Industrialists' Round Table

The EU-Russian Industrialists' Round Table (IRT) is a business-driven initiative which, since its establishment in 1997, has brought together businesspeople from across the EU and

Russia. It is a forum which allows business to present joint conclusions to the Commission and the Russian government with regard to business and investment conditions, promotion of industrial cooperation and the removal of specific barriers to trade. The Commission facilitates the process and provides follow-up to its recommendations.

In 2004, the IRT met in The Hague, where it was addressed by Commissioner Rehn and Viktor Khristenko, Russian Minister for Industry and Energy. The IRT works through sector Task Forces, and a measure of its success is that it agreed to establish two new task forces in 2004, for the building/construction industry and in the field of banking, insurance and financial services.

In the future, the regulatory and industrial dialogues foreseen in the Common Economic Space Roadmap will help to provide a government to government forum to follow-up the recommendations of the IRT.

### 3.2.2 *Energy*

The EU enlargement and the international trends in energy underline the importance of the Northern Dimension of co-operation in this field.

#### 3.2.2.1 The EU-Russia Energy Dialogue<sup>8</sup>

Since its launching at the Summit between the European Union and the Russian Federation in October 2000, the energy dialogue set out above all to resolve “all questions of common interest relevant to this sector”. Several issues addressed since then are now close to a solution. In 2004, major progress has been registered in the following issues:

- The energy dialogue confirmed the importance of long term natural gas supply and dissipated the Russian Federation concerns about the construction of the EU’s Internal Energy Market. Thanks to the dialogue, questions such as the territorial restriction clauses have been discussed and solutions have emerged.
- In the framework of the bilateral agreement in May 2004 on Russia’s accession to the World Trade Organisation (WTO), Russia made commitments related to the price of gas to industrial users and export duties on energy products. In parallel, an agreement on trade in nuclear materials is currently under negotiation.
- In September 2004, Russia ratified the Kyoto Protocol. Its implementation should help Russia move towards a more efficient use of its energy resources, and therefore, offers significant opportunities for co-operation, with the exchange of good practices and technologies between Russian and EU companies.
- In the context of integrating the EU and Russian electricity markets, both Parties recognised the importance of a level playing field, with equivalent basic rules with respect to the degree of market opening and other important market rules, such as regulation of network access and unbundling. After several years of preparation, on 20 April 2005, a

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<sup>8</sup> A Communication on the EU-Russia Energy Dialogue was adopted by the Commission on 13 December 2004 (COM(2004)777 final). The communication gives an overview of the achievements of the EU-Russia Energy Dialogue from 2000-2004.

study on the investigation of the feasibility of a future synchronous interconnection of the electricity transmission systems of UCTE and IPS/UPS<sup>9</sup> has begun.

- The Parties recognised the benefits satellite navigation can bring for the whole energy chain: exploration, construction, transport, and site monitoring. The joint use of GLONASS and GALILEO is an objective pursued since 1999. The complementary use of the two networks will significantly reinforce the safety of energy transport infrastructures and energy production.
- The general investment climate in Russia must become more transparent, stable and predictable. The EU continues to encourage Russia to put in place the necessary reforms to this end.

The Technology Centre in Moscow, established in November 2002, has organised a number of workshops and round tables addressing the production and utilisation of different energy sources, including fossil fuels and electricity, as well as promoting the use of renewable energy and energy efficiency. Special mention can be made of the round tables on implementing advanced underground coal mining technologies, advanced coal preparation technologies, reducing the costs and improving the efficiency of thermal power plants and improving the quality of oil products with specific reference to the more stringent EU specifications from January 2005.

The energy business sector has a major role in the EU-Russian Energy Dialogue, mainly through the Energy Steering Group of the Industrialists' Round Table. In order to enhance this involvement, it was agreed in November 2004 to establish four thematic groups to outline priority areas of co-operation and identify concrete projects to be targeted in the fields of infrastructures, investments, energy efficiency and trade. The working groups will bring together representatives of the Russian Government, the EU and the Russian and European business sectors. A report is expected by end 2005.

### 3.2.2.2 Baltic Sea Region Energy Co-operation (BASREC)

At their October 1999 conference in Helsinki, the Energy Ministers of the Baltic Sea Region countries and the European Commission decided to create the Baltic Sea Region Co-operation (BASREC). Participating in BASREC are Denmark, Poland, Germany, Estonia, Latvia, Lithuania, Russia, Finland, Sweden, Norway and Iceland. The European Commission is represented by the Directorate-General for Energy and Transport. A group of Senior Energy Officials (GSEO) was established to steer BASREC's activities. The Commission participates in this group, which has continued to meet regularly. At the BASREC ministerial conference held in Vilnius on 19-20 November 2002, it was decided to extend BASREC's mandate until the end of 2005. The next Ministerial Conference, to be held in Reykjavik, Iceland, in October 2005 is currently under preparation.

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<sup>9</sup> The "Union for the Coordination of Transmission of Electricity" (UCTE) is the association of transmission system operators (TSO) on the European mainland. IPS/UPS: comprises the power systems of the Baltic States (Latvia, Lithuania, and Estonia), Russia, Belarus, Ukraine, Moldova, Georgia, Azerbaijan, Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan and Mongolia.

The so-called Testing Ground Agreement for Flexible Mechanisms of the Kyoto Protocol was signed on 29 September 2003. This agreement aims to stimulate energy-sector climate investment projects in the Baltic Sea Region. The regional testing ground is the first scheme of this kind to have been implemented multilaterally on a regional basis. Preparations for launching specific projects under the Testing Ground Scheme have continued throughout the period. This, among other topics was discussed in more detail at high-level conferences organised by BASREC in Saint Petersburg (March 2004) and Tallinn (December 2004).

### 3.2.2.3. Infrastructure

As a region with vast energy resources, the Northern Dimension Area is very important for the supply and the transit of oil and gas to the EU. In order to ensure the security of energy supplies in the coming years, a considerable level of investment will be required, both for the development of energy transport infrastructures and the exploitation of the area's vast gas resources. The Northern Dimension is an important component in the balanced development of Europe's energy infrastructure. That it is being treated as such is indicated by the Commission's Communication and proposals of December 2003 "Energy Infrastructures and Security of Supply" (COM(2003)743)

A further important aspect of the area's energy sector relates to the integration of the new Member States of the region into the single European energy market. The region is facing important structural reforms due to the accession of the European Union, and the integration of Poland and the Baltic States into the internal EU Energy Market, in particular the internal energy market for electricity and gas, and their integration into the Trans-European Energy Network. The package of Commission documents on Energy Infrastructure adopted on 10 December 2003 include a proposal for amendment of decision N° 1229/2003/EC on Guidelines for trans-European Energy Networks (COM(2003)742), which takes into account the enlargement of the Union on 1 May 2004 and the new Neighbourhood Policy. The TEN-E proposal highlights the objectives of reinforcing the security of energy supplies, in particular by strengthening relations with third countries in the energy sector in the interest of all parties concerned. The Northern Dimension is concerned by the declaration of two gas projects, North Transgas pipeline and Yamal-Europe pipeline, as projects of European interest. Moreover, the TEN-E guidelines aim at developing electricity connections with Russia, thus contributing towards the interoperability, the operational reliability and dependability of the electricity grids or the supply of electricity within the European Community. Several studies are underway financed by the TEN programme.

