

## 1<sup>st</sup> PLENARY SESSION ADDRESSES

### **“EU Strategy for the Baltic Sea region: A New Framework for Joint Action”**

**Catharina Sørensen**

PhD, European Commission, Directorate General for Regional Policy

### **“Baltic Sea Region: From Cold War to Arena of Cooperation”**

**H.E. Jerzy Marek Nowakowski**

Ambassador Extraordinary of the Republic of Poland to the Republic of Latvia

### **“Challenges and possibilities for economic cooperation in the BSR”**

**Martti Kohtanen**

CEO of Siemens Finland,

Strategic Business Partner of Baltic Development Forum

### **“Future prospects for Baltic Sea Cooperation”**

**Igor Lonsky**

Deputy Chairman of the Committee for External Relations of St. Petersburg,

Head of International Cooperation Department

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**The EU Strategy  
for the Baltic Sea Region**

**UBC XI General Conference**

Catharina Sørensen, PhD  
European Commission  
DG Regional Policy

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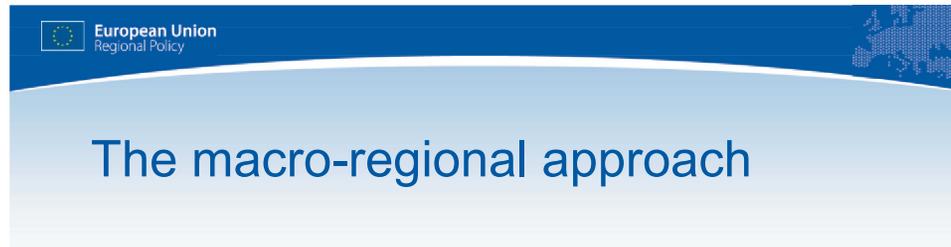


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### Agenda

- A brief introduction to the EU Strategy for the Baltic Sea Region
- Reviewing the Strategy after two years:  
Establishing targets and other recommendations
- Looking ahead

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- Why do we have macro-regional strategies?
- What is the essence of the EU Strategy for the Baltic Sea Region?

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- Achievements
  - New, targeted, more inclusive and more visible projects and networks
  - Better alignment of funding
  - Greater policy coherence
- Challenges
  - Further alignment of funding and policy
  - Maintaining momentum and internal resources
  - Communicating the Strategy

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## Alignment of funding and other financial initiatives

- **European Regional Development Fund (ERDF)** – new selection criteria; calls targeted to promote the Strategy
- **European Fisheries Fund (EFF)** – MS 2010 annual implementation reports include a specific chapter on contribution to the Strategy's implementation
- **European Social Fund (ESF)** – priority given to transnational activities in calls for project proposals (SE, DK, EE)
- **“Strategy approach”** adopted by other EU funding programmes, for instance BONUS

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## Recommendations

- Reinforce the integrated nature of the Strategy through closer alignment with Europe 2020
- Assure the European nature of the Strategy through regular discussions at policy Councils
- Prioritise work on establishing targets to make the Strategy more focused and more concrete
- Maximise efforts to align funding with the Strategy's objectives
- Strengthen implementation structures (financial and staff)
- Develop a “Communication initiative” to ensure broader participation and dissemination of achievements

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## Looking ahead

- Ambitious Polish EU Presidency
- Task force on targets
- Annual Forum 2011
- Review in 2013 – new macro-regional strategies?

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## Thank you for your attention – see you in Gdansk!

**NEW AMBITIONS FOR THE BALTIC SEA REGION**  
13<sup>th</sup> Baltic Development Forum Summit  
European Commission's 2<sup>nd</sup> Annual Forum on the EU Strategy for the Baltic Sea Region  
Gdansk, 24-26 October 2011

- **EUSBSR website:**  
[http://ec.europa.eu/regional\\_policy/cooperation/baltic](http://ec.europa.eu/regional_policy/cooperation/baltic)
- **The EUSBSR Annual Forum and the BDF Annual Summit:**  
[www.bsr2011.eu](http://www.bsr2011.eu)

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## **“Baltic Sea Region: From Cold War to Arena of Cooperation”**

**H.E. Jerzy Marek Nowakowski**

Ambassador Extraordinary of the Republic of Poland to the Republic of Latvia

Honorable President, distinguished Mayor of Liepāja, dear Baltic friends!

