



**Report of the 29th Session of the Baltic Assembly,
the 16th Baltic Council
21-22 October 2010, Riga**

1. Presiding officers of the Session :

- **Mrs. Ērika Zommere**, President of the Baltic Assembly, Chair of the BA Latvian delegation
- **Mr. Trivimi Velliste**, Vice President of the Baltic Assembly, Chairman of the BA Estonian delegation
- **Mr. Paulius Saudargas**, Vice President of the Baltic Assembly, Chairman of the BA Lithuanian delegation

2. Agenda of the Session

- Opening of the Session
- 16th Baltic Council
- Signing of the Joint Statement of the 16th Baltic Council
- First Panel discussion on “Joint Health Care Projects in the Baltic States”
- Second Panel discussion on “Towards a Safe Society and the Quality of Life: a Challenge for the 21st Century”
- Signing of the memorandum of Understanding between the BA and BASTIC
- Addresses by foreign delegations
- Report of the Presidium of the Baltic Assembly
- Reports of the BA Committees on the activities in 2010 and priorities for 2011
- Discussion on the Resolution of the 29th Session of the Baltic Assembly
- Election of the President and Vice Presidents of the Baltic Assembly 2011
- Election of the Chairpersons and Vice Chairpersons of the BA Committees
- Address by the newly elected President of the Baltic Assembly
- Signing of the Final document of the 29th Session of the Baltic Assembly

Opening of the Session

Mrs. Ērika Zommere, President of the Baltic Assembly, opened the 29th Session of the Baltic Assembly in Riga at the Saeima of the Republic of Latvia, noting that the Session is attended by parliamentarians, government representatives, representatives from international organisations, ambassadors, and distinguished experts who will jointly discuss issues significant to the Baltic States: stabilisation of economy, renewal of competitiveness, joint projects in the area of health care, and sustainable development. On behalf of the Baltic Assembly, Mrs. Zommere expressed her gratitude to Mr. Gundars Daudze, Speaker of the Saeima, Mrs. Ene Ergma, President of the Riigikogu, and Mrs. Irena Degutienė, Speaker of the Seimas, for their involvement and interest in the discussions held among the Baltic legislators and government representatives. Congratulations were expressed to Estonia with its success in joining the euro zone in 2011.

The Baltic parliamentarians have submitted a number of recommendations and appeals to the Baltic governments on cooperation in the field of monetary and fiscal policy, on major infrastructure and energy projects, as well as on forming a single procurement system for medicinal products and developing joint specialised medical centres.

After the welcoming address of the President of the Baltic Assembly, the national anthems of the three Baltic Republics were played.

H.E. Mr. Gundars Daudze, Speaker of the Saeima, welcomed the participants of the 29th Session of the Baltic Assembly, members of the Baltic Council of Ministers, as well as cooperation partners from Benelux and Nordic countries, to the building of the Saeima of the Republic of Latvia. The Baltic Assembly was one of the first cooperation organisations of the Baltic States founded soon after the restoration of independence. Next year we will celebrate the 20th anniversary of the Baltic Assembly. During these years, the Assembly has served as a forum for discussions and exchange of experience; it has sought solutions and offered recommendations for improving security, economic growth, and closer cooperation of the Baltic States. Healthy competition and coordination of joint efforts have been the keys to our success during the 1990's for they enabled us to strengthen a democratic state administration and to establish a basis for further development of our countries. They have also helped during the past decade in the quest for membership in the EU and NATO.

Currently, cooperation among the Baltic States can be characterised by political support, close economic integration, and practical cooperation. Joint health-care projects in the Baltic States is one of the examples of how an idea which is conceived in the Baltic Assembly can be transformed into real recommendations and practical results that will benefit all inhabitants. The Speaker wished success to the established task force, and urged the Baltic Assembly to keep this item on future agendas.

It is also important to improve the existing close cooperation between the Baltic States and Nordic countries. Upon Latvia's initiative, cooperation between the Baltic States and the Nordic countries was assessed; as a result, a report was drafted by independent experts, revealing numerous areas where closer cooperation among the NB8 countries would be logical, feasible and mutually beneficial. The task of the Baltic Assembly, as an interparliamentary assembly, is to ensure political oversight of the development of this regional cooperation.

Last year our attention was focussed mainly on the complex economic situation in the region. It was a time when the economic and financial crisis had hit hard all of the Baltic States. Today we can be cautiously optimistic. Macroeconomic data indicate the signs of economic stabilisation. By making hard decisions and implementing strict fiscal discipline, our country has managed to increase the volume of export, achieve the second highest increase in industrial production in the EU, and gradually decrease the unemployment level. Three weeks ago in general elections, the people of Latvia voted in favour of continuing the work undertaken to stabilise the economy; therefore, the new convocation of the Saeima and the new government will have to stay the course. This year the Session of the Baltic Assembly is being held in the Plenary Chamber of the Latvian parliament. In 10 days, the first sitting of the newly elected 10th Saeima will convene in here.

Mr. Daudze thanked Mrs. Ērika Zommere, chairperson of the Latvian delegation to the Baltic Assembly during the current 9th convocation of the Saeima, as well as other members of Latvian delegation, for their diligence and fervour in developing dynamic and pragmatic interparliamentary cooperation without losing its main value – the spirit of Baltic unity. He thanked the Presidium of the Baltic Assembly, the Secretariat of the Baltic Assembly, and all colleagues for their contribution; and wished success to the Estonian parliament, which will assume the presidency of the Baltic Assembly in the upcoming year.

