

CBSS and the Economic Cooperation in BSR

by Hannu Halinen

The Baltic Sea Region is a heterogeneous area, reflecting clear diversities; it is like a mosaic composed of local, regional and national activities. On an intergovernmental level, diversities also prevail, although European integration has recently made its mark in economic and political fields. Under these circumstances, is there a sufficient enough basis to talk about a common identity, to identify the Baltic Sea Region as a brand? I think one can distinguish a common BSR vision commensurate, at least, with the Mediterranean – a vision based upon such features as competitiveness, human development (education, culture, tourism, welfare state) and an ICT/information society.

The BSR has undergone a paradigm shift during the last fifteen years, with the emphasis moving from political to economic, social and environmental development. This has affected the role of the four main intergovernmental organisations in the region, the Council of the Baltic Sea States (CBSS), the Nordic Council of Ministers, the Arctic Council and the Barents Euro-Arctic Council.

As a follow-up to the Baltic Sea Summit in June 2004 in Laulasmaa, Estonia, the CBSS is engaged in reassessing its role within the regional playground after the EU enlargement. To be specific, the Heads of Government expressed expectations on our cooperation to become more pragmatic and result-oriented. The process of exploring new approaches to economic cooperation complementary to the EU agenda is underway. The search for a new niche that the CBSS could occupy in regional affairs would require a certain reprioritisation, taking into account three parallel processes: EU enlargement, Russia's accession to the WTO and developments within the creation of the EU-Russia within the four "Common Spaces". It is probable that first outlines of the re-evaluation work led by the permanent CBSS Working Group on Economic Cooperation (WGEC) would be already sketched by the next CBSS Ministerial meeting in Szczecin, in June 2005.

The economic cooperation in the CBSS is based on two documents adopted by the Ministers in charge of Trade and Economy; the Bergen (2000) and Moscow (2002) Action Plans. The WGEC was established in 1993 with a wide and flexible mandate of monitoring and developing the overall cooperation in the economic field. It is tasked to identify ways and means of increasing the perception of the BSR as an attractive area for investments.

Such topics as reducing barriers to trade and investment, including the promotion of entrepreneurship, the improvement of conditions for the border-crossing of goods, the fight against corruption and enhanced cooperation with the Russian North-West regions are high on the agenda for the current Polish Chairmanship in CBSS. At present, particular importance is given to the investment promotion.

There is a general understanding that the infrastructure around the BSR and, first of all, at its Eastern part, needs significant improvements. Such a situation impedes both the growth of trade and investment, as well as efforts by the

member-states to increase competitiveness. It is thereby assumed that the "infrastructural" topic could be successfully addressed on a regional level, subject to an appropriate commitment by the member-states. In this conjunction the feasibility of a new regional financial institution for Northern Europe, in complementing the existing institutions, could be considered.

Due attention should also be given to the "soft" infrastructure – the ITC, as one of its key and essential prerequisites for economic growth. I would refer to the work within the Northern e-Dimension Action Plan (NeDAP) aimed at strengthening the leading position of the BSR in building an information society. The NeDAP is run by the CBSS Group of Senior Officials on an Information Society. As of 2005, the efforts of the SOIS would be enhanced by an expert and the financial potential of the Nordic Council of Ministers (NCM). Furthermore, the idea of establishing a Common Baltic Information Space could provide a substantial contribution to the fulfillment of the Lisbon Strategy, at least here in the BSR.

One of the key conditions for strengthening competitiveness is a closer link between the economic actors and education/research institutions. Innovation and advanced technical solutions, especially in the field of SMEs, could be crucial for both market expansion and attracting new investments. A knowledge-based economy is a goal that needs to be consistently pursued to this end.

Along with the WGEC, some other CBSS family working structures with a specific profile such as, the ad-hoc Working Group on Transport, Baltic 21, and BASREC – cooperation in the Energy sector, are also contributing well to economic cooperation. An increased coordination of activities between them, as well as with other regional actors, including the EU Commission, the BDF, the Barents Euro-Arctic Council, the NCM, the OECD, and the Baltic Sea Forum – Pro Baltica, is indispensable.

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