One particular concern is to ensure the highest possible safety levels for the maritime transport of oil in the Northern Dimension region. The accidents of the Erika and the Prestige, have underlined the need to reassess the mode of transport of oil to the European Union, considering that approximately 90 % of EU requirements, some 600 million tonnes per year, are delivered by sea. The prospects of increasing the oil supply delivered through pipelines should be assessed where this is technically and economically feasible.

### 3.2.2.4 Oil exploration in the Barents sea

Following the Norwegian Government's decision to allow petroleum activities to be resumed in the Barents Sea in 2003, exploratory drilling is underway. There is expected to be keen interest from European companies in the 19th Licensing Round which is expected to be announced this summer in conformity with the provisions of Directive 94/22/EEC on the



conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons. The vulnerable environment and potentially significant petroleum reserves in this area also present a significant technological challenge.

#### 3.2.2.5. Energy new technologies

In the context of addressing the challenge of climate change, one of the technologies being actively pursued is the capture and storage of CO<sub>2</sub>. Informal discussions have been held with the Norwegian authorities on the potential for co-operation in enhanced oil recovery by CO<sub>2</sub> injection in the oil fields of the North Sea.

### 3.2.3 Transport

The overall objective is to develop a multi-modal transport system improving connections within the region and with neighbouring countries.

#### 3.2.3.1. Trans-European network and Pan-European Transport Corridors and Areas

The new guidelines for the development of the trans-European transport network (TEN-T) have been adopted by the European Parliament and the Council on 29<sup>th</sup> of April 2004<sup>10</sup> and have identified 30 priority projects on which work is due to start before 2010. Among these priority projects the concept of the “Motorways of the Sea” should contribute to ease bottlenecks on land transport infrastructure in shifting transport mode to sea, which also promotes the Northern Dimension region.

The backbone of the transport infrastructures in the Northern Dimension Area is the Pan-European Transport Network. This consists of the following components:

- The Trans-European Transport network on the territory of the EU (TEN-T);
- The Pan-European Transport Corridors in the NIS;<sup>11</sup>
- Pan-European Transport Area covering maritime transport.

The Northern Dimension involves Pan-European Transport Corridors I and IX and the Barents Euro-Arctic Pan-European Transport Area.

The budget for projects in EU territory is provided by the TEN-T budget and Structural and Cohesion Funds, while the TACIS programme supports activities in the NIS countries.

The Second Northern Dimension Action Plan aims at strengthened implementation of *Pan-European Corridors and Areas*, notably Pan-European Corridors I and IA (Helsinki to Warsaw and to Gdansk, via Tallinn, Riga and Kaunas), and Corridor IX (Helsinki to St Petersburg, Moscow and Pskov, Kiev, and on to Chisinau and to Alexandroupolis), as well as the links from Kaliningrad and Klaipeda via Vilnius to Minsk.

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<sup>10</sup> DECISION No 884 /2004/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 29 April 2004, amending Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport network – OS L201 – 07/06/2004

<sup>11</sup> Third Pan-european Transport conference, Helsinki, June 1997

### *GALILEO:*

The development of the satellite navigation system GALILEO holds great potential for the transport infrastructure in the northern region. The signal from the GALILEO network of satellites will be received perfectly all over the world, and notably in the regions located at high latitudes. It should be noted that the satellite navigation systems currently in use do not have such capabilities in extreme latitudes. The Nordic region will thus benefit particularly from the full implementation of the GALILEO system.

### *High Level Group:*

Following the adoption of the TEN-T guidelines for the enlarged EU, the Commission set up in September 2004<sup>12</sup> a High Level Group on the extension of the major trans-European transport axes to the neighbouring countries and regions.

The objective of the HLG is to analyse transport connections and to make a proposal to the Commission on how to better connect the Union with its neighbouring countries and regions. The aim is to concentrate efforts on a limited number of major trans-national transport axes (5-7 axes in total) and then to select priority projects on these axes. This concentration of effort is needed taking into account the financial resources available. The HLG will also analyse possible solutions to various horizontal issues with which the prioritised transport infrastructure links will have the expected positive impact on economic growth and integration. These horizontal issues are for example regional co-operation, technical and administrative interoperability, traffic management systems, safety and security measures, financing and methods of coordination across axes.

The Group is chaired by Ms Loyola de Palacio, former Vice-President and Commissioner for Energy and Transport of the European Commission. The members of the Group include Russia and all countries participating in the European Neighbourhood policy. Norway declined the invitation to participate in the Group. The Member States are represented in the Group as well as Bulgaria and Romania. The European Investment Bank, the European Bank for Reconstruction and Development and the World Bank also participate as observers in the work of the Group.

#### 3.2.3.2. Maritime Safety and Security:

The entry into force of the new Chapter XI/2 (security) of the Convention on Safety Of Life At Sea (SOLAS Convention) and of the International Ship and Port facility Security Code (ISPS Code) of the International Maritime Organisation as from 1st July 2004 contributed to enhance security of maritime transport in the region, since all the States in the area are contracting parties to those IMO's instruments.

Using the possibility offered by those instruments and confirmed by EC Regulation 725/2004, Denmark and Sweden concluded alternative security agreements on the ferry crossings between Helsingborg and Helsingor. Without compromising the general level of security under SOLAS and the ISPS Code, these agreements apply to ferry lines operating on fixed

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<sup>12</sup> C(2004) 3618 of 29<sup>th</sup> September 2004

routes and using associated port facilities. They help to maintain competitiveness of these ferry lines which are in direct competition with road traffic (tunnel)."

During the last decade shipping has steadily increased around the Baltic Sea, reflecting intensifying international co-operation and economic prosperity. Around 2,000 sizeable ships are normally at sea at any time in the Baltic, including large oil tankers, ships carrying dangerous and potentially polluting cargoes, and many large passenger ferries.

It has been estimated that maritime traffic will increase two-fold in 2010–2015. Transportation of hydrocarbon products may even increase three-fold compared to the existing figures. The second phase of the Primorsk oil terminal will raise the proposed first stage annual oil flow by 6 million tonnes up to an annual level of 18 million tonnes. Russian oil companies are planning other terminals, and one of the newest plans is the Vysotsk oil terminal off the City of Vyborg.

In this regard, it is to be regretted that the measures adopted by the International Maritime Organisation in 2003, preventing the carriage of heavy oils in single hull tankers, had not been implemented immediately by all the bordering States of the Baltic Sea.

### 3.2.4 Telecommunications and Information Society

Information and communications technology (ICT) plays an important role in the development of the Northern Dimension area and in the process of building an open, democratic and inclusive Information Society in all parts of the region. The main platform of cooperation is the Northern eDimension Action Plan (NeDAP), adopted by the Information Society Ministers of the Council of the Baltic Sea States (CBSS) in September 2001. It aims at strengthening the Baltic Sea region's information society in line with the eEurope initiative.