H.E. Mrs. Ene Ergma, President of the Riigikogu, on behalf of the Riigikogu of Estonia greeted everyone at the 29th Baltic Assembly, and thanked Mr. Gundars Daudze and wished success in his new challenges. It was noted that the session will focus on economy and social issues. The most important challenges in 2010 were keeping budget deficit under control and cutting expenses during economic recession. Painful decisions were crowned by success – on 1 January 2011 the official currency of Estonia will be the euro. It has been done for the general economic stability, for the political and economic stability and success of each Baltic State is an essential part of the success of all three states. It is our duty not to leave anyone in this region alone with its worries and problems as we are so closely connected with each other that the success of one has a positive effect on all, and the failure of one influences the reputation of all. The coming years will not be easy, the forecasts do not show any phenomenal economic growth. The number of the unemployed will still remain significant. Mitigation of unemployment is one of the greatest challenges of today. High unemployment shows how important it is to give education to people because although youth is the best time for studying, nobody can get by in life without acquiring new knowledge. On the labour market there is a demand for people whose education is connected with technology, sciences, environment, information or nanotechnology. The competitiveness of our countries depends on the education and professional level of our people.

The year 2011 marks the 20th anniversary of the re-establishment of independence of the Baltic States. On the occasion, the speakers of the parliaments of Nordic and Baltic States and other guests are invited in Tallinn on 20 August. In 20 years all our great objectives, like accession to the EU and NATO, have been achieved. Our transition period has ended. Therefore we should not look for justification for our failures and mistakes in our past and 50 years of Soviet occupation, but look boldly forward and set new targets for the future.

The existing form of the Baltic Assembly has served us well, but the circumstances have changed, therefore its form and content have to be adjusted too. The Baltic Assembly must essentially become more efficient, more relevant and more visible to its citizens. There should be transition from the existing delegation-based work to closer communication between parliamentary committees of national parliaments. Accordingly, the Nordic-Baltic (NB8) format should be strengthened. Closer Nordic-Baltic cooperation in foreign and defence policy will guarantee us greater political influence. The recently published NB8 report by two wise men contains several concrete proposals about the fields in which we should move on.

For Estonia, the next year will be the year of the presidency of the Baltic Assembly, when new targets need to be set. The priorities of the Baltic Assembly and the Baltic Council of Ministers in 2011 are: 1) cooperation in development of regional energy market and issues related to energy security; 2) development of knowledge-based economy; and 3) development of infrastructure, including “Rail Baltica”, “Via Baltica”, transport and transit. Mrs. Ergma welcomed everyone to the 30th Session of the Baltic Assembly, 17th Baltic Council in Estonia next year.

H.E. Mrs. Irena Degutienė, Speaker of the Seimas, greeted all the Latvian, Estonian and Lithuanian representatives who have gathered for the Session and expressed her gratitude to Latvia for holding the presidency of the Baltic Assembly this year. The Baltic Assembly should lead the cooperation of the Baltic nations, and the decisions made should have a real impact on the policy of our states. Strengthening the Baltic States and the Nordic countries’ cooperation is one of the Baltic Assembly’s priorities in 2010. The Baltic States and the Nordic countries should become an undivided community with both a common political and economic development vision and an undivided security concept.

The Lithuanian Parliament has favourably evaluated the Wise Men Report and its recommendations with regard to a closer partnership of the states. The Baltic Assembly together with the Nordic Council should not only coordinate the implementation of recommendations presented in the Report, but also suggest their own projects which would enhance the integration of the Baltic States and the Nordic countries, and make a kind of a bank of modern ideas and targeted European integration deepening initiatives. In May 2010 Jerzy Buzek, President of the European Parliament, and Jacques Delors suggested developing a long-term strategy of the common EU energy policy, proposing to consider the possibility of shaping regional gas purchasing groups and establish the EU gas purchasing agency in the long term. The activities of these groups would be aimed at negotiating on gas supply contracts with external suppliers, implementation of joint investment projects and creation of infrastructure for storage of gas reserves. These measures would limit possibilities of certain energy suppliers to take advantage of their monopolistic situation or carry out discriminative gas pricing policy against individual EU member state. She invited to set up a joint expert group of the Baltic Assembly and the Nordic Council to consider this initiative and present recommendations on its implementation.

Another idea is of setting up a Common Baltic-Nordic Information Space, which would increase the information security that has been impermissibly devalued, pushed aside and exposed to external information and ideological influence. Baltic and Nordic television companies should exchange their programmes, regularly informing about topicalities of their country's life, culture, traditions, thus helping the Baltic States residents to partly identify themselves with the North European region and help the Nordic people to re-discover the Baltic States.

Another idea is the North Defence Alliance, as discussions have intensified after the Russia-Georgia war in 2008. The project of the common Nordic-Baltic Defence Alliance would not only strengthen the security of the Baltic States but also help them to become a part of the Nordic "security community" which would enhance security of the whole region.

The effects of the economic crisis are a proof of a specific problem in the banking sector of the region. The practice of the Nordic banks has shown that the Baltic States are not yet considered as a constituent part of the Nordic countries' market. The Baltic Assembly together with the Nordic Council could undertake to clarify what homework might help to achieve this integration and protect from similar crisis of the banking sector.

A growing and enhanced progress, welfare and security of one state contribute to strengthening the whole region. The Baltic Assembly, like an eloquent example of historic cooperation of the Baltic States, can and must continue its activities by implementing qualitative changes, reacting to newly emerging problems, thus gaining a new value.

