

Medlemmerne af Folketingets Europaudvalg
og deres stedfortrædere

Asiatisk Plads 2
DK-1448 København K
Tel. +45 33 92 00 00
Fax +45 32 54 05 33
E-mail: um@um.dk
Telex 31292 ETR DK
Telegr. adr. Errangeres
Girokonto 300-1806



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"I/A" ITEM NOTE

from : **Presidency**
on : **5 June 2001**
to : **COREPER/COUNCIL**

Subject : **Full report on Northern Dimension Policies**

1. In endorsing in June 2000 the Action Plan for the Northern Dimension, the European Council welcomed the intention of the future Swedish Presidency to prepare a full report on Northern Dimension policies in preparation for the Göteborg European Council in June 2001.
2. Delegations will find attached this report¹ prepared by the Presidency in cooperation with the Commission.
3. The Permanent Representatives Committee and the Council are invited to take note of this report in view of its transmission to the European Council.

¹ The report exists in English only.

Full Report on Northern Dimension Policies

As invited by the Feira European Council, this full report on Northern Dimension policies has been prepared by the Swedish Presidency, together with the Commission, in preparation for the Göteborg European Council on 15-16 June, 2001.

The Feira European Council in June 2000, endorsed an Action Plan for the Northern Dimension. The Action Plan was prepared by the Commission, which was also invited to take a leading role in its implementation. This report reviews ongoing activities and initiatives on the Northern Dimension. It also outlines appropriate proposals for follow-up.²

At the Second Foreign Ministers' Conference on the Northern Dimension organised in Luxembourg in April 2001, participants gave broad political endorsement to ongoing work and welcomed new initiatives and ideas, which were summarized in the Conclusions of the Chair.³

1. OVERVIEW OF ACTORS

The Northern Dimension has developed into an effective tool for enhancing co-operation in Northern Europe and for the forging of closer ties between the EU and its Member States and the seven Partner Countries: Estonia, Iceland, Latvia, Lithuania, Norway, Poland and the Russian Federation.

1.1 European Union

Member States are actively working together on the implementation of the ND Action Plan and the further development of the ND initiative. All Member States recognise the value of the ND for promoting national and sub-national co-operation across present and future external borders of the Union. With enlargement, the EU will have eight Member States in the ND region, making the internal EU aspects of ND co-operation with neighbouring countries in Northern Europe even more evident.

² For a detailed stocktaking of EU activities in the ND region, please refer to the Commission's Inventory of Current Activities.

³ See enclosed Conclusions of the Chair in Annex.

The Commission and its Services are fully committed to implement the Action Plan and their leading role ensures continuity in the work. The Commission is promoting a more efficient alignment of EU policies and instruments while facilitating effective co-ordination with non-EU actors. A network of contact points is being set up between participating countries, institutions and organisations. The Commission is also working to streamline procedures for EU financial instruments covered by the ND, in particular the Tacis, Phare and the Interreg programmes.

The European Investment Bank is also providing support to the ND Action Plan through appropriate long-term financing of projects that contribute in meeting priority objectives, such as the environment. The EIB has been financing investments in the Member States in the ND area, the EFTA partners, the Accession countries, and following the Stockholm European Council, is prepared to extend financing under certain conditions for selected environmental projects in North West Russia.

Other EU institutions, such as the European Parliament, the Committee of Regions and the Economic and Social Committee take an active part in the ND initiative.

1.2 Partner Countries

Active participation of the Partner Countries is a basic feature of ND co-operation and should be encouraged and facilitated. The Partner Countries are involved in all stages of the implementation of the Action Plan. At the Luxembourg Conference, Partner Countries reiterated their commitment to the ND process and their intention to contribute with national resources.

1.3 Regional Bodies

Three intergovernmental regional bodies, the Council of Baltic Sea States (CBSS), the Barents Euro-Arctic Council (BEAC), and the Arctic Council (AC) presented proposals to the Luxembourg Conference on their contribution to the ND. Since their establishment, the Commission has participated in the work of the CBSS and the BEAC, and, more recently, also in the AC.