#### 3.2.4.1 Participation in NeDAP activities

The key activity in 2004 was the contribution to a Ministerial Conference of the Council of Baltic Sea States' IT Ministers, whose conclusions on a Northern e-Dimension Action Plan 2005-2006 were presented to the Prime Ministers of the Baltic States at their 5<sup>th</sup> Baltic Sea Summit in Laulasmaa, Estonia, on 21 June 2004. The conclusions of the Summit read: *"The Heads of Government underline the important role played by the Northern eDimension Action Plan in strengthening information society and fulfilling the objectives of the CBSS. They welcome the progress achieved by NeDAP to date, note the necessity to further intensify efforts and agree on its prolongation for the next period of*

*2005-2006"*

The Commission has attended NeDAP meetings at all levels, including the meetings of the steering committee "Senior Officials for the Information Society" (SOIS), which coordinates the implementation of the NeDAP. SOIS met twice in 2004: in Riga on April 23 and in Tallin on October 1. At the meeting in Riga eight action lines were adopted: 1) Internet and Internet Applications in Research and Development, 2) A Secure Information Infrastructure, 3) eSkills and eLearning, 4) eHealth, 5) eGovernment, 6) eIndicators, 7) eEnvironment, 8) eInclusion.

#### 3.2.4.2 EU financial contribution

Though the EU is not in a position to allocate specific funds for NeDAP activities, the Commission has attempted to facilitate funding projects under the various action lines by

referring to available EU cross-border cooperation programmes under TACIS and INTERREG. At present there are the following projects financed by TACIS:

- *E-skills for Russian SMEs*. The second phase of this project targets the shortage of business related ICT skills and competencies in Russian SMEs, which is considered to be an obstacle to their growth, as well as to business contacts with their EU counterparts.
- *Internet-Based Government-to-Business Services*. The project addresses the need for development of Government-to-Business services in selected regions in Northwest Russia, with a view to simplify communication between public authorities and SMEs.
- *e-Karelia*. The project offers assistance to local business support structures by providing sustainable ICT-related accessibility, training and business development for enterprises of the Republic of Karelia in the Russian Federation.
- *Upgrade RUNNet*. The project aims at upgrading the Russian research network connecting Universities and higher level Institutions in Russia to research networks outside Russia.

#### 3.2.4.3 Future EU involvement

Following the last enlargement in which Poland and the three Baltic States have joined the EU, the balance between the regional/international dimensions has been substantially altered in NeDAP. Nevertheless, Russia is still an important partner of the initiative. The Commission attaches great importance to NeDAP, as a coordinated activity to reduce the digital divide amongst the countries of the Baltic Sea, in particular between the Member States of the European Economic Area and North-West Russia. Therefore it is the intention of the Commission to follow developments that affect this divide through its relationship with Russia, raising the issue of NeDAP within the framework of the EU Russia dialogue.

#### 3.2.5. European Investment Bank (EIB) lending in the Northern Dimension region

So far, the EIB has been lending to Russia under the “Northern Dimension Lending Mandate” (€100m for projects in “the Baltic Sea Basin of Russia” – notably St Petersburg and Kaliningrad). In December 2003, the EIB signed the first project under this mandate - the St Petersburg (South West) Wastewater project (€ 25 million), which was partly disbursed in December 2004, following the entry into force of the Framework Agreement between the Russian Federation and the EIB. Two other projects were approved earlier by the EIB governing bodies: the St Petersburg Flood Barrier project (up to € 40 million) and the Kaliningrad Water & Environment project (up to € 15 million).

On 22 December 2004 the Council adopted, the Decision 2005/48/EC granting a Community guarantee to the European Investment Bank (EIB) against losses under loans for certain types of projects in Russia, Ukraine, Moldova and Belarus. Under this € 500m Mandate, eligible projects for EIB lending shall be in the sectors of environment as well as transport, telecommunications and energy infrastructure on priority Trans-European Network (TEN) axes having cross-border implications for a Member State.

As per the Council decision, individual countries become eligible under the ceiling as and when they fulfil specific conditionality consistent with European Union high level agreements with the country in question on political and macro-economic aspects. This is already the case for Russia and Ukraine.

While this decision goes well beyond the geographic scope of the Northern Dimension (including also Ukraine, Moldova and Belarus), it is clear that this will also permit a very substantial EIB participation in activities relevant to the Northern Dimension.

### **3.3. Scientific Research, Higher education and Public Health**

#### *3.3.1 Scientific Research*

With regard to the Common Space for Research, the present cooperation with Russia, and particularly with north west Russia is quite satisfactory and well under way, thanks in particular to the signing of the scientific cooperation agreements, (S&T, Fusion, nuclear Safety), the adoption of common priorities and the adoption of action plans, which start to bear fruit as observed at the last meeting of the Joint Committee of S&T agreement of mid-2003.

The results of participation of Russian research entities in the first calls of the 6<sup>th</sup> Framework Programme for RTD (FP6) show that Russian research entities take part in 60 cooperative activities (17 integrated projects, 12 STREPs, 4 networks of excellence, 10 SSA, 4 SME activities ...) for which the Commission has provided a contribution of some € 6,5 million under the terms of the specific statute of Russia as an INCO targeted country in order to contribute to the financing of Russian participation in research activities worth over € 550 million (Russian own financial contribution being around € 8 million). For the *Marie Curie* mobility actions, 6 contracts were signed during 2004 (from call of 2003) for *Marie Curie Incoming International Fellowships* as well as one contract for a *Marie Curie Chair* for researchers from Russia. This is a rather satisfactory first step. Moreover, cooperation within INTAS and the International Science and Technology Centre in Moscow (ISTC) can and must give rise to more synergies with the Framework Programme activities.

Positive examples of cooperation are in the fields of :

- Fusion;
- Materials and Nanotechnologies;
- Space
- Climate Change and Ecosystems, in which Russia is the second priority country (after the US) for our international cooperation (because of the Kyoto Protocol), through the Framework Programme, through a sustained dialogue on the Earth Observation and through co-operation projects connected with the Northern Dimension (such as the soon to be launched Environmental Network for the European and Russian Arctic Regions). The general objective of this network is to enhance the knowledge base of the environmental status of the whole Russian Arctic/sub-Arctic regions, to raise awareness of the importance of environmental protection measures in those regions and, on the basis of identified priorities, to recommend future collaborative research, education and development activities.
- Nuclear fission and radioprotection research.
- Non nuclear energy research activities: an informal dialogue has been set up with the Russian authorities to precise our research common priorities and promote the

participation of Russian entities in FP6 activities. Joint thematic seminars have been organised in 2004 together with the Federal Agency of Science and Innovations of the Russian Federation on Hydrogen and Fuel cells, CO2 sequestration and Biomass.