Mrs. Ērika Zommere, President of the Baltic Assembly, on behalf of the Baltic Assembly, extended special gratitude to Mr. Gundars Daudze, Speaker of the Saeima, for understanding the importance of the priorities set during the Latvian presidency and for support in realising them. Sincere gratitude was passed to Mrs. Ene Ergma and Mrs. Irena Degutienė for their active involvement in promoting Baltic parliamentary cooperation. It was emphasized that the most important aim is a unified, mutually supportive and integrated Baltic partnership that would result in economic and social welfare.

The 16th Baltic Council

Mrs. Ērika Zommere, President of the Baltic Assembly, on behalf of the Baltic Assembly opened the 16th Baltic Council, during which the cooperation between the Baltic Assembly and the Baltic Council of Ministers will be assessed. This year cooperation between the Baltic Assembly and the Baltic Council of Ministers has focussed on the stabilisation of economy, defence and security policy, including NATO's new Strategic Concept, as well as health care and infrastructure projects. Mrs. Zommere thanked all the line ministers of the Baltic States, particularly the ministers working in the spheres of defence, economy, transportation and health for their willingness to deal with these issues in an integrated manner emphasizing that the Baltic partnership cannot be formed without a single mechanism for coordinating the legislative and executive branches.

H.E. Mr. Aivis Ronis, Minister for Foreign Affairs of the Republic of Latvia, Chairman of the Cooperation Council of the Baltic Council of Ministers, emphasized that Latvia, Estonia and Lithuania are close allies in the most direct and the broadest sense, for they are not only the neighbouring countries, but also member states of the EU and NATO. It is essential to have an open and regular exchange of opinions on bilateral issues and questions related to economic cooperation. Mutual cooperation in stabilizing the economy and facilitating competitiveness of the region has become particularly essential.

When speaking about facilitation of competitiveness of the region, the Baltic States have to look towards a more target-oriented cooperation with the Nordic countries. Agenda of the Ministers of Foreign Affairs is very much decided by external policy activities that would increase the strategic value of resources, renew competitiveness in the region and ensure economic security, which is one of the preconditions for full-fledged functioning of our countries in the EU and NATO.

On 23-24 September the meeting of the Prime Ministers of the Baltic State took place, where ministers had highly assessed the activities been taken to stabilise economy of the Baltic States, and emphasized the need for further structural reforms and budget consolidation. The Statement of the Prime Ministers concluded the willingness to facilitate economic recovery further, and to attract more high quality foreign direct investment to the Baltic States. Baltic export has to be integrated in the single EU market.

In order to ensure sustainable development of economy, it was essential that Estonia joined the euro zone starting from 1 January 2011. The Minister congratulated the Estonian colleague Urmas Paet with this success. Latvia and Lithuania is committed to introduce euro in 2014.

When analyzing cooperation in the area of finances, in future particular attention should be paid to consultations about tax policy as well as the development of national positions regarding joint position on the EU initiatives in economy and finances. On 17 August Denmark, Estonia, Iceland, Latvia, Lithuania, Norway, Finland and Sweden signed the agreement on cooperation in ensuring stability of cross-border finances, crisis management and provision of solutions. Although this agreement is not binding for all the signatory parties, it sets forth the opportunities to establish a system for exchanging information and coordinating activities in the area.

The BCM is also implementing the Baltic Energy Market Interconnection Plan (BEMIP), which is a pragmatic and uniting instrument to tackle energy security and energy market integration issues in the Baltic Sea region. A significant progress has been achieved in implementation of interconnection plan in energy sector. Starting from 1 April 2010, Lithuania and Estonia have opened their electricity markets up to 30% extent, which gives opportunity to all large consumers to purchase electricity for a real market price. On 1 April 2010 Estonia joined Nord Pool Spot Price Area, whereas Latvia and Lithuania plans to join it in 2011.

Electricity market should include common framework for the import of electricity from non-EU countries. This framework will be created by setting clear and transparent network fee system. It is also essential to adopt a coordinated position towards the future organisation of the gas market in the Baltic States and to work closely on the further diversification of gas supply, including LNG supply.

The BCM is also strongly supporting the proposal for the Trans-European Transport network Policy which provides connection with the third country infrastructure projects. A closer cooperation should be developed among the Baltic States with regard to the European Union TEN-E policy review process. Work is being continued with the “Rail Baltica” and “Via Baltica” projects.

A continuous progress has been marked and expectations for further development of the Visaginas NPP project have been reiterated. There should be close cooperation in attracting

international financing to projects of regional importance and in developing the favourable regional environment for the project.

Environment related issues are also an area where the Baltic States can successfully cooperate. Special attention was paid on issues to improve the situation in waste management and protection of the Baltic Sea. Much more importance should be paid to joint measures regarding prevention of climate change.

In health care area a certain progress has been achieved. Amendments have been made in the Pharmacy law thus the Baltic States will improve their openness concerning purchasing of medicinal products.

Regarding security and defence policy, the Minister expressed gratitude for the credit of confidence which was given from all the three Baltic States to represent common interests in the group lead by the former Foreign Secretary of the US Madeleine Albright which prepared recommendations for drafting the new NATO strategic concept. The new NATO strategic concept will be approved in November in Lisbon, giving clear answers and tasks for the next ten years.

Regarding involvement in international support force mission in Afghanistan, on 13 October the United Nations Organisation extended the mission's mandate for another year. The Baltic States are also continuing their involvement in EUPOL mission. 2011 will be a decisive year for further development of Afghanistan and their capabilities to take the power and responsibility. It will be necessary to evaluate the participation in the mission and our civil and military capabilities.