1.4 International Financial Institutions

The IFI:s have a central role in addressing the significant investment needs in key ND sectors. The ND initiative, in turn, provides an impetus for various multilateral actors to optimise their co-operation in the ND region. With the aim of increasing the mobilisation of loan and grant funds and to allow for a proper matching of resources, a meeting between representatives of IFI:s and the Commission was organised in Helsinki in March, 2001. The meeting focussed on areas identified as central in the ND Action Plan, such as environment and infrastructure including energy as well as regulatory and institutional issues related to investments in those sectors. It established a foundation for co-ordination between the IFI:s and the Commission within the ND framework. A proposal for a "Northern Dimension Environmental Partnership" was subsequently elaborated.

1.5 Other Actors

Sub-national co-operation between local and regional authorities is extensive and has become an established feature in relations between the countries of the ND region. Local and regional actors in the ND region also work together in co-ordinating bodies such as the Baltic Sea States Sub-regional Co-operation (BSSSC) and the Union of Baltic Cities (UBC). Barents regional governments meet in the Barents Regional Council. These and other sub-national bodies have stated their willingness to contribute to the implementation of the Action Plan.

Prospects for a rapid EU enlargement in Northern Europe are raising expectations by the business community on Governments to speed up regulatory reform and increase the institutional and legal predictability required for dynamic social and economic development in the ND region. The "Northern Dimension Business Forum" met in Tallinn in April 2001.

Strengthened transatlantic co-operation on Northern issues, in the context of the New Transatlantic Agenda (NTA), opens for further synergies and the attraction of wider financial support. Steps have been taken to improve mutual information between the Commission and the United States and Canada, respectively, on Northern policies and activities. Canada is actively working with the EU to develop joint projects with a focus on sustainable development in Arctic areas. The EU and the United States are together identifying projects where combined support action would result in synergies.

As regards Arctic issues, Greenland is also a central actor who wants to take active part in the development of co-operation within this part of the ND framework.

2. SECTORIAL OVERVIEW

The Action Plan for the Northern Dimension covers a broad range of sectors. The Feira European Council in its conclusions specifically mentioned three priorities: environment, including nuclear safety, the fight against international crime, and Kaliningrad and invited the Commission to prepare follow-up proposals. In many areas covered by the Action Plan tangible progress and concrete results have been achieved.

2.1 Environment

The pre-accession process has focused the four candidate countries on meeting the environmental requirements of EU membership. Legislation introducing higher standards of protection has been adopted and there is a major focus on implementation and enforcement. Phare, Tacis and other Community programmes are playing a prominent role to address some of the most urgent problems of the region, mainly in two priority areas: water and nuclear safety. Integration of environmental concerns into different sectors of economic co-operation is an overall objective of the ND. Between the EU and Russia, this is particularly relevant in the development of the energy dialogue, and should be regularly discussed in relevant frameworks of the PCA.

Due consideration for the vulnerability of the northern maritime environments with their cold waters and/or low salinity is required in relation to all types of economic activity in the ND region. With enlargement, the Union's responsibility for the environmental condition of the Baltic Sea is increasing. HELCOM and Baltic 21 provide regional frameworks for reinforced action.

2.2 Nuclear Safety

The EU is playing a major role in the region on nuclear-related problems. EU activities in support of nuclear safety so far mainly focused on reactor safety (the Ignalina, Leningrad and Kola NPP:s) and on the decommissioning of Unit 1 of the Ignalina Nuclear Power Plant. The EU has also financed feasibility studies and other preparatory projects for the management of spent fuel and

radioactive waste in North West Russia. A conclusion of the MNEPR (Multilateral Nuclear Environmental Programme for the Russian Federation) agreement is a prerequisite for enhanced EU participation in more extensive projects directly addressing problems related to nuclear safety, in particular on the Kola Peninsula.

2.3 The Fight against Organised Crime/Justice and Home Affairs

The fight against organised crime was early identified as an important priority in the ND region. The Task Force on Organised Crime in the Baltic Sea Region has proven to be an efficient body focusing on operative and concrete multidisciplinary law enforcement measures. The region's law enforcement agencies, inter alia, police, customs and border guards, co-operate on operative measures. The Commission participates in the work. The EU Presidency and Europol are regularly invited.

Within the framework of the Task Force it is important to continue and develop ongoing activities such as measures against trafficking in human beings, illegal immigration, stolen vehicles, money laundering, smuggling of high taxed goods and corruption. Co-operation should be enhanced between the concerned EU Council Working Parties and the Task Force, initially regarding stolen vehicles.