- Life Sciences, Genomics and Biotechnology for Health, in which Russian organisations participate in 9 projects and are expected to receive a total of 1.5 M EUR from EU RTD Framework Programme funds (comprising the first two calls for proposals). One of the projects, Scanbalt, is a network of biotech/life sciences centers within the meta-region that encompasses Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Poland, Sweden, northern part of Germany and north-western part of Russia. ScanBalt will promote the development of ScanBalt BioRegion as a globally competitive meta-bioregion.

Access to regional authorities and their experiences throughout the Russian North will be organised. This multidisciplinary networking will allow the scientific and educational institutions to extend and deepen cooperation to accomplish future major international projects of high relevance to environmental protection in the Arctic.

On the basis of this research activity, the objective is to prepare, on the basis of the European partners' experience, a plan for an optional teaching programme for Russian educational institutions on environmental consequences of the economic development of the northern regions. The course programme will include consideration of indigenous and minority peoples' interests and the use of traditional knowledge and experience of these peoples in practical activities in the Region. For implementation of the teaching programme funding through the EU programme TACIS/TEMPUS will be sought.

### 3.3.2 *The European Commission Joint Research Centre (JRC)*

The Russian-EU proposal for a Specific Support Action mentioned above in 3.3.1, entitled Environmental Network for the European and Russian Arctic Regions (ENERAR), was selected for funding under the INCO Programme. The contract negotiation procedures are currently underway. Co-ordinated by a Russian partner and with the participation of 11 scientific organisations (6 Russian; 5 EU including the JRC), the proposal focuses on major issues of environmental protection and has a geographical reach from northern Europe to eastern Siberia.

The International Polar Year (2007/2008), with Climate Change as the general theme, may offer opportunities to exploit synergies between EU programmes. For example, warming of the Arctic might have negative effects on socio-economic complex of the northern regions: melting of permafrost and sea-ice, release of methane (a greenhouse gas) from wetlands, erosion of river banks and coastlines and changes to ecosystems and the traditional livelihoods of the Indigenous Peoples. The JRC is currently discussing with research institutes in Russia and the EU how to improve co-operation in order to address these issues which cut across the energy, environment, social and economic sectors.

The JRC, within the land cover information activities, developed a new edition of a vegetation map of Siberia. As prior source it used a continental radar mosaic and the GLC-2000 land cover map. The new map features the delineation of vegetation transition zones and of some vegetation types of interest, such as peat lands. Consequently, in April 2004 the JRC with the WRI and Russian NGOs organised a forest cover change hot spot meeting in Moscow. The

hot spot areas, delineated during the workshop, will serve as basis for assessing forest cover change dynamics in the boreal regions of Russia. Moreover, a feasibility study on mapping forest clear cuts from medium resolution (250m) satellite data has been completed for a region in the Northwest of Russia. Russia is considered a key region in the scope of the EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT) (COM/2003/251).

Co-operation has been initiated with Yekaterinburg Forest University for the development of a geo-referenced database on forest biomass for the Russian Federation. The database will be used to investigate carbon pool and stock changes.

Furthermore, the JRC has been involved with ICES on the identification of marine regions for the implementation of an ecosystem-based approach in European marine waters as part of the European Marine Strategy. In the northern context eleven eco-regions have been originally proposed and still discussed, including Greenland and Iceland Seas, Barents Sea, Faroes, Norwegian Sea, Celtic Seas, North Sea. The Baltic Sea is a single eco-region that is under discussion with HELCOM representatives. In this context the JRC has organised a scientific forum for the HELCOM and the Bucharest Commission on the Black Sea to exchange experience and focus on the development of a common methodology to assess the eutrophication status of enclosed European Seas. In addition, the JRC provides HELCOM members with Baltic Sea maps with details of the biomass and primary productivity.

### **3.3.3 Higher education**

About 70 cooperation projects between EU and Russian universities, higher education authorities and bodies as well as about 240 academic exchanges are currently implemented under the Tempus programme. Cooperation in higher education was discussed in several high-level meetings between the Commission and Russian Ministers in April, May and September 2004. Higher education is included in the common spaces to develop between the EU and Russia.

In 2004 the Commission invited representatives from Member States and representatives of the Tempus partner countries, including Russia, to a joint session. The meeting was a continuation of previous bilateral meetings with Tempus partner countries, including Russia, and had the purpose to acquire a better understanding of the situation of higher education in the partner countries, to identify areas where cooperation through Tempus could have the greatest impact and to enhance cooperation in higher education

### *3.3.4 Public Health and the Northern Dimension Partnership in Health and Social Well-Being*

The year 2004 marked a watershed for the public health activities within the Northern Dimension area. The Baltic Sea Task Force on Communicable Disease Control in the Baltic Sea Region finished its mandate in June 2004. In the Chairman's Conclusions of the 5<sup>th</sup> Baltic Sea States Summit the establishment of the Northern Dimension Partnership on Public Health and Social Wellbeing (ND Partnership) was welcomed and the Heads of Governments stated that the networks built up in the framework of the Task Force should be maintained as appropriate within the ND Partnership.

In the final report from the Task Force, based on the evaluation, the main achievements of the TF were the establishment of wide and well-functioning networks on the political as well as the practical and professional levels. The Task Force activities also contributed in

harmonising the views on public health practices. During the lifetime of the Task Force the situation with regard to communicable diseases improved, however, it is impossible to measure how much of this is due to the Task Force intervention.

The European Commission, Health and Consumer Protection Directorate-General, has been following the development of the ND Partnership in close collaboration with Directorate General External Relations through the Committee of Senior Representatives (CSR) and by attending the first Ministerial Partnership Annual Conference (PAC) in Tallinn in December 2004. The priority objectives of this initiative are the reduction of major communicable diseases and prevention of lifestyle related non-communicable diseases, and the enhancement and promotion of healthy and socially rewarding lifestyles.

The CSR met three times during the period under review (Stockholm, Madrid, and Copenhagen). The main issues taken forward have been to merge and structure the remaining activities of the Task Force within the Partnership (HIV/AIDS, Prison Health, and Primary Health Care groups will carry on as an expert groups and the Council of the Network of Public Health Training around the Baltic Sea will continue under its previous mandate), to establish the ND Partnership Secretariat, to develop the database and a www-site as a main tool for coordination, and to explore the possibilities to establish a fund/financing mechanism. In the financing issue the Commission has stressed the importance of developing and implementing a proper coordinating mechanism before decisions on financing are made. The working group was not able to agree on proposals before the PAC and therefore its work will continue during 2005.

The Commission participated in the PAC and in its side events at the service level. The main outcomes of the meeting were the agreement and support to continue the development of this initiative, the agreements to go forward with the development of the database, and to explore further the financing mechanism. Lithuania was selected as a co-chair for the year 2005. This meeting also initiated the discussion on activities on tobacco and alcohol as important public health issues within the ND area.

### **3.4 Environment and Nuclear Safety**

#### *3.4.1 Environment*

The Commission has continued to take an active part in the environmental component of the Northern Dimension during the reporting period. The main aim of this participation has been to strengthen the overall dialogue between the EU and the Russian Federation on environmental issues.

Concrete examples of EU activities in the Northern Dimension context include TACIS projects in Russia on climate change, waste water treatment, fresh water quality, waste management, cross-border water cooperation, capacity building, cleaner production.