In the area of defence and security an important issue is air policing in the Baltic States. Within the framework of NATO there are solutions concerning air policing in the Baltic States after 2014.

Military trainings and exercises have been increased in the Baltic region. Currently the military exercises "Sabre Strike 2011" are being held, gathering more than 1700 soldiers from Latvia, Lithuania, Estonia, Poland and USA. These trainings have improved mutual cooperation, combat readiness and better coordinated the defence structures of the Baltic States.

Strengthening cooperation between the Baltic States and the Nordic countries is an essential element to improve competitiveness of the region. The Joint Statement of NB8 has been drafted, which initially was intended to encompass only political issues of foreign and security policy, but later addressed also issues of energy and education, thus including 38 recommendations intended to promote further cooperation.

In August 2010 in Riga the Ministers of Foreign Affairs from the Baltic and Nordic countries met, and at the occasion it was agreed to organize special consultations with the line ministries, and to draft a special plan with statements.

The Baltic States have a wide cooperation on foreign issues including that what concerns the EU policies, the EU Strategy for the Baltic Sea region, involvement of the Baltic States in the Eastern Partnership as well as intensification of cooperation with partner countries, and the EU and Russia dialogue. The joint EU finance perspective for 2014-2020 and the goals set in the EU-2020 Strategy are another uniting elements. It is very essential for the Baltic States to represent themselves in the EU external service. In this respect the achievements of Vigaudas Ušackas, the former Minister of Foreign Affairs of Lithuania, in representing the EU interests in Afghanistan can be highlighted.

Currently active discussions are taking place with regards to the planned OSCE summit in Astana, where Lithuania will overtake the presidency from Kazakhstan in 2011. It is essential to have a united dialogue and joint initiatives with the strategic partners. The dialogue between the Baltic States and the USA should also not be underestimated. In September the freedom foundation of the Baltic States and America was launched.

The Minister extended his gratitude to all the people who were involved in implementation of the Baltic States cooperation projects. Next year will be a symbolic year – significant point of reference for the cooperation of the Baltic States, marking the 20th Anniversary since the independence of the Baltic States. The Minister wished success to Urmas Paet in assuming the presidency of the BCM in 2011.

H.E. Mr. Urmas Paet, Minister for Foreign Affairs of the Republic of Estonia, thanked Latvia for a very active presidency of the Baltic Council, noting that a great progress has been achieved in many important issues, such as coordinated economic issues, cooperation in the field of

environment, transportation, and creating task force on social issues. Main challenges in the Estonian presidency will continue to be exiting economic crunch, increasing energy security and creating energy and transport networks. Main priorities will be development of a knowledge-based economy, increased energy security, and establishment of energy and transport association.

Knowledge-based economy is one of the main prerequisites for sustainable economic growth. Focus on innovation and development of economy is not new for the Baltic States, however the emphasis in tackling these challenges will be on how to move forward more efficiently, how to best implement our potential, and how to improve cooperation in implementing new ideas, including the use of new technologies.

Digital solutions are new possibilities which should be implemented to full extent. The importance of cooperation between Estonia, Latvia and Lithuania for the development of the digital domestic market is essential. It would be necessary to make the most of such skills and knowledge. The absence of a European Union digital market is one of the major factors holding back the competitiveness of the EU. With Nordic countries the Baltic States have the potential to become the pioneers in shaping the fifth basic freedom – digital freedom – of the European Union.

Regarding energy security the importance of the creation of an energy market as part of a common Baltic-Nordic market was emphasized. This would be contributed to considerably by the expansion of Nord Pool Spot to Latvia and Lithuania. It is also necessary to establish a common regulation for electricity imports from third countries, to avoid market distortion and ensure smooth operation of the electricity market.

Thanks to the Baltic energy market interconnection plan adopted two years ago the Baltic electricity market can completely be integrated into Europe. Estlink I electricity cable is ready; Estlink II, Sweden-Poland and Lithuania-Poland link are being worked on. Local production capacity should not be underestimated, therefore it is important to proceed with the Visaginas NPP project. According to these developments, Estonia will decide either to build its own NPP or participate in the Visaginas project.

Work needs to be continued on the establishment of a common gas market and the

diversification of gas deliveries. Apart from the establishment of energy association and ensuring diversification of deliveries, it is as important to focus on projects of regional transport links, above all “Via Baltica” and “Rail Baltica”. Transport connections and transit are a vital issue for Estonia, Latvia and Lithuania. Restoring train connections between Tallinn and Riga and then to Central Europe is required to meet the pace of globalisation.

Regarding security issues, the following priorities can be named: 1) air policing. It is not profitable and reasonable for all the NATO member states to have air policing capabilities. Baltic involvement has been extended to 2014. 2) military training exercises, which is a part of collective defence. 3) cyber security and other threats. 4) NATO new Strategic Concept, where Latvian Foreign Minister has contributed on behalf of the Baltic States, 5) allies’ duties, contribution in Afghanistan missions. 6) environment (the Baltic Sea, waste, heavy metals, mines, oil leaks, endangering flora and fauna species etc). Latvia, Estonia and Lithuania have updated environment protection framework agreement, where the main areas are strategic transborder environmental impact assessment and fighting of climate change.