In line with the conclusions of the Tampere and Feira summits, more attention is being paid to migration issues, such as readmission, visa and asylum matters, to the financing of border control posts, and to improved border management.

The EU-Russia Action Plan on Organised Crime concentrates on judicial co-operation in criminal matters and on law enforcement co-operation and forms the basis for other concrete projects in this field. Concrete measures to combat double invoicing as an instrument of organised crime in trade between the EU and Russia have been initiated by a number of Member State law enforcement authorities in co-operation with Russian counterparts. A first ministerial meeting on Justice and Home Affairs between the EU Troika and Russia was held in April 2001.

2.4 Kaliningrad

While recognizing that primary responsibility for the development of the Kaliningrad region lies with the Russian federation, the Kaliningrad region deserves special attention due to its geographic location. The Commission's Communication on Kaliningrad, adopted in January 2001, constitutes a basis for formulating EU policies⁴. EU-Russia co-operation on issues related to Kaliningrad is evolving within the working bodies of the Partnership and Co-operation Agreement. In parallel, the EU discusses these issues with Lithuania and Poland.

A new Tacis office was opened in Kaliningrad at the beginning of 2001. Kaliningrad will continue to be a priority region under the Tacis programmes for Russia. Future priorities are expected to include environment, administration, and law enforcement.

Regional and cross-border co-operation with Kaliningrad directly concerns several Partner Countries, e.g. in the field of improved border control posts. The "Nida II initiative" regarding Russian-Lithuanian co-operation on Kaliningrad, also involving Poland, is a good example of how Partner Countries directly can contribute to the implementation of the ND Action Plan. The CBSS academic co-operation project EuroFaculty has been extended to include the faculties of economics and law at the Kaliningrad State University.

2.5 Energy

Balanced development of gas and electricity infrastructure and a high level of nuclear safety as well as the connection to EU energy networks are high priorities. An "Integrated Gas and Electricity Study in the Baltic Sea Region" has been co-financed under the 1999 TEN-Energy programme. The electricity companies in the region continue to co-operate towards the completion of the Baltic Electricity Ring. In 2000, the electricity link between Sweden and Poland was taken into operation. The EU-Russia energy dialogue is of considerable importance for the ND region. Improvement of the investment climate in the Russian energy sector would be an important step towards meeting the large investment needs in North West Russia.

⁴ See doc. 5689/01 NIS 6 PECOS 31.

Many of the actions in the Northern Dimension Action Plan are covered by the Baltic Sea Region Energy Co-operation (BASREC), which has gained considerable momentum in 2000 and 2001. Four ad-hoc groups have been created within the areas of electricity, gas, climate issues and energy efficiency. The dialogue between actors in the electricity and gas sectors of the region is an important part of the process. The Commission has contributed to the BASREC secretariat in Stockholm.

In the Barents Euro-Arctic Region, a wide network of actors working with energy efficiency, energy savings, and renewable energy resources has been established. Efforts should be made to involve these local actors in future energy projects, when relevant.

2.6 Public Health

The situation as regards public health, in particular communicable diseases and antimicrobial resistance, is serious and requires further attention and resources.

A number of initiatives have been carried out in the framework of the TACIS programme, i. a. to promote the implementation of social and health care reforms and to combat HIV/AIDS and other sexually transmitted diseases in Kaliningrad and North West Russia. More TACIS activities are in preparation on primary health care development and preventive health education. Also the United States and Canada are active in the health sector.

Public health issues are also dealt with by the CBSS Task Force on Communicable Disease Control and the BEAC Health Co-operation Programme. The Arctic Council has initiated several health-related circumpolar projects.

2.7 Information Technologies/Telecommunications

The Northern Dimension offers a platform for accelerating transition to the information society, especially relevant in areas with long distances and sparse population. A Northern eDimension action plan is being developed by the Council of Baltic Sea States in partnership with the Commission, consulting the countries concerned and relevant regional actors.

2.8 Transport and Border Crossings

EU support to fund infrastructure development and to assist partner countries in developing integrated border management strategies will continue and accelerate as the prospect of enlargement draws closer. Facilitating the flow of people and goods across borders, while ensuring that the necessary checks and controls are carried out, represents a particular challenge.