##### *3.4.1.1 Climate Change*

The Russian ratification of the Kyoto Protocol was the most important event during this period. The ratification is expected to open up possibilities for a broadened agenda on environmental cooperation with Russia.



The main topic of the Arctic Council Ministerial meeting in November 2004 was climate change in the Arctic. The Arctic Climate Impact Assessment (ACIA) project report provides worrying trends which needs to be followed-up during the Russian Chairmanship of the Arctic Council 2004-6 and for its preparations for the International Polar year 2007– 8.

#### 3.4.1.2 Marine environment

At an Arctic seminar in Brussels in July 2004 the Commission recalled that close co-operation already had been established between the EU and the Arctic Council concerning the European Marine Strategy and the Arctic Marine Strategy plan. There are clear synergies between the two strategies. The European Commission also expressed support for Environmental Monitoring and Research as the basis for environmental co-operation in the Arctic.

The Baltic Sea Region has a strong track record in environmental co-operation. The countries of the region have been actively co-operating since the 1970s following the establishment of the Helsinki Commission (HELCOM) to coordinate the implementation of the Convention on the Protection of the Marine Environment of the Baltic Sea Area. In order to promote sustainable development and the increased integration of environmental issues into all sectors of the economy the Baltic Sea Agenda 21 was established in 1998. The strategic importance of sustainable development in an enlarged EU guided the approach to the enlargement negotiations ensuring that the new Member States complied with EU environmental legislation. The Commission has specifically raised the issue of maritime safety and environmental damage from activities in the Baltic Sea with Russia on various occasions during the reporting period, and hopes to promote further practical cooperation in this area, including through implementation of the road map for the Common Economic Space with Russia.

#### 3.4.1.3 Barents area

The Barents Euro-Arctic Council (BEAC) Working Group on Environment, commissioned from the Nordic Environment Finance Corporation (NEFCO) and the Arctic Council working group on Arctic Monitoring and Assessment Programme (AMAP), presented a report on the environmental hot spots, in e.g. cleaning water, air quality and waste management, in the Russian part of the Barents Region, at the Sixth Meeting of the Environment Ministers of BEAC in August 2003. As a follow-up during the present reporting period, the recommendations of the report were also adopted by the Meeting of the Foreign Ministers of BEAC in October 2003. The Ministers called for actions to eliminate the "hot spots" within ten years. Coordination between the BEAC Working Group on Environment and the Arctic Council Action Plan to eliminate pollution in the Arctic has taken place.

#### 3.4.2 *The Northern Dimension Environmental Partnership (NDEP)*

The NDEP Fund is up and running. Around 80 % of the environmental contributions are committed to projects that are or soon will be under implementation. The Commission has continued to chair the Assembly of contributors and has participated in the Steering Committees along with the International Financial Institutions.

As for the NDEP nuclear window, the main achievements during 2004 have been the final establishment of the Nuclear Operating Committee (NOC) under French Chairmanship and the elaboration and approval of the Strategic Master Plan (SMP) for the activities of Nuclear Waste management and site remediation in N/W of Russia. The Strategic Master Plan (SMP)

developed by Russian Federation Experts represents the major breakthrough which is to give impetus to the overall decommissioning and rehabilitation programme in North West Russia. The conceptual strategy presented in the Phase I of the SMP is the solid basis for the definition of further industrial projects which will be undertaken during the Phase II. It is compliant with the relevant policy of the Russian Federation Government.

In its third meeting, held in the EBRD on the 6 November, the Nuclear Operating Committee (NOC) has endorsed the SMP Final Report. Therefore, the Bank has proposed to develop the most urgent projects identified at this preliminary stage and to convert the SMP study into a pragmatic implementation programme for the North West region. These two proposals were supported by the NOC.

The most urgent projects, backed by the SMP, will mainly provide necessary inputs for further projects and will address the more critical improvements of safety and security related to spent nuclear fuel and radioactive waste, in both sites of Andreeva Bay and Gremikha Bay. The relevant Project Implementation Sheets will be submitted to the Donors' review and approval begin 2005, with the view to effectively start technical works on the sites not later than during the summer 2005.

The conversion of the Master Plan into a pragmatic schedule goes with the creation of a dedicated management team, gathering the highest competence and widest experience needed for driving international large scale programmes in the fields of spent nuclear fuel and radioactive waste management. This team would act as an executive body on behalf of Rosatom and in direct liaison with the EBRD. It would be the unique top level organisation co-ordinating the whole decommissioning and rehabilitation programme in North West Russia.

The NDEP non-earmarked part refers to both the fragile Arctic ecosystem and the specific pollution problems at the Baltic Sea. Due to the large task ahead, project prioritization on the so-called hot spots has been essential: in 2004, out of 13 projects selected, 7 have been approved for grant support for a total of € 38,55 million. These projects correspond to a total investment of € 874 Million. The Baltic Sea main concerns remain the untreated water discharges around St. Petersburg and Kaliningrad. The most important project so far, the St. Petersburg South- West wastewater treatment plant, was progressing well throughout 2004 and is expected to be ready and operational in 2005. Other important projects further studied refer to municipal services for the Leningrad Oblast or heating for Kaliningrad district. A replenishment of the environmental window was under discussion at the end of 2004. It was the major issue of the 6 December 2004 Assembly of contributors, which fixed a deadline (15/2/2005) for the pledges to be made. In fact the remaining approximately € 10 million is not enough to support the identified projects

### *3.4.3 Nuclear Safety*

Outside the contribution to NDEP, the Commission continued its support through the TACIS programme aiming at the improvement of the nuclear safety in North West Russia. In the annual programmes 2003 and 2004, the total amount is € 4.2 million and concerns specific waste projects in the region of Murmansk and Leningrad. These studies, to be contracted in 2005, will aim at the preparation of further remediation projects. Besides the military vessels, not to be neglected is also the situation of the spent fuel coming from nuclear icebreakers: the "Lepse" ship, for instance, has been docked in Murmansk harbour for over 15 years and is threatening to sink. On board Lepse there are about 500 Kg of severely damaged spent

nuclear fuel from the old icebreaker Lenin. The Tacis Programme is taking part in a multilateral initiative to unload and secure these spent fuel elements.

As the NDEP, is concentrating mainly as first priority on the Andreeva Bay naval base, Tacis is complementing these activities by funding safety studies in other areas of the region. These studies will provide assistance to the Decommissioning of Nuclear Installations Department of the Ministry for Atomic Energy and the nominated subcontractors. Furthermore a Centre for governmental and public awareness and acceptance of radwaste management issues in the Murmansk Region to support the local authorities will be established.

The Tacis programme is also assisting the Kola Nuclear Power Plant to improve its safety conditions by means of an operational assistance to the operators of the plant. In 2004, four equipment supplies projects for Leak before break detection and waste, contracted in end of 2003 have been implemented. The assistance is complemented by a parallel project to assist the Russian nuclear safety regulators to license the safety improvements.