As a historian, I would like to step back to the history of the Baltic Sea Region. In XVI and XVII centuries our region was one of the leading areas in Europe influencing the European politics. In XIX century the Baltic Sea Region was dominated by two strong powers, namely Russia and Germany. The Baltic Sea was an inner Russian-German sea that time. Between the first and the second world wars many countries in the region re-gained their independence, e.g. Poland, Estonia. At the same time, the region was an area of infightings, e.g. between Poland and Lithuania. Also, the outside conflicts with the region's neighbours impeded the peace and development. However, in the inter-war period the regional cooperation, in its contemporary meaning, was born.

Unfortunately, after the WWII the region moved into the position of a front line between the superpowers in the Cold War. Our region was dominated by the Soviet Union. The Cold War strangled the activity of the people, political development and moved the countries around the Baltic Sea into the 'second league'. Looking at the inter-war period history, the level of life in the whole Baltic area was more or less similar. Unfortunately, the southern Baltic area was the biggest loser of the communism period.

Today, the Baltic Sea Region is, in my opinion, the most stable and prosperous area in Europe. We have a unique chance now for creating the European pole of stability, prosperity, and competitiveness. Three weeks ago, the Polish Prime Minister, Donald Tusk, at the conference in Riga stressed that not accidentally five economies with the fastest growth in Europe after the financial crisis are from the Baltic Sea Region, namely, Sweden, Latvia, Estonia, Poland, Lithuania.

The top priority of the Polish Presidency in the Council of EU is to keep Europe in the track of growth. The Baltic Sea Region is a good example of the implementation of this priority.

Also strengthening the BSR cooperation is among the priorities. In the end of October in Gdańsk, we will be discussing the future of the EU Strategy for the BSR. I hope that the results of our meeting will be incorporated into the Strategy before its review in 2013.

The last years were especially successful for the BSR cooperation including the role of the local authorities, the cities and organizations like UBC in the creation of the European policies for the nearest future.

Moreover, the Baltic Sea Region is deeply involved in the cooperation with the Eastern partners, the members of the Eastern Partnership and with Russia. The establishment of the EU-Russian partnership is one of the top issues of the Baltic Sea states and one of the top priorities of the Baltic Sea cooperation. I hope for the strengthening of the partnership and fruitful cooperation between our nations. Last week I was participating in the events related to the Baltic Sea Region. We discussed the model of collaboration between EU and Russia. It is our common goal to build the cooperation on the level of the local communities and on the level of so called public diplomacy with our Russian partners.

The contemporary Europe is based on cooperation between the macro-regions and regions. I strongly believe the Baltic Sea Region, as a model of the successful macro-region, will be the leader in the European cooperation.

Ladies and gentlemen,

I wish you fruitful and substantial discussions.

Thank you very much.

## **“Challenges and possibilities for economic cooperation in the BSR”**

**Martti Kohtanen**

CEO of Siemens Finland,

Strategic Business Partner of Baltic Development Forum

### **The Baltic Sea Area - an important economic region**

The Baltic Sea area has always been an important economic region bringing prosperity to the surrounded countries. There are six capital cities next to the Sea. There are e.g. 13 harbors next to the Sea. And there are 2000 vessels on the Sea in any given moment.

The European Commission presents its proposal for an EU Strategy for the Baltic Sea Region in 2009. The region was seen to face pressing challenges including the deteriorating state of the Baltic Sea, poor transport links, barriers to trade and energy supply concerns.

This was the first time that the EU developed such a comprehensive strategy at the level of a “macro-region”. It is a good starting point for cooperation in the region, which is home to nearly 100 million people.

The EU Strategy for the Baltic Sea Region is based on the will of governments and citizens in the Member States and regions to meet urgent, shared challenges and improve the quality of life.

The four cornerstones of the strategy are to make this part of Europe:

- Environmentally sustainable (e.g. process waste water);
- Prosperous (e.g. promoting innovation in small and medium enterprises);
- Accessible and attractive (e.g. improving transport links);
- Safe and secure (e.g. better accident response).

### **The dawn of the “urban millennium” has started**

Urbanization is a megatrend, and ever greater numbers of people want to – and will – live in cities. This is true also in the Baltic sea region. E.g in Latvia one third of the population lives in the capital city Riga.