2.9 Research

The Fifth Framework Programme for Research and Technical Development (1998 – 2002), e.g. through its horizontal programme "Confirming the international role of community research", favours the Northern Dimension of RTD co-operation through joint projects, networking and training of researchers. There is a variety of instruments at the level of EU research co-operation to promote and finance such joint research initiatives. A considerable number of research projects, e.g. on environmental and climatic conditions, energy and transport issues and IT, are currently being pursued.

Projects involve researchers from EU Member States, the Russian Federation, Estonia, Latvia, Lithuania, Iceland and Norway. The EU-Russia Science and Technology Agreement facilitates co-operation and may lead to new joint initiatives.

The association of Candidate Countries to the Sixth Framework Programme for RTD, together with the recent EU-Russia RTD agreement, opens up possibilities for expanding the scope of RTD co-operation under the ND and may lead to new joint initiatives provided that funding can be arranged.

2.10 Regional and Cross-border Co-operation

A growing number of regional and cross-border activities are taking place in the ND region. The Committee of Regions has underlined the importance of developing a bottom-up approach to the implementation of the ND Action Plan and the further development of the ND initiative.

EU support for regional and cross-border co-operation at subnational level through Interreg, Phare and Tacis has inspired work i. a. on local democracy, public administration, health, education, border management and water and waste treatment.

The Commission's participation in the latest Ministerial meeting of the Arctic Council signalled increased attention to Arctic issues (the so called "Arctic Window") within the ND. The EU already supports a number of Arctic activities in the area of information society, environmental protection and sustainable use of natural resources, support for indigenous people, research, economic development of scarcely populated areas and development of human resources, which are of central importance for the development of Arctic regions.

2.11 Trade, Business Co-operation and Investment Promotion

As reported to the Luxembourg Conference from the "Northern Dimension Business Forum" in Tallinn in April, 2001, a prerequisite for increased trade and investment in the region is the establishment of a favourable business climate. Quality and predictability in the legal fabric, as well as deregulation, are necessary. It is also essential to ensure proper enforcement and application of legislation. Adherence to the principles of fair competition, equal treatment and non-discrimination, as well as transparency in the business environment of any country or market segment, are vital in order to make the ND region a level "playing-field" for business and allow trade and investment to grow and develop.

EU programmes are also providing technical assistance on industrial and intellectual property rights with a view to improving both the legislation and its enforcement and fostering business development, including the promotion of co-operation between enterprises at regional, national and international levels. Technical assistance will also be available on matters related to standardisation and conformity assessment and, in the case of the candidate countries, investment grants for the adaptation of production to the health and safety requirements of the internal market.

In addition, specific programmes address issues common to all associated countries and important support is given to privatisation and enterprise restructuring, including SME development and the development of the financial sector.

2.12 Other Sectors

Co-operation in the areas of culture, education, vocational training and youth strengthens common values and contributes to the social and economic development of the region.

The Culture 2000 programme is open for participation from Partner Countries in specific and short term activities, involving cultural operators from at least three eligible countries, and in long term co-operation activities, involving cultural operators from at least five eligible countries.

The second generation of EU programmes for Education and Training (SOCRATES, LEONARDO, YOUTH FOR EUROPE – 2000-2006) is now open to full participation of Poland and the Baltic States, while North West Russia is benefiting from parts of YOUTH and from Tempus III (2000-2006), which aims at supporting reform and restructuring of the higher education systems of Partner Countries and their adaptation to new socio-economic needs.

3. FINANCIAL RESOURCES

Steps have been taken by the Commission in the course of 2000-2001 to ensure a better co-ordination between the different financial instruments. The Phare and Interreg regulations have been aligned to a great extent with Joint Programming Documents established by the "Phare 2000 review - Strengthening Preparations for Membership". The Commission has also prepared a "Guide to bringing Interreg and Tacis funding together" in April. The Commission is continuing to work to enhance this high degree of coordination or interoperability between Interreg, Tacis and Phare in order to derive maximum added value from them in the ND region.