### **3.5 Cross-Border Cooperation**

#### *3.5.1 INTERREG*

INTERREG III is one of the European Commission's Community Initiatives and is funded by the European Regional Development Fund (ERDF). It supports cross-border, transnational and interregional co-operation across Europe, and, consequently, has a key role to play in the implementation of the Northern Dimension process. INTERREG is a decentralised initiative, and the preparation, presentation and selection of projects is undertaken at the national, regional and local levels as appropriate.

In 2004, with the accession of ten new Member States to the EU, new cross-border programmes were launched and amendments were introduced to upgrade the existing programmes to include the new member states as partners. A total of 9 new programmes were launched (either INTERREG or Neighbourhood Programmes). This was the case for example of the "Lithuania-Poland-Russia" and the "Estonia-Latvia-Russia" programmes that operate in the Northern Dimension area. A further 12 cross-border existing programmes were amended to integrate the new ERDF funding for the new Member States (for example the programme "Southern Finland – Estonia"). A further five existing transnational cooperation programmes were amended due to enlargement (for example Baltic Sea Region INTERREG IIIB Neighbourhood programme), as well as the networking programmes for which all new member States are eligible. In total the additional ERDF funding for INTERREG for the new Member States is € 479 million for the period 2004 to 2006. Together with the indexation funds for the period 2004 to 2006 this has brought up the ERDF budget for INTERREG III to some € 5.8 billion. Even if some Programmes were approved in 2004 only, all INTERREG/Neighbourhood programmes will run until the end of 2008.

Russian partners have been actively involved in the preparatory of the Neighbourhood Programmes<sup>13</sup> and of projects, although ERDF funding can only be used inside the European Union. However, travel and accommodation costs for Russian partners can be covered by the ERDF.

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<sup>13</sup> Neighbourhood Programmes in more detail are described in chapter 3.5.2.

The table below sets out the funding available under the relevant INTERREG/Neighbourhood Programmes.

Programme	Participating Countries	Total Funds	Total Public Funds	ERDF	Tacis indicative	National public funds	Other
<b>INTERREG IIIA</b>							
Nord	FIN, S, N, RUS	133.2	84	47.6	3.5	33	49
Karelia	FIN, RUS	74	61	28.6	4	28	13
S-E Finland/ Russia	FIN, RUS	89.8	62.5	22	6.5	34	27
Lithuania-Poland-Kaliningrad	LT, PL, RUS	58	58	36.5	9.5	12	
Estonia-Latvia-Russia	EE, LV, RUS	10.4**	10.4*	7.8	7.5*	2	0.5
<b>Cross-border</b>		<b>365.4</b>	<b>276</b>	<b>143</b>	<b>31</b>	<b>109</b>	<b>90</b>
<b>INTERREG IIIB</b>							
Baltic Sea Region	DK, D, FIN, S, BEL, EE, LV, LT, N, PL, RUS	264	224	149	7.5	67	40
Northern Periphery	FIN, S, UK, Fae, Green, N, ISL, (RUS)	54	38	23		15	15
<b>Transnational</b>		<b>318</b>	<b>262</b>	<b>172</b>	<b>7.5</b>	<b>82</b>	<b>55</b>
<b>Total</b>		<b>683.4</b>	<b>538</b>	<b>315</b>	<b>38.5</b>	<b>191</b>	<b>145</b>

*All figures in M €*

\* 7.5 MEUR is for the period 2004-2006 for the 2 cross-border co-operation programmes “Estonia-Latvia-Russia” and “Latvia-Lithuania-Belarus”.

\*\* Excluding Tacis funds.

## Project examples

The project “*Sustainable Transport in the Barents Region*” aims to strengthen transport planning co-operation in the Barents Region, increase the common understanding of transport problems in the region, promote sustainable development in the region, as well as to help decision makers, planners, authorities and companies to see the region as a single transport area. The above mentioned goals will be achieved by improving region-wide transport infrastructure and services, by eliminating the effects of borders and missing infrastructure. Also treating the region as a single transport area and by encouraging the authorities to plan the region’s transport infrastructure and services jointly will help to achieve the goals set for the 3 years’ project.

In the South-East Finland/Russia programme the objective of the “*Development of technical equipment for border crossing points in Eastern customs district*” project is for the border and customs stations on the Finnish side to possess the same operational level as the border and customs stations on the opposite sides of the Russian border that receive or have received funding via the Tacis CBC programme. Only efficiently operated border-crossing points can ensure that customs monitoring is rendered more effective and foster the flow of traffic and rationalize the activity of the authorities by eliminating overlapping operations. A key feature of the project is the equipping of the new Nuijamaa border and customs station to be built from 2003 to 2004 with modern equipment. Another focus is the improvement of the level of equipment at Imatra customs to that required by an international transport point.

### *3.5.2. Tacis Cross Border Co-operation Programme*

The Tacis CBC programme 2004-2006 supports the development of border areas with relevant NIS countries, and provides finance to the Northern Dimension through the Neighbourhood Programmes and Border Crossing investments. The CBC programme is through its two components seeking to address two key objectives: addressing opportunities and challenges arising from enlargement through strengthened cross-border cooperation on the regional and local levels, and to facilitate the legal flow of people, goods and services across the Union’s external borders.

Under the Tacis CBC programme 156 M€ are foreseen to support the Neighbourhood Programmes and border crossing infrastructure on the EU’s external borders in the period 2004-2006. In 2004 the first Tacis CBC funding of 23 M€ was made available to the Neighbourhood Programmes according to the following distribution:

### ALLOCATION 2004 (€ Million)

Programme component	2004
<b>NPF</b>	
Capacity Building	3.0
Performance reserve	0.0
NP allocations*	20.0
<b>TOTAL</b>	<b>23.0</b>

\* detailed breakdown in table 2

### NP ALLOCATIONS

Programme component	2004	
<b>Regional</b>		
Baltic Sea Region III B	4.0	
CADSES	1.5	
<b>Bilateral /</b>		
Russ / Fin	NORD (Kolarctic) Russia	1.5
<b>Trilateral</b>		
	Karelia / Russia	2.0
	SE Finland / Russia	3.5
Baltic Sea III A	Estonia / Latvia / Russia	1.0
	Latvia / Lithuania / Belarus	1.0
Kaliningrad	Lithuania / Poland / Russia	1.5
	Poland / Ukraine / Belarus	1.0
	Hungary / Slovakia / Ukraine	1.0
	Romania / Ukraine	1.0
	Romania / Moldova	1.0
	<b>20.0</b>	

Among the priorities within the border crossing infrastructure are investments on the borders between Russia and the Baltic States, with a special focus on Kaliningrad. In 2004 the financing of the Mamonovo II border crossing with Poland was confirmed and funding made available under the 2004 annual Action Programme. Other infrastructure works were launched at the Chernyshevskoye border post on the Kaliningrad-Lithuania border and in Suoperia on the Finland-Russia border. Due to the increased importance and attention given to cross-border co-operation in the context of good neighbourly relations and well functioning borders, there is the possibility that additional funding is made available already the coming years.