The coming year for the three Baltic States will be very special – the restoration of independence and its 20th Anniversary will be celebrated. It is necessary to cooperate and work faster, come out of the economic crisis, become connected in transport with the rest of Europe, and improve our energy links. Great emphasis should be put on finding more opportunities for the future and implement them, especially concentrating on connectivity, innovation and maximal use of new technologies.

Mr. Egidijus Meilūnas, Vice Minister for Foreign Affairs of the Republic of Lithuania, thanked Mrs. Ē.Zommere for the excellent presidency in the cooperation institution of the Baltic States. Next year the Baltic States will celebrate the 20th Anniversary of the reestablishment of independence.

Strategic cooperation of the Baltic and Nordic countries has become one of the priorities of the Baltic Assembly and the Baltic Council of Ministers. The Wise Men Report on NB8 provides valuable guidelines for joint actions, and the experience that has been accumulated gives us an optimistic prospect. Projects that are important for the Baltic and Nordic countries include high technology, transportation, cooperation between high schools etc. When approaching the EU financial perspective 2014-2020, it would be necessary to allocate funds for implementation of

the most important projects, and present those which are common to all the three Baltic States. Another significant project where cooperation should be intensified is related to creation of common information space in order to ensure exchange of information about the lives in the neighbouring countries.

The Minister pointed out the most important joint regional projects in health care, social welfare, energy and transport areas. Once more the energy independence was emphasized, noting the implementation of important power links: BaltLit, Pol-link and Estlink II, and stressing the importance to select strategic investor for the Visaginas NPP project. There are plans to create a unanimous gas market and to connect Lithuanian gas link to Polish networks. By implementing these projects adequate funding of the most important projects on European level should be sought.

Regarding transport projects, transport infrastructure is a precondition for development of countries' economy and for creating social welfare. The EU Strategy for the Baltic Sea region covers the most important projects of the region. The new format of transport external dimension, the transport and logistical partnership of the Northern Dimension should be soon formed. This partnership will seek implementation of infrastructure projects connecting the EU and the non-EU states. Successful implementation of the "Rail Baltica" will provide conditions to successfully contribute to the implementation of the most important provisions of the EU transport policy to transfer part of the growing cargo and passenger flows from road to railway transport.

Baltic States have never been as safe as they are today, which is due to its member status in the NATO. Collective defence has been and will always be the key principle of NATO, at the same time it is necessary to bear in mind that the geopolitical situation of the Baltic States obliges to constantly take care of their own security. One of the key tasks is to ensure that NATO air forces continuously carry out air policing mission. The sense of security can be strengthened by ensuring that the Baltic States are viewed as NATO members both in their societies internally, both externally.

In conclusion, Vice Minister Mr. Meilūnas wished Estonia luck in its next year's presidency.

Discussion

Mrs. Ērika Zommere, President of the Baltic Assembly, asked the Foreign Minister of Estonia whether recommendations in the Wise Men Report can be put on the agenda of the Baltic Council of Ministers in 2011?

H.E. Mr. Urmas Paet, Minister for Foreign Affairs of the Republic of Estonia, answered that proposals in the Wise Men Report are realistic and they should be implemented.

Mrs. Silva Bendrāte, Chairperson of the BA Social Affairs Committee, extended her gratitude that social issues are highly emphasized in the Baltic Council of Ministers this year.

Mr. Paulius Saudargas, Vice President of the Baltic Assembly, noted that during the addresses the proposals for common security space and energy market were mentioned. What would be the possibility for coordinated action by Baltic-Nordic inter-state joint groups for negotiations regarding energy resources, gas prices? How could a possibility of such a group be viewed?

H.E. Mr. Aivis Ronis, Minister for Foreign Affairs of the Republic of Latvia, noted that this issue is closely related to energy security issue, which is very topical not only for the Baltic States. Concerns have been noticed not only among the NATO member states, but also other partners. The cooperation of the Baltic States in the area of energy has been successful. Some projects could be developed much faster, but there is common understanding among each other. Common understanding has also been reached with regards to the new strategic concept of the NATO, where energy security was indicated as one of the integral aspects for security in general. Further plans in coordinating energy policy include consultations on joint positions and setting single price for gas. The price of gas is an issue common for the EU in general, but the Baltic States could take initiative in leading the discussion in this area.

H.E. Mr. Urmas Paet, Minister for Foreign Affairs of the Republic of Estonia, acknowledged that there is a very strong cooperation between the Baltic States in the field of energy, and noted that in order to increase energy security and lower price for energy resources, it is necessary to have adequate connections between Latvia, Estonia and Lithuania, and adequate connections vis-à-vis third countries, with Finland, Sweden, Poland. Gas price in the Baltic States is one of the highest in Europe, the reason being the existing monopoly. It would be needed to set LNG

stations. As regards imports from third countries, the Baltic States should be united in proposing solutions how to handle electricity imports from third countries, so that the competition is honest. As energy is both an economic, both a security issue, more alternatives to influence the price and to increase the level of energy security are needed. Visaginas NPP is an important project, and it is necessary to implement this project fast, especially when the Kaliningrad and Belarus plants are in the process already.

Mr. Rytas Kupčinskis, Vice Chairman of the BA Budget and Audit Committee, Member of the Social Affairs Committee, asked the Foreign Minister of Latvia about the air policing issues in the new NATO Strategy, whether any new recommendations have been presented.

H.E. Mr. Aivis Ronis, Minister for Foreign Affairs of the Republic of Latvia, answered that the NATO Strategic Concept is a strategic document, which does not directly speak about single operation of NATO in the air policing. During discussions which were held with various experts and NATO commanders, this idea emerged. NATO member states will be very interested in this issue and there will be solidarity in addressing this issue. Until the Baltic States do not have their own capabilities for shaping it and purchasing very expensive air craft, NATO will continue its air policing mission in the Baltic airspace.