The meeting between IFIs and the Commission in Helsinki agreed to establish a "Northern Dimension Environmental Partnership" (NDEP), with participation of the IFI's, the Commission as well as bilateral donors and national authorities, in order to meet environmental and energy efficiency challenges in the ND region. A proposal for a NDEP facility to finance environmental investments in the ND region, including nuclear safety projects, has been developed. The establishment of the NDEP is an innovative way to mobilise and combine resources and realise synergies when conditions are appropriate for investment.⁵

⁵ See information note by the Presidency (doc. 9546/01 NIS 42 COEST 15 PESC 209)

4. IMPLEMENTATION AND FOLLOW-UP

The Luxembourg Conference expressed clear support for the development of strengthened and flexible mechanisms for co-ordination and follow-up procedures within existing institutional frameworks. In order to meet these requirements, the following procedures are suggested:

- Annual Progress Reports to take stock of the implementation of the Action Plan and further development of the ND initiative will be prepared by the Commission in consultation with relevant Council bodies and be presented to the European Council at the end of each year, beginning in 2002.
- The active involvement of the Partner Countries will be ensured through Regular Meetings of Senior Officials in the 15+7 format. Closer interaction should also be developed between the EU and relevant regional bodies in which Partner Countries participate actively.
- Foreign Ministers' Conferences to review progress, provide political guidance and consider further possible actions, as in Helsinki 1999 and in Luxembourg 2001, will be organised at regular intervals. A discussion on the further development of the Northern Dimension from 2003 and beyond should take place at the next such Conference.
- The ECOSOC intends to organise national fora for regular dialogue between organised civil society actors in Partner Countries.
- High Level Forum with broad participation from all parts of society, bringing together governmental and non-governmental partners, to benefit from active engagement of e.g. the business community, organised civil society and international financial institutions, should be organised biannually. The venue of such events could rotate. The CBSS could facilitate arrangements for these events. In this context, the Commission will consider the invitation from the Tallinn Business Forum to initiate a regular dialogue with the business community of the Baltic Sea region.

5. RECOMMENDATIONS FOR FURTHER ACTION

The following recommendations for further actions under the Northern Dimension have been made since the adoption of the Action Plan by the European Council in Feira, inter alia by the Luxembourg conference, and could form the basis for further consideration by the European Council in Göteborg. It should be underlined that these actions could be undertaken by the different EU actors, including the Commission, Member States, the EIB as well as the European Parliament, the Committee of Regions and the Economic and Social Committee. These actions could also be promoted by the Partner Countries, the Regional bodies, the IFI:s or other actors within the ND framework. It is understood that in so far as the actions could have implications for Community budgets and programmes, agreed financial frameworks and existing EU decision making frameworks will be respected.

5.1 Actors

- An effective involvement of Partner Countries and the further development of the ND initiative will require transparency and appropriate arrangements for their participation and contributions.
- The experience and know-how of the regional bodies could be used further to develop and implement specific initiatives in the ND region. Co-operation between the EU and such bodies could be improved, making full use of their resources in the development of the ND. Best use of available resources could be made through an efficient division of labour among this and other regional bodies, building on their respective competencies and geographical coverage.
- In particular, closer interaction could be developed between the EU and relevant expert working bodies of the CBSS, which comprise all the Partner Countries of the ND region, and/or other regional bodies on specific issues.
- More coherent support instruments for sub-national co-operation would facilitate a deepening of such relations and lead to longer-term commitments

- Civil society organisations should be involved throughout the launching, implementation, monitoring and continued development of ND activities, and authorities at all levels should cooperate to this end.
- Business and labour relations should develop in accordance with European social market economy principles. Civil society organisations in the relevant countries should step up cooperation within the framework of the ND. In this context the EU, as an institutional cooperation partner, could establish regular multilateral contacts between the economic and social actors of civil society in the countries concerned.
- The Northern Dimension Business Forum has suggested to the Commission to establish a direct dialogue with the business community of the region on topics related to realisation of ND programmes. The development of such a dialogue could be encouraged.

5.2 Sectorial Initiatives

Environment and Natural Resources

- Further action is needed in relation to the identified pollution "hot spots" in the ND region such as waste water treatment and management of hazardous waste, especially in Kaliningrad, St Petersburg and the river Neva catchment area. Investment in wastewater treatment would make a major contribution to a cleaner Baltic Sea. Modernisation and reconstruction of major point sources of industrial pollution in the Barents Region i. a. the Pechenga Nickel Mining and Smelting Combine on the Kola Peninsula also deserve particular attention.
- Co-operation on climate change, including the flexible mechanisms under the Kyoto Protocol in the Baltic Sea Region, and on transboundary environmental threats in the Arctic, such as persistent organic pollutants, should be further pursued. Long-term co-operation on cleaner production and energy efficiency to support economic and technological development in industry and public utilities should be encouraged.
- Minimising harmful effects of the transport sector as well as environmental safety of maritime transport should be subject to intensified co-operation in the Baltic Sea region.