### 3.5.3 Coordination between INTERREG and Tacis develops with the introduction of Neighbourhood Programmes

The European Commission in the Communication “Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours”<sup>14</sup> adopted in March 2003 (hereafter “the Wider Europe Communication”) proposed i.a. that “the European Union should aim to develop a zone of prosperity and a friendly neighbourhood ... with whom the European Union enjoys close, peaceful and cooperative relations.”

<sup>14</sup> “Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours” (COM(2003) 104, 11 March 2003)

One of the elements of the Wider Europe Communication was the specific possibility of creating a new Neighbourhood Instrument, “which builds on the experience of promoting cross-border cooperation within the Phare, Tacis and INTERREG programmes”, and which could focus “on ensuring the smooth functioning and secure management of the future Eastern and Mediterranean borders, promoting sustainable economic and social development of the border regions and pursuing regional and transnational cooperation”.

The starting point for the development of the new Instrument has been the co-ordination work taken forward in recent years between INTERREG, Phare and Tacis. Building on this work, while taking into account budgetary and legal constraints, the Commission suggested in its Communication “Paving the way for a New Neighbourhood Instrument”<sup>15</sup> (hereafter “the Neighbourhood Communication”) that a two-step approach should be adopted.

An initial phase, for the period 2004-2006, focuses on significantly improving co-ordination between the various financing instruments concerned, within the existing legislative and financial framework, in the form of Neighbourhood Programmes, whereas in the period post 2006 a New Financial Instrument will be created. On this basis, the Commission has adopted, on September 29<sup>th</sup> 2004, a proposal for the two related framework regulations: European Neighbourhood and Partnership Instrument (ENPI) and the Instrument for Preaccession (IPA)<sup>16</sup>, which will govern cross border cooperation at the external borders as of 2007.

The following general objectives have been defined for the Neighbourhood Programmes:

- To promote sustainable economic and social development in the border areas;
- To contribute to working together to address common challenges, in fields such as environment, public health, and the prevention of and fight against organised crime;
- To ensure efficient and secure borders;
- To promote local, “people-to-people” type actions.

The Neighbourhood Programmes for 2004-2006 were developed from the existing INTERREG programmes set out in the table above (with the exception of the Northern Periphery programme, where Russia does not participate in the programme’s management structures). The programmes were modified in 2004 to reflect the broader sweep of the objectives described above, to incorporate Tacis funding, and to set out the new systems to allow for joint project preparation, submission and selection procedures, thus increasing the level of involvement and ownership of beneficiaries on the external side of the border. The total indicative budget estimated for the period 2004-2006 for the “Neighbourhood Programmes” is of some € 158 million (€ 102 million from Tacis, € 45 million from CARDS and € 11 million from MEDA).

The Neighbourhood Programmes contribute widely to supporting the Northern Dimension Action Plan through the funding made available along the EU’s external borders in the Baltic Sea area through the six different Neighbourhood Programmes. Furthermore, the programmes focus on the beneficiary regions and have decentralised management structures, giving the regions influence over programme priorities and the selection of projects.

In 2004 the Commission organised a series of seminars to inform authorities and organisations about these developments.

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<sup>15</sup> “Paving the way for a New Neighbourhood Instrument” (COM(2003) 393 final, 1 July 2003)

<sup>16</sup> COM(2004) 627 and COM(2004)628

### 3.5.4 *Phare Cross-Border Co-operation*

During the period under review, examination of new proposals and implementation of approved projects continued. Recent examples of work carried out included:

#### ◦ *Baltic Sea CBC Programme:*

In Latvia one project was completed which contributed to the development of a sustainable tourism environment - it provided assistance for the development of regional tourism in Vidzeme and Latgale and culinary services were improved in Latgale based on the Culinary Heritage concept. In the framework of the Baltic Programme for the four countries and a project in the Polish National Programme concerning the Eastern frontier, Phare also continued to support Small Projects Funds with € 12 million in the 2003 programme. This has allowed them to increase co-operation with Tacis and/or INTERREG partners in the region.

#### ◦ *External Border Initiative in 2003:*

In addition, the Phare 2003 National Programmes included a new component called the "External Border Initiative" which aimed at increasing co-operation between partners on both sides of the EU external borders. For Poland, this provided finance for a project fund for business related infrastructure and for a "people to people" project fund. In Lithuania a project for € 2.15 million was included which aims at the development of water tourism infrastructure in the cross-border region with Kaliningrad along the Nemunas river. The Nemunas river water tourism route will be connected with the Poland water routes and will give access to the Curonian Split and the Baltic Sea. In Estonia and Latvia the initiative is being used to strengthen project management capacity at local level and to prepare cross-border projects for further funding.

### 3.5.5 *Phare and Transition Facility*

Examples of recent activities financed by the Phare Programme and the Transition Facility in the Baltic countries and Poland include:

- In Lithuania the 2004 Transition Facility programme included activities aimed at improving qualifications of police officers, strengthening international police cooperation in the fight against organised crime, as well as strengthening capacity of law enforcement agencies including the state border guard to fight against illegal activity related to Intellectual Property Rights and Cyber-crime.
- In Poland further support was provided to the development of an integrated border management strategy, the purchase of specialised equipment to enhance the abilities of the border police to combat cross-border criminality. Phare is also providing investment support for border guards and police stations and the upgrading of several border crossings on the Eastern Border which is now the external border of the European Union.
- In Estonia, Phare has provided finance for the construction of border stations, the implementation of a fingerprint identification system and to support the fight against corruption and the establishment of a witness protection programme.
- In Latvia Phare has contributed significantly to the establishment of the customs and sanitary Border Inspection Points at sea ports (Riga, Ventspils) and railroad border



crossing points (Rezekne, Daugavpils) in Latvia; works have been finalised and Border Inspection Posts put into operation in 2004. A masterplan has been developed and the information systems designed for the Asylum and Migration Management System.

### **3.6 Justice and Home Affairs**

#### *3.6.1 The Baltic Sea Task Force on Organised Crime*

The Task Force was created in 1996 at the Visby Baltic Sea States Summit in order to elaborate measures for immediate implementation and other concrete proposals to reinforce regional cooperation in this field. Russia has been an active member in the Task Force on Organised Crime from the start, participating in projects against drugs, stolen cars and illegal migration and money laundering. Moreover, Russia has also organised useful joint operations on car trafficking and illegal migration in the Kaliningrad area. This has contributed to confidence in the Baltic Sea area.

Russia and the Commission have both stressed the practical links between Baltic Sea Task Force cooperation and the work of the EU-Russia PCA Sub-Committee. In many ways, the work of the Baltic Sea Task Force has served as model for EU-Russia cooperation when it comes to practical matters, such as joint law enforcement cooperation. The mandate of the Task Force has been prolonged until at least the end of 2006. The fact that in 2004, the majority of the countries of the Baltic Sea region became EU Members is reflected in the formulation of the mandate, in particular by providing for a greater role for Europol. Relevant political events include the meetings of the Task-Force on Organised Crime

Meetings of the Task-Force were organised on 24–25 May and on 2–3 November 2004. In addition, a JHA Ministerial Meeting took place on 14–15 June 2004.