Mr. Stanislovas Giedraitis, Member of the BA Economic Affairs, Communications and Informatics Committee, asked whether it would be reasonable to use the resources in the Baltic Sea.

H.E. Mr. Aivis Ronis, Minister for Foreign Affairs of the Republic of Latvia, answered that all Baltic States act with responsibility towards resources in the Baltic Sea. The cooperation between the Baltic States and also with the Nordic countries is very good. There is the Baltic Sea development strategy in place.

At the end of the 16th Baltic Council the Joint Statement was signed by the President of the Baltic Assembly Mrs. Ērika Zommere and Chairman of the Cooperation Council of the Baltic Council of Ministers, Minister of Foreign Affairs of Latvia H. E. Mr. Aivis Ronis (see annex no. 1).

First Panel
“Joint Health Care Projects in the Baltic States”

Mr. Trivimi Velliste, Vice President of the Baltic Assembly, noted that the three Baltic States have been for a long time brothers in destiny therefore their strategies for growth are also very similar. The main resources in these strategies are a human being, the knowledge about people and their health. The Baltic States are interested in similar cooperation models, and they want to use the resources that are available in order to achieve the set goals. To guarantee sustainability and growth, when restoring the States’ competitive ability, the human resource should not be neglected. Bad health, addictions, low birth rate etc. is a loss of resource. Good health is a great foundation to achieve our strategic goals.

Last year Social Affairs Committee of the Baltic Assembly jointly with the social committees of the respective parliaments began active discussions on the establishment of a common health care system in the Baltic States.

Mrs. Silva Bendorāte, Chairperson of the BA Social Affairs Committee, noted that the Baltic Assembly has always focused on the most topical problem issues and the Social Affairs Committee has organised its work in a very targeted, purposeful and rational way. In 2009 active discussions were started on what the Baltic States should do in the area of health care. This year the Committee has organized meetings inviting representatives from the Nordic countries and the Benelux countries, sizeable and useful materials have been gathered. Together with the government it has been decided to develop qualitative coordinated health care projects: an effective organ transplant system; joint specialized medical centres; first aid system in border towns; a sperm bank to tackle infertility problems; and joint procurement system of medicinal products. Materials have been summarized depicting situation in each Baltic country and setting forth concrete proposals. Implementation of such cooperation projects is a time consuming process. In the beginning an action plan is needed that would clarify and identify areas of health care, and then mutually advantageous agreements should be concluded. The action plan should include necessary legislative acts and estimates for expenses and plans for implementation. Therefore the Committee has turned to executive power about drafting such a plan. In spring the Latvian delegation had a meeting with the Valdis Dombrovskis, Prime Minister of Latvia. In the Council of Ministers these issues are dealt with, and it is an achievement that a special task force has been established which will work and address health care related problems. This group should include representatives from all Baltic countries from national parliamentary respective

committees, because involvement of parliamentarians would facilitate further discussion and analysis of these issues. On 21 October the task force has convened for its first meeting. Pooling of joint resources in the area of health care will definitely affect formation of health care system in each of the Baltic State, and it will be advantageous for each state.

Mr. Didzis Gavars, Minister of Health of the Republic of Latvia, noted that cooperation in the health care sector is much needed in order to increase competitiveness of our medical staff and the offered products, and to ensure increased efficiency of our medical services.

In January 2010 during the meeting of prime ministers of the Baltic States it was discussed whether there is a need to work more closely on improvement of existing cooperation in the area of health. It was decided to establish a task force, the duty of which would be to work on joint projects in the health care sector.

The task force was established on 24 September 2010, the day when agreement with Estonia on first aid services was also signed. The mandate is to elaborate an action plan of the task force group and conduct analysis on eventual efficiency of several proposals. This analysis should look at the following areas: 1) establishment of a common system for state-funded procurement of medicine and medicinal equipment; 2) establishment of joint specialized medical centres for more efficient use of professional skills in the Baltic States; 3) coordination of emergency help in the border towns of the Baltic States; 4) establishment of an efficiently functioning human organ transplant system of the Baltic States; 5) establishment of a common sperm bank and treatment of infertility. The meeting of the Social Affairs Committee of the Baltic Assembly on 25-26 February 2010 in Tallinn gave great impetus and foundation for these tasks. The members of the Committee are further invited to participate in the task force group activities.

Regarding the common system for state funded procurement, Latvia is willing to discuss establishment of a common system for centralized procurement of medicines and medical equipment in the Baltic States. Since the legal framework within the Baltic States is in accordance with the EU Regulations there should be no legal obstacles. The proposal is 1) to identify necessary amendments in the procurement legislation, inviting to the respective meetings representatives from procurement Bureaus; 2) to identify the list of medicines, medical equipment to be purchased under common procurement procedure.

Concerning joint specialized medical centres, specialization among the Baltic States is necessary, but creation of new centres would be very expensive. It is proposed to consider the use of existing facilities in the Baltic States and search for mutual agreement to direct patients within the Baltic States. It would be necessary to discuss the possibility of sending doctors for training abroad.

As regards emergency help in border regions, on 24 September 2010 the Agreement between Latvia and Estonia on mutual aid for providing ambulance services in border areas was signed. Similar agreement should be elaborated between Latvia and Lithuania.