Fisheries

- The sustainability of fisheries in the Baltic Sea and the Arctic/Barents Seas requires further attention. Concerted action in regional as well as global fora should be taken to reduce the risk for depletion of fish stocks and other marine living organisms

Forestry

- A "Forest Sector Programme for the Northern Dimension" was presented to the Luxembourg Conference by the BEAC. The programme provides a good basis for further work in the areas of sustainable forest management, environmental conservation, and development of the forestry sector.

Fight against Organised Crime/Justice and Home Affairs

- Rapid implementation of the EU-Russia Action Plan against organised crime is now essential.

Kaliningrad

- It is important to address the issues raised in the Commission's Communication on Kaliningrad and achieve concrete results acceptable to all concerned. If necessary, ad hoc meetings at expert level between interested parties could be arranged to address technical issues raised in the Communication.

Energy

- Active participation of the Commission, Member States concerned and other stakeholders in the Baltic Sea Region Energy Co-operation (BASREC) process will speed up successful implementation of priority actions.

Public Health

- Future ND activities in the area of public health should be developed in close relation with the Commission's framework for action that covers three main areas: information in the field of

public health, early warning systems for different health hazards and problems, health promotion and disease prevention. An improved exchange of knowledge and information between experts is also important. Furthermore, capacity-building within the health systems should be promoted.

- The wide range of efforts underway and the number of actors involved in this sector indicate that improved co-ordination would give benefits through more efficient use of resources. The CBSS Task Force, in which the Commission is represented, should take a leading role with regard to control of communicable diseases.

Information Technologies/Telecommunications

- The Northern eDimension action plan, which is expected to be adopted at a ministerial meeting in Riga in September 2001 to be organised by Latvia, will set priorities for further actions, provide for close information exchange and collaboration in selected areas, and establish a framework for follow up. Special efforts are needed to enable North West Russia, especially St Petersburg and Kaliningrad, to participate with concrete projects.

Transport and Border Crossings

- The objective to significantly reduce waiting time to cross any border in the ND region needs to be achieved without further delay. The BEAC has developed a methodology for a direct and very successful co-operation between Nordic and Russian customs authorities that could be applied also elsewhere.
- Close co-operation and co-ordination among national and regional authorities is needed in order to improve the transport infrastructure in the ND area. When developing and implementing transport corridors and short distance sea transport to improve the transport routes in the eastern part of the ND region, the spatial planning approach would be useful. The work underway on developing the Barents Euro-Arctic Transport Area (BEATA) should be intensified and co-ordinated with other EU work on TEN:s and TINA:s.

Research

- The new Sixth Framework Programme should fully take into account the research capacity and potential available in the ND region.

Regional and Cross-Border Co-operation

- Further efforts are needed to deepen co-operation across the external borders of the Union. Apart from Kaliningrad and neighbouring areas other parts of North West Russia close to present and future Union external borders, such as the Pskov, Novgorod and Leningrad oblasts, would also benefit from more extensive regional and cross-border co-operation.
- A next step in the development of the so called "Arctic Window" of the ND could be the identification of specific EU interests in the Arctic.

Trade, Business Co-operation and Investments Promotion

- In order for the business community to build up and establish stable and long-term economic and trade relations throughout the whole ND region, Russia needs to get more fully integrated into the international trading system. Co-operation and support should continue to be offered through a range of projects for strengthening the legal and regulatory framework.

Other Sectors

- EU programmes, bilateral initiatives and regional activities in the areas of culture, education, vocational training and youth should be better co-ordinated in order to play a major role in such a fundamental sector throughout the ND region.
- Efficient use of the substantial resources available, i. a. through the Tempus programme, would enable increased co-operation in higher education. Full advantage should be taken of the potential of NGO:s and other national and regional interest groupings, such as the Barents Regional Youth Forum.

- An action similar to that of the Euro-Mediterranean Programme for the establishment of a Mediterranean Civil Protection System, due to pass its second stage as soon as the situation in the Middle East will allow it, could be established through an Euro-Baltic Programme for Civil Protection in the Baltic and Barents regions.