Cities are the growth engines of their national economies. One fifth of the world’s GDP is generated in the ten economically most important cities. 50% of the global GDP is already generated by the 600 biggest cities in the world. The Helsinki metropolitan area produces approx. one third of Finland’s GDP. In Latvia the capital city accounts for almost half on the whole country’s GDP.

Two hundred years ago, only three percent of the world’s population lived in cities. Today the total has grown to over half, and the trend is accelerating. In 20 years, 60% of humanity will live in cities (since 2009 >50%) = an increase of 1.4 billion urban residents.

Urban problems have also kept pace with this growth. The negative effects of progress have also been evident in cities: noise, limited space, environmental pollution and congested traffic.

Cities now produce 80 percent of the world’s greenhouse gas emissions and consume 75 percent of all produced energy. The battle against global warming will be decided in cities.

As mentioned already there are e.g. 6 capital next to the Baltic Sea. They have influences for the climate

and the sea as well as the competitiveness of the region. Sustainable development is vital for the region to maintain and increase the quality of life.

**The basic needs of a city drive the market for intelligent infrastructure solutions**

Cities face the enormous challenge of reconciling urban growth with a good quality of life. They must balance three overriding aspects: quality of life, economic competitiveness, and environmental sustainability to be attractive for different stakeholders like citizens and companies. These three aspects must also be taken into account when building infrastructure.

The city challenges are many, but the technology can tackle the problems already exist. Modern technology can guide cities toward required changes in building and maintaining infrastructures, and of meeting the needs of often growing urban population.

At Siemens we strive to develop more intelligent products and solutions to make cities truly sustainable living spaces, places where dreams can come true, where successful lives can be lived and where climate change is effectively combated.

This applies to all types of cities – from megacities to smaller and medium-sized cities.

The market for infrastructure investments in cities addressed by Siemens currently totals around €300 billion a year. We want to grab a bigger piece of this dynamic growth market.

**With a new Infrastructure & Cities Sector Siemens focuses its business on the complex customer group cities.**

To ensure this, Siemens is establishing a new Infrastructure & Cities Sector to handle our global business with cities.

Our specially tailored organization delivers these solutions directly to the doors of city halls, communal utilities, transportation authorities and others worldwide.

**Characteristics of the new sector Infrastructure & Cities**

With our new Sector, we will be in a position to better understand the specific needs of cities, complex urban systems as well as offer comprehensive solutions.

Cities prefer comprehensive overall concepts rather than individual solutions. No other company has such a broad and comprehensive spectrum of offerings for cities than we do. And our new Sector will generate more from this setup than merely the sum of its parts. We can now offer our customers optimized solutions from one hand.

We can help mayors fulfill their targets by improving the quality of urban life even when cities have no funds. Siemens offers cost-cutting and environmental protection with Energy-Saving Contracting at zero cost for cities.

Modern tolling systems for heavily trafficked downtown zones offer cities three benefits: faster traffic flows, supplementary income for the city coffers and better air quality in inner cities and a better overall environmental balance.

Here are only a few examples of success stories.

Siemens has increased the energy efficiency of Sello Shopping Mall. The energy consumption has been lowered by nearly 15 percent. When the Performance Contract was signed the profit of the investment

was calculated to be up to 25 percent.

Siemens Osaakeyhtiö has won the European Energy Service Award 2010. The award honours outstanding efforts and achievements for the development and success of energy services for energy efficiency in Europe.

In the coming years, Masdar City in the desert of Abu Dhabi will demonstrate what is already technically possible. It will be the first CO<sub>2</sub>-neutral city in the world and use so little energy that all its needs can be locally produced without net emissions – for around 40,000 residents and up to 50,000 commuters. Siemens will provide, for example, the renewable energy sources and advanced building technologies, and is planning the city's energy backbone: the Smart Grid.

### **Center of city competence**

To take advantage of this additional growth potential, Siemens will employ a new approach for research and development in its urban business. We want to learn in close dialogue with cities and precisely understand their needs.

To achieve this, we have conceived the Centers of Competence. The first center is currently being built in London. With the competence center Siemens will bundle its expertise for urban infrastructures. Two other competence centers are planned for Asia and the U.S.