In the area of human organ transplant system in the Baltic States it is necessary to improve the cooperation in the field of information, experience and transplant exchange. Discussions should be renewed on the subject; the issue should be dealt with specialized medical centres.

Regarding sperm bank and treatment of infertility, artificial insemination in Latvia is not covered from the state budget, nevertheless Latvia is interested in discussing this idea. Current financial situation does not allow for Latvia to invest resources from the state budget into new projects *inter alia* in sperm bank development. During the meetings it would be essential to identify key areas of common interest and possible cooperation.

The 1st meeting of the group took place on 21 October 2010 in Riga, the 2nd will be held in 2011 in Tallinn.

Mrs. Nora Ribokienė, Vice Minister for Health of the Republic of Lithuania, noted that regarding directions of possible cooperation in the future the status quo situation will be mentioned. Concerning common procurement of medication, it is necessary to deal with the problem of legal framework that is used in the Baltic States. It is not decided who should take the responsibility in procurement, whether it should be a separate institution or the existing one. What basis for this project should be used, are any additional inter-state agreements needed? It was noted that a pilot project could be reasonable, especially when speaking about centralized procurement that would be beneficial for all the three Baltic States. Negotiations on common price will be the easiest aspect to tackle. The three Baltic States should have a joint list of medication that could be included in the common procurement system. Problem emerges when a disease is not common. There is no information system that could be applied in such a case in

searching that particular medication. Therefore a common information system would be needed. The task force has decided to appoint projects that would create initiatives in other EU member states on European level, and make an assessment of centralized procurement in every state, and to make a list of common medicines in all three Baltic States. The coordinator of this process will be Latvia.

Currently there is no sufficient information about the existing specialized medical centres in the Baltic States. The use of the existing centres would be a good solution, because at the current financial situation it would not be rational to establish a new centre. It is proposed to evaluate possibilities of the existing centres to identify directions for possible activities in the future. Lithuania, for example, could provide cardio vascular surgery, positron emission tomography.

The task force also appointed experts to evaluate the situation of waiting queues of patients, and it was suggested to implement a new directive. The coordinated country is Lithuania.

Regarding coordination of emergency care in border towns, Latvia and Estonia has signed a bilateral agreement. Lithuania in principle supports such agreement, but the problem is that Lithuania does not have a unified centre for processing emergency calls. There is a centre in Vilnius, a similar centre is planned in Klaipeda in 2011. Lithuania could plan to sign an agreement with Latvia in 2011.

As regards organ transplantation system, there are concrete coordination problems. In Lithuania the system is subordinated by the Ministry of Health, in Latvia – by hospital and in Estonia – by university. The number of organ transplantation types also differs in the three Baltic States – in Lithuania there are 6, in Latvia and Estonia – 2. The number of recipients is also different in each country. If there was a common organ transplantation system the costs of testing in Latvia and Estonia would rise considerably. Another problem is models of donorship. In Lithuania family members of the diseased person may sign an agreement regarding donorship, or the person himself may do it. In Latvia and Estonia the situation is different. Lithuania is closely cooperating with Latvia and Poland, whereas Estonia cooperates more with Latvia and Finland.

The EU directive 2010/53/EU will set clear standards of the quality of the organs donated to recipients which means there is a need for competent institution in every state to coordinate the process. Each hospital will need a person to coordinate the process as well. Therefore it is

proposed not to consider the establishment of common transplant system, instead consider in which areas the cooperation could be increased on the basis of the above-mentioned directive. The task force decided to appoint experts in transposing the directive to national legal framework of the Baltic States.

Concerning a common sperm bank and treatment of infertility, the attitude of people is quite different towards reproductive health. In Lithuania only a married woman may apply for sperm bank, and there is no law on supplementary infertility. In the meantime there are three draft laws, and it is possible that one of the projects will be adopted by the Seimas. The projects are different in their essence; one being liberal allowing both male and female cell donorship, the second version does not allow donorship of female cells, whereas the third one forbids donorship of both male and female cells. It would be suggested to postpone consideration of a sperm bank and treatment of infertility projects.

Mrs. Irvi Normet, Deputy Secretary General on Health, Ministry of Social Affairs of the Republic of Estonia, noted that a brief overview of proposals on how to progress in 2011 in the health care area will be given. On the one hand there is a proposal that topics should be united, focusing on the most important areas for cooperation between the Baltic States. On the other hand, it would be necessary to expand our platform in the area. The proposal is to focus on three topics, firstly, continue exploring possibilities for a common system of state-funded procurement of medicines. It is important to see development in this area in the European Union. The Commission has initiated a possibility of joint procurement, particularly regarding vaccination. The EU internally has already a good practice of interstate cooperation in planning the medicine procurement. The task force has the consensus that the best way to proceed is to find legal framework based on the agreements between institutions, and not form a new institution as it will be more expensive and time consuming. It was agreed that the leader in this area will be Latvia.

Secondly, it would be important to look into possibilities of dividing areas of medicinal services. It is planned to map what kind of health care services the three Baltic States do not provide and what kind of services are bought from other EU states. Work will be continued along the lines of what kind of doctor services are in excess, thus picking out services that could be provided to the neighbours. In reducing queues to get to the doctor, information on what kinds of services have long waiting lines will also be provided.

Another important issue concerns emergency help in border regions. Estonia and Latvia has signed mutual agreement this year. Lithuania is planning to continue negotiations with the Latvian side in terms of border hospitals. During the next period it is important to follow developments in the EU in general, and especially what concerns the directive on the patients' rights. The leading party for the establishment of joint specialized medical centres for more efficient use of professional skills in the Baltic States will be Lithuania.