Financial Resources

- Arrangements could be made for a Northern Dimension Environmental Partnership (NDEP) donors conference to be organised by the Commission and the EBRD.
- An Investment Financing Facility for small and medium sized environmental and cleaner production projects in Russia, built on available financial instruments, such as NEFCO's Environmental Funds, also merits consideration.

6. FINAL COMMENTS

The ND initiative has become a well-established part of policy-making within the EU and in Partner Countries. Member States, Partner Countries, the Commission, regional bodies, International Financial Institutions, and many other actors are contributing to the implementation of the ND Action Plan and the further development of the ND initiative. The Commission has assumed a leading role in the implementation of the Action Plan, which ensures efficiency and continuity in the work. Co-operation between the Commission, regional bodies and the International Financial Institutions is developing and deepening. The Council and its working bodies should continue to follow actively the implementation and further development of Northern Dimension policies.

EU enlargement will have very concrete implications in the ND region: the number of Member States in Northern Europe will increase from four to eight. This will undoubtedly also strengthen the internal EU aspects of the ND initiative. The present ND Action Plan covers the period 2000 – 2003. A discussion on the further development of the initiative, including policies, procedures and arrangements from 2003 and beyond, should be initiated well in advance of that date.

9 April, 2001

**The Second Foreign Ministers' Conference on the Northern Dimension,
Luxembourg, 9 April, 2001**

The Member States of the European Union, the Commission, the SG/HR and the seven Partner Countries (Estonia, Iceland, Latvia, Lithuania, Norway, Poland and the Russian Federation) together with observers met to review progress made in implementing the Northern Dimension Action Plan for the period 2000-2003, to provide political guidance and to map out further action to develop the Northern Dimension initiative. The discussion was based on working papers presented by the Presidency and by the Commission. Several participants circulated written contributions.

CONCLUSIONS OF THE CHAIR

The participants welcomed progress made in the three areas of the Northern Dimension Action Plan specifically highlighted by the European Council in Feira: environment, including nuclear safety, fight against international crime, and Kaliningrad. There was broad agreement that work should continue in these areas as outlined in the Presidency and Commission papers. The need to expedite work to implement action also in the other areas of the Action Plan and in certain new areas related to the Action Plan was underlined.

The proposal to establish a "Northern Dimension Environmental Partnership" to meet certain environmental and energy efficiency challenges was well received. It was seen as a good way to mobilise and combine financial resources and realise synergies when conditions are appropriate for investment. The relevant international financial institutions and the Commission were encouraged to pursue discussions with interested partners and prepare a proposal for such a facility.

The initiative to develop a "Northern eDimension Action Plan" (NeDAP), launched by the Council of the Baltic Sea States (CBSS) in close partnership with the Commission, was noted as a promising new development of the Northern Dimension.

Prospects for a rapid EU enlargement are raising expectations by the business community on Governments to speed up regulatory reform and increase the institutional and legal predictability

required for dynamic economic development in the ND region. The "Tallinn Business Forum" has suggested to the Commission to establish a direct dialogue with the business community of the region on topics related to realisation of ND programmes. The Conference encouraged the development of such a dialogue.

New models for co-operation between Member States and non-Member States are bringing the countries in Northern Europe closer together. Regional bodies such as the CBSS and the Barents Euro-Arctic Council (BEAC) promote common values, harmonisation of regulatory frameworks and concerted operative action. The Commission's participation in last autumn's Arctic Council (AC) Ministerial Meeting signalled the opening of the Arctic Window. The CBSS, BEAC and AC have presented interesting proposals for their contribution to further work on the Northern Dimension. The strengthened co-operation on Northern issues with the United States and Canada was also welcomed.

There was general recognition of the need to continue to simplify and align procedures for EU financial instruments in order to increase interoperability and facilitate combined financing between the Union, IFI's and other actors. The interface between PHARE and TACIS was specifically mentioned.

The Northern Dimension (ND) has become a well established part of policy-making within the EU and in the Partner Countries. The Commission has established a "ND Focal Point" and a web-site. A network of contact points between participating countries, institutions and organisations is being set up. Among the participants there was general support for transparency and consolidation of procedures to implement the ND Action Plan. Annual progress reports will be presented to the European Council by the Commission and the Council. Yearly Northern Dimension Conferences alternating between Ministerial and Senior Officials levels should be organised to provide required political guidance. There should also be an "ND Forum", with broad participation, *inter alia* from the Business Community and from the Civil Society at regular intervals.