**London competence center is an** iconic building for a permanent showcase for sustainable technologies with 2,000 square metres of exhibition space, a 300-seat auditorium and office space. It is expected to attract around 100,000 visitors a year. It will be opened in 2012 in time for the London Olympics.

### **Research**

Not content with relying on second hand wisdom, we have teamed up with independent research partners to produce a wide body of original research into the state of cities worldwide.

We engage in several levels of research on the subject of cities. Studies such as “Megacity Challenges” allow for a general insight into the challenges faced by cities worldwide and feature interviews with leading experts.

For more detailed insights, the Green City Index study series has been developed together with the Economist Intelligence Unit. It analyzes more than 100 cities for best practices and makes their environmental performance over several infrastructure areas, such as transportation, waste treatment, air quality or green governance measureable and comparable. Using this index, city stakeholders can have an at-a-glance view of where they are leading the way and where they are lacking behind and need to invest.

Finally, there are studies on individual cities such as London, Dublin or Yekaterinburg. And the latest one will be carried out in Helsinki, capital of Finland, where my company is located. These describe a series of technological levers of varying effectiveness, and with different cost implications, which can all contribute to saving energy and reducing CO<sub>2</sub> emissions. Seemingly obvious, the results of such detailed calculations are often surprising and serve as a major decision-making tool, making difficult and often politically charged discussions just a little bit easier.

They clearly show the benefit of investing in infrastructure technology. As a result of our intensive research we are uniquely positioned to assist cities in their sometimes difficult journey to a sustainable

future. We see ourselves as partners in a city's daily struggle for excellence, supporting you in your quest to make the right infrastructure investments.

### **Helsinki**

Siemens has started a Sustainable urban infrastructure study in Helsinki. The study will find out challenges and opportunities in sustainability. The study has two parts a sustainability report targeted to wide audience and deep dives to clarify city challenges and solutions for challenges to help the city to develop infrastructure in sustainable way.. The study will be finished until the end of the year.

Siemens will do the report in cooperation with Aalto University. The main topics in the report are energy efficiency, energy supply, traffic, smart grid as well as water and green harbors. The report will be launched in the beginning of the year 2012.

The report is based on the methodology, which Siemens has used in other similar reports e.g. in London, Munich, Dublin and Vienna. A most important part of the study are workshops, in which representatives of local Siemens divisions and city representatives aim to identify challenges of the city and Siemens opportunities to contribute to solving these challenges.

### **Closing**

#### **No other company can match Siemens broad technology portfolio for cities**

These examples show that today's technologies can set many levers in motion to move cities toward eliminating their CO2 emissions. If urban developers would rigorously adopt environmental technologies, they could achieve a viable balance between growth and the sparing use of resources. And this isn't necessarily linked with higher costs, but in fact helps save costs over the long term.

One thing is clear: As always in the past, progress is being defined and shaped by and in cities around the world. The transition to a culture of sustainability will be the great challenge of the coming decades. This certainly doesn't mean that we must do without, but rather that we be prepared to think of new possibilities and remain open to new ideas. This transition can succeed only in and with cities. Siemens has always seen itself as a technology pioneer. And we see the mayors and urban planners of cities around the world as our close partners.

We have operating in all countries bordering the Baltic Sea. We have answers to the sustainable urban future ensuring at the same time competitiveness and the better quality of life. As a region we really can develop the sustainability and economic attractiveness of the Baltic Sea region. We have methodology to study unique challenges of each city and share the best solutions from other cities with new ones. And we have cooperation network including universities which can ensure the quality of each research project. We are willing to discuss about the challenges of your city and consider the common approach to tackle them and improve the whole area.

Thank you

## **“Future prospects for Baltic Sea Cooperation”**

**Igor Lonsky**

Deputy Chairman of the Committee for External Relations of St. Petersburg,  
Head of International Cooperation Department

Esteemed Mr. President, ladies and gentlemen, colleagues, friends!

First, I would like to express the words of gratitude for the heartfelt hospitality by the city of Liepāja and excellent organization of the General Conference. Also special thanks for the splendid sound of the bell choir that we all have just listened to.

We in Saint Petersburg consider that our Union celebrates its 20<sup>th</sup> anniversary on the rise. The Secretariat and specialized Commissions function effectively, the Union has been improving its work permanently to give to its activities the most pragmatic character.