#### *3.6.2 JHA and Tacis, Kaliningrad in particular*

The Partnership and Cooperation Agreement (PCA) between the Russian Federation and the EU considers the fight against organised crime as a priority area of cooperation in the field of Justice and Home Affairs.

In the context of the ongoing discussions on the EU-Russia Common Space on Freedom, Security and Justice, both the EU and Russia have recognised the importance of fighting different forms of organised crime and specific cooperative activities have been identified on fighting illegal activities of a cross-border nature.

The Justice and Home Affairs sector is prominently present in the Tacis Indicative Programme for 2004-2006. The first project addressing specifically crime has been awarded under the Action Programme 2004, and targets the modernisation of the Interpol NBC (National Bureau of Coordination), in order to improve information flows and fight more efficiently crime in the Russian Federation. Another Tacis project from the AP 2004 is geared at fighting trafficking in human beings. More projects in this sphere will be considered under the AP 2005. One of them will target exclusively the Kaliningrad region, with the title Fight Against Organised Crime in Kaliningrad (Integrated Border Management).

The main objective of the project is to assist in the improvement of the fight against organised crime in the Russian Federation, focusing specifically on the Kaliningrad region. Specific objectives are:

1. To strengthen effective cross-border law enforcement cooperation between the neighbouring countries and the relevant law enforcement officials
2. To train law enforcement officers from all the relevant services to improve their operational capacities, inter agency co-operation and efficiency in combating organised crime covering all aspects of cross-border organised crime
3. To train law enforcement officers on the use of modern equipment and technology to be procured in the course of the project (with possible Russian co-financing), including the State Drug Committee, Police, Border Guards Service, Customs and Federal Migration Services, which will lead to enhanced operational capabilities to confront various forms of organised crime including trafficking in human beings, small arms, drugs, precursors, stolen vehicles and illegal migration.
4. To strengthen border control measures and the surveillance of the land and sea borders

Thus, the project main activities will focus on:

1. Adaptation to the Russian Federation and pilot implementation of the concept of Integrated Border Management in the Kaliningrad region
2. Establishment of inter-agency units at key sectors of the border equipped with access to a reliable messaging system
3. Strengthening operational capacities through the provision of equipment and related facilities for law enforcement agencies and related services , in particular for detecting drugs, stolen vehicles and property, forged documents, smuggled persons and goods
4. Creating and implementing a training programme for law enforcement agencies responsible for combating organised crime in order to increase their skills as well as to enhance integrity

Moreover, the Tacis Cross Border Cooperation Programme finances the modernisation of border crossing points, such as, in the case of the Kaliningrad region, Bagrationovsk and Mamonovo on the Polish border, Chernychevsky at the Lithuanian border. Other such points that are foreseen to be financed in the next few years are Goldap and Sovietsk.

A new facility for the transit of persons between Kaliningrad and the Russian mainland was established on 1 July 2003. Practical implementation has been working well and the number of transit passengers quickly reached previous level. There was also agreement to step-up cooperation on border management and other related JLS-issues.

#### 4. CONCLUSION

2004 has been a year of consolidation for the Northern Dimension policy. It has been the first year of implementation of the Second Action Plan and the first Northern Dimension Senior Officials Meeting was held. An increased coordination between the four Northern regional organizations and the Commission has been experienced. Furthermore with the Commission's launch of the Northern Dimension Information System, the possibilities of maximizing the synergy between the actions of the different Northern Dimension stakeholders has been enhanced. The projects and activities in the area continue to expand. The field of cross-border cooperation remains a particular fertile one for the Northern Dimension and the establishment in 2004 of the Neighbourhood Programmes by the Commission has contributed substantially to this aim. The two Northern Dimension cross-cutting sectors remain high on its agenda: Kaliningrad with a varied range of cooperation between the Northern Dimension partners and notably the Commission; and the Arctic, very much concentrated on environmental issues this year due to the global warming effects.

## ANNEX

### **List of abbreviations**

AC	Arctic Council
ACIA	Arctic Climate Impact Assessment
AMAP	Arctic Monitoring and Assessment Programme
BASREC	Baltic Sea Region Energy Co-operation
BEAC	Barents Euro-Arctic Council
BEATA	Barents Euro-Arctic Area
CARDS	Community Assistance to the Countries of South-Eastern Europe
CBC	Cross Border Cooperation
CBSS	Council of the Baltic Sea States
CSR	Committee of Senior Representatives
CoR	Committee of the Regions
EESC	European Economic and Social Committee
EBRD	European Bank for Reconstruction and Development
EEA	European Economic Area
ENERAR	Environmental Network for the European and Russian Arctic Regions
EP	European Parliament
ENPI	European Neighbourhood and Partnership Instrument
EU	European Union
e-Pine	The (US) Enhanced Partnership for Northern Europe
ERDF	European Regional Development Fund
FLEGT	Forest Law Enforcement, Governance and Trade
FP	Framework Programme
GALILEO	European Satellite Navigation System
HELCOM	Helsinki Commission
HLG	High Level Group
ICT	Information and Communication Technology
IFIs	International Financial Institutions
IFS	Instrument for Stability
ISPS	International Ship and Port facility Security Code
INTERREG	Community programme aiming to stimulate inter-regional cooperation within the EU

IPY	International Polar Year
IRT	EU-Russia Industrialists Round Table
IT	Information Technology
JHA	Justice and Home Affairs
JRC	The European Commission Joint Research Centre
LIFE	EU Financial Instrument for the Environment
MEDA	Instrument for economic and financial cooperation under the Euro-Mediterranean Partnership
MNEPR	Multilateral Nuclear Environmental Programme in the Russian Federation
NCM	Nordic Council of Ministers
ND	Northern Dimension
NDEP	Northern Dimension Environmental Partnership
NDF	Northern Development Fund
NDSys	Northern Dimension Information System
NDAP	Northern Dimension Action Plan
NEFCO	Nordic Environment Finance Corporation
NGOs	Non-Governmental Organisations
NBC	National Bureau of Coordination
NIB	Nordic Investment Bank
NOC	Nuclear Operating Committee
PAC	Miniserial Partnership Annual Conference
PCA	Partnership and Cooperation Agreement (EU-Russia)
Phare	Community assistance programme for the Central European candidate countries
RTD	Research, Technological Development and Demonstration
SAOs	Senior Arctic Officials
SAPARD	Pre-accession agricultural instrument
SINEEA	European Parliament's Delegation for Relations with Switzerland, Iceland and Norway and to the EEA Joint Parliamentary Committee
SMEs	Small and Medium-Sized Enterprises
SMP	Strategic Master Plan
SOIS	Senior Officials for the Information System
SOLAS	Safety of Life at Sea Convention

SOM	Senior Officials for the Information System
Tacis	Community Technical Assistance programme for the Commonwealth of Independent States
TEN-E	Trans-European Energy Network
TEN-T	Trans-European Transport Network
UCTE	Union for the Coordination of Transmission of Electricity
WTO	World Trade Organisation