Cooperation with the cities and subregions of the BSR is one of the main priorities of Saint Petersburg in the sphere of international cooperation.

Today SPb maintains bilateral relations with 21 cities of the BSR. And the Union of the Baltic Cities makes this figure 5 times more.

It is obvious for us that the experience and trust established between partner –cities in different fields of cooperation, build the best base for further moving.

Nowadays the urge of the cities and regions towards the partnership at the international level can be explained, as it may be seen, by a universal tendency towards economic strengthening of the regions, making more important the role of the regional component in international policy. More and more regions from over the world have tried to create their organizations in attempts to find clear and effective ways of development.

Some days ago in Italy, in Milan the World Regions Forum took place for the second time. St.Petersburg participated in its specialized sections (healthcare, environment and knowledge-based economy and researchers' mobility).

The initiative to hold such Forum came from Lombardy region with support of Italian foreign minister Frattini. About 20 regions from all continents have continued to define common interests and they seem to have succeeded. Not far from such aspirations, maybe more modest and without a universal ambition, is a recent initiative by Turku, known as Turku Process.

Our colleagues from the SPb's first twin city together with other actors of the region are building up a new scheme of interaction.

This trend, this tendency is especially strong here in the BSR, where the national borders vanish and freedom of movement of people and goods is declared an all-European value and where a common economic space is needed. And it is in this Baltic region where St.Petersburg has the biggest number of acting and perspective economic partners.

A legal basis for such cooperation with our international partners is a number of official documents adopted by the City Government. Such as Concept on strategic planning up to the year 2025, middle-term programmes of different orientation. Those programmes have as a base also the potential of our partner ties which is reflected in respective parts of the documents.

Having made a stake on modernization and fast development of hi-tech sector, conducting a policy for supporting investment activities, our city offers to the partners of the BSR possibilities to apply efforts together for mutual benefits.

Good examples can be given of common efforts in Baltic Sea Region resulting in real achievements in environmental protection, transport and other spheres. Completion this summer of Russian-Finnish project on SPb Waste water treatment facilities has allowed to reach the 93% purification of sewage water discharged into the Baltic Sea. Next year with completion of so-called Northern Collector we obtain as much as 98%.

All who travel now between Helsinki and St.Petersburg or vice versa, enjoy the “Allegro” speed train started last year; it reduced the time of travel almost by half. And it is an absolute competitor to the airflight between two cities. The “Instrument of integration promotion” as Finnish Prime-minister Jyrki Katainen named it some days ago in St.Petersburg.

Another, undoubtedly, good format of cross-border cooperation are the programmes within the European Neighbourhood and Partnership Instrument. Petersburg participates in “South-East Finland – Russia” and “Estonia-Latvia – Russia” programmes. Equal rights and duties, including financial contributions by partners are the new preconditions for future results and common advantages. Of course, this instrument needs, say, sharpening, perfecting, and efforts towards this are being made by the programmes managing structures.

Maybe, thanks to the cooperation of the bordering regions on the both sides of Russian-Finnish border, the gross regional product of the Russian side has increased almost by three times.

St.Petersburg intends to use the potential of our partnerships in the sphere of innovative industrial development, implementing new technologies, restructuring and reorganization of production sectors.

One of the priorities of the City Government is creation of a cluster approach to the city development. No official list of clusters exists today, however, automobile, pharmaceutical, shipbuilding, nanotechnology, radiology and city economy and technologies could be rated as most perspective ones.

Development of perspective clusters in our city will result in strengthening respective thematics in partnerships of St.Petersburg – in first place, with cities from around the Baltic Sea Region.

In particular, a major factor of St.Petersburg cooperation in the region is culture, which contributes to economic development of the city, creating new jobs, attracting investments and developing new spheres – culture tourism and art industries, thus providing cultural links with neighbours of the Baltic Sea.

In this field we have accumulated quite a good experience. In first place, I would mention complex Days of partner cities with, surely, culture component. Besides, we organize on the regular basis festivals, like, for instance, the annual International Festival “Baltic House” presenting its programme both in Petersburg and in the Baltic Sea cities. And others, on the basis of this festival – for example, Festival of Baltic cities, known since 2006.

I will not enumerate all the content of these activities with figures and dates, it is vast and diversified, with theatres’ tours, exhibitions, master-classes, music groups performances etc. And St.Petersburg will continue this cooperation and will support new initiatives by our partners.

Tourism, undoubtedly, another sphere that cannot help to be mentioned. We in St.Petersburg rely to a great extent on substantial development of this sector of the city economy. I will mention that revenues from tourism industry in 2010 were 10% of the city’s gross internal product. Congress, pilgrims’ and

family tourism are among the priorities of the City's policy in this field. Measures are being undertaken to turn St.Petersburg into a yachting centre. Now we can host not less than 40 thousand yachtsmen annually.

On the other hand, in last years there have increased number of visits by citizens of St.Petersburg to the region of the Baltic Sea. Reasons of that - as we consider - crisis and financial possibilities not allowing to travel to more distant destinations, and the wish of new generations of St.Petersburg inhabitants to get to know the nearest neighbours. And it is within our possibilities to keep such tendency developed. Maintaining partner links requires not only holding some activities and to exchange delegations, what we are doing, of course, but also to exchange constantly information as well. Many our partners have their permanent representations in St.Petersburg and the city Government supports creation and activity of information business centres abroad (e.g. Hamburg, Riga, Turku, Oslo, Kotka, Jyväskylä, Rakvere, Kohtla-Jarve, Hameenlinna, soon - in Vilnius).

In conclusion, I would like to say that what we need is to use at maximum the existing instruments of the Union of Baltic Cities, and at the same time to apply new ways and formats of cooperation in the spheres which can become the main ones in the region. And, as Mr. Ambassador of Poland said in the first plenary session, to make BSR the most successful in Europe.

Once again words of thanks to the organizers of the Conference and all the staff involved for the efforts for the Conference to be a success. And thank you very much for your attention.

## Panel discussion after first plenary session

Uldis Grava

The cities and countries around the Baltic Sea are varied in size, which means a vary large discrepancy in the resources that are available. Is this a problem in implementing the Baltic Sea Strategy where some countries and cities arise to be opinion makers where others seem to be relegated to be opinion takers.

Catharina Sørensen

Actually it's not a problem. I can see that there are some opportunities arising but also some challenges.

If I start with the challenges – as I mentioned the Strategy was based on very wide consultations, all across the region everyone was invited. But it's clear that limited internal resources of for instance small cities may prevent them from contributing as much as cities and actors with much larger resources. The Strategy is based on the principle of no additional resources, and that also goes for the Commission. We hope that everyone finds a way to get involved, but it is easier to be aware of the needs of those who are the most visible and active. Of course we try to listen to everyone. It is a priority of the Strategy to strengthen small remote areas. There are projects that are specifically focused on that and also projects on creating networks among cities. At the same time there are many opportunities created by the Strategy, as it is all about promoting an integrated approach. We are of course aware that it is more difficult to come with input if there are no resources in the first place. We hope that conferences like this and other events will help to also bring the voices of smaller administrations to the floor.

Martti Kohtanen

Even not working in the city administration, I see it parallelly in the business world, because there are big countries and small countries, and the companies. In Siemens there are respectively big companies and small companies. So I am small company with 500 000 000 turnover. We small guys have learnt that we must use our scale, we must be faster, more unbureaucratic and we must search for cooperation, how to share competences, information and experiences. UBC is probably one of those venues, platforms, when the smaller ones can tack in to the competences and experiences of the bigger ones. For me the key word is cooperation.

Zilvinas Silenas

My name is Zilvinas Silenas, I represent the city of Šiauliai, Lithuania, I am a member of the City Council and Chairman of the Finance and Economy Committee. I very much like the idea of Mr Kohtanen, that actually cities have three aspects that have to work on: livability, sustainability and competitiveness. I think that it's a very good description. But we have to recognise that we as cities, are in a very interesting business. We are actually competing for people, because people are the most precious and the only natural resource. And we have to acknowledge that we compete for people, because we are competing not only with other cities in the same country, for example a small city competing with the capital, but we are also competing with other cities in other countries. So now let's come back to the livability, sustainability and competitiveness. I would like to propose, that in fact you can not say that three things are most important, because only one thing can be most important, and I think that in this place it is competitiveness. Doesn't matter how green your city is, doesn't matter how pleasant your city is, doesn't matter how many cultural festivals you have – if you don't have jobs, people will leave. And that is already happening in many countries, especially if we are talking about the eastern European countries with declining population. If we acknowledge, that competitiveness is the most important goal, we see cities as hubs of entrepreneurial activity. We see cities where businessmen actually gather and where businesses are made and this has been done since medieval ages. But we also have the knowledge that cities are hubs of restriction, limitation and red tape. And in fact many people here representing city administrations and city councils can ask you- "what have you

done to make business conditions more friendly”. And if your answers are going to be: “well, we have made some procedures shorter, or that now the permits are issued in a shorter amount of time”, I think that’s all great but you have to remember that you are just reducing the red tape, not cutting it. So my question to Mr Kohtanen from Siemens – if you are made to choose, which one of those three things you talked about is the most important, what would that be, and you can’t say all, because all is not the answer. My second question would be to the members of UBC and European Commission – how can we, working through this forum, basically make our cities more competitive.

Martti Kohtanen

Thank you for the question. It was a very good one. As I presented those three aspects, this was like our company’s view. I also would agree with you that rating of these aspects can be very different depending on the situation of the city. But it boils down in cities and in countries to the same. You have to be competitive to assure your income, because the cities and countries task is to keep up a certain infrastructure. You can’t keep it up if you don’t have income. You can lend, but we have seen, where it leads, if you are not controlling your lending or borrowing. I must agree, it’s competitiveness if I should choose. I am bit perhaps labelled now living myself in Baltic States in Latvia, and seeing the development since 1998. It’s pretty much competitiveness, but very fast are coming environmental aspects, the quality of life. That is something which we have seen for example in Finland. It is not that simple. But for this environment where we are right now I would say that competitiveness is the key driver, because that’s the first asset that you attract tax payers and investors. I would like to add that we have been also thinking how we could address here, because the company can’t establish just like that production sites everywhere, in every village. So this is very cost intensive, but for example we will in two years time move to the new premises in Helsinki. I made them purposely too small, because we want to give our employees opportunity to work remotely, work from that place where they want to live and stay. From entrepreneurs this is definitely one step to the direction, that at least for the tax payers you give the opportunity of using modern technology to work flexibly and stay there where they like the most.

Mikko Jokinen

I have the question to doctor Sørensen. You mentioned the funding instruments and development of tools and mentioned few of them, but you didn’t mention agricultural funds. Does this mean that the Commission doesn’t consider them important for the Baltic Sea future?

Catharina Sørensen

I did in fact mention agricultural funds, they were not on my slide, but I added the Rural Development fund to the discussion on where we see progress with respect to the alignment of funding. The Rural Development Fund is an important leg of the Common Agricultural Policy. There was a conference in Helsinki last week looking at how to further the macroregional approach in these programs. And I think that we are seeing for the very first time some of these rural development programs contributing directly to fund cross-country strategy projects. This is an important step. So I think we are seeing some progress here as well, it may not be so visible, but DG Agriculture is doing a big effort to try to also align these funds. They are, as you said, extremely important for the region. Much more can be done, but we are seeing the beginnings and they are not forgotten in the picture of the alignment of funding.

Jerzy Marek Nowakowski

This is a real problem of the Polish presidency now to harmonise the interests of the members of the European Union vis a vis the European Funds. First of all this is a question of the Common Agriculture Policy, but not only. This is the problem of the Cohesion Funds, multiannual financial perspective which started now the discussion in the EU. For example, when we discuss the problem

of common agriculture policy, on one hand there is a Polish government. We express first of all that we are for the harmonisation of the European funds for one standard for all European members. On the other hand, as a Presidency, we would like to ask all the members for the position, because the key value for the European Union is to keep EU as the strong, solidary body in the world politics. The second one is to use the financial instrument for the harmonisation of some particular interests of the states. On this reason still works the group of friends of the cohesion policy. On the other hand for Germany, for Sweden, for the net payers, to the net contributors to the European budget this is also a serious problem. And finally – we have the question. Maybe a key question of the future of European eurozone, vis a vis the Greek and more or less Portugal crises now. This is a very difficult question in my opinion and this is an experience of the Polish presidency of the last months – it's impossible to divide the European funds to the same groups. We need to prepare a European budget, especially in the multiannual perspective using all the instruments as complementary, one to the second.