Estonia has the lead for human organs, tissues and cells transplant issue. A good foundation for cooperation among the Baltic States is the European directive which sets the quality and safety regulations for the organ tissue and cell transplant.

Second meeting of the task force will be held on 13-14 January 2011 in Tallinn. It is important that prior to the prime minister's meeting the report on activities in 2010 is produced. Third meeting will be organized in the second half of the year before the Baltic Council of Ministers' meeting on 13-14 October in Tallinn. The main work will be done using electronic channels.

Discussion

Mrs. Silva Bendorāte, Chairperson of the BA Social Affairs Committee, asked about the list of procurements of medicinal products and their pricing, particularly, how much time would be needed to make such a list.

Mr. Didzis Gavars, Minister of Health of the Republic of Latvia, answered that the list is almost ready and the prices will be discussed in the near future. There are certain differences in each country.

Mrs. Ērika Zommere, President of the Baltic Assembly, asked how long time will be needed to sign the agreement between Latvia and Lithuania about first aid services in the border area.

Mrs. Nora Ribokienė, Vice Minister for Health of the Republic of Lithuania, answered that Lithuania will be able to sign the agreement in 2011.

Mrs. Silva Bendorāte, Chairperson of the BA Social Affairs Committee, noted an important question about establishment of specialized medical centres has been mentioned, and noted that

during discussions, many opposite opinions were voiced. Today it could be understood that common points in discussing these issues have been found, namely, it has been agreed to identify which of the countries have achieved the best results.

Mr. Didzis Gavars, Minister of Health of the Republic of Latvia, answered that historically such centres of excellence which are well known outside borders of an individual country, are in each country. In Latvia they include various services for plastic surgery and the first aid. Latvia has established a single first aid service centre. Each country has its own flagships in the medical area.

Mrs. Irvi Normet, Deputy Secretary General on Health, Ministry of Social Affairs of the Republic of Estonia, added that this is the most difficult area of cooperation. Practical cooperation exists between the states, however the first task force meeting has indicated that contact-points are very limited, i.e. services bought from Latvia or Lithuania are very limited.

Mr. Trivimi Velliste, Vice President of the Baltic Assembly, asked about the provision of first aid services in Valga and Valka society. Today it has been told that first aid services are provided on both sides of the border. What is the situation with primary care? To what extent Latvian patients could get primary care from Valga? Is there any agreement or legal framework, or is there difference in economic interest? How soon is it possible to organize that Latvian patients get regular assistance from the Valga hospital?

Mr. Didzis Gavars, Minister of Health of the Republic of Latvia, answered that with regards to follow-up measures which will come after establishment of single first aid service, it has been agreed with Estonia that in 2011 they will take the following measures. With regards to questions whether Latvian patients will be able to use Estonian services and vice versa, it will not be later than in 2012. On 8 June 2010 the cross border directive was launched in the EU and soon it will be implemented in all countries anyway. Healthcare services which will be available in Valga and Valka will be addressed in more detail in the beginning of 2011.

Mrs. Ivi Normet, Deputy Secretary General on Health, Ministry of Social Affairs of the Republic of Estonia, added that if there is a need to send an Estonian patient to get service in Latvia, it can be done only in case Estonia cannot provide this particular kind of service itself. As regards the readiness of Estonia to receive patients from Latvia, there are no obstacles to that. There is a need for the Baltic States to agree which issues according to the new cross-border

EU directive should be regulated more precisely.

Mrs. Silva Bendrāte, Chairperson of the BA Social Affairs Committee, commented that with regards to specialized centres, patients should be provided with information regarding available opportunities to receive treatment in their own country and the neighbouring countries.

Mr. Didzis Gavars, Minister of Health of the Republic of Latvia, added that cooperation in the health care will be implemented among the members states of the entire EU, but the task of the Baltic States would be to begin this cooperation even before in order to become more competitive. It can be ensured by bilateral or trilateral agreements.

Mrs. Sív Fríðleifsdóttir, Chairperson of the Welfare Committee, Iceland, asked about a single system for procurement of medicinal products, noting that the price for medicine is increasing, especially for new medicine. Does the single system for procurement of medicinal products mean that Baltic States are going to buy the products together like being one country?

Mr. Didzis Gavars, Minister of Health of the Republic of Latvia, answered that the situation in the Baltic States is better in comparison with other European countries due to the lack of significant players in the pharmacy market. Pharmaceutical companies not only ask money from the state budget, they are also producers – biggest companies in the meaning of business. It is sometimes tricky to balance these two issues. On the one hand they are demanders from the state, on the other hand – donors of income. Baltic States are in a better situation, because there is not such a dual situation. Baltic States have common historical and economical difficulties, but this issue is problematic for all European countries.

Mrs. Nora Ribokienė, Vice Minister for Health of the Republic of Lithuania, added that even one country may undertake measures to reduce price for medicine. Lithuania has good experience which has been launched and implemented according to the plan of price reduction programme for population. This plan is directed towards pharmaceutical companies, wholesalers, retailers, doctors. Currently prices of medication have dropped by 11%, both for compensated and non-compensated medication. Therefore by joint efforts of at least three countries it will be possible to reduce price for medicine.

Mr. Rytas Kupčinskas, Vice Chairman of the BA Budget and Audit Committee, Member of the Social Affairs Committee, asked how the flows for compulsory insurance will be

coordinated, when there will be one unified centre in the Baltic States.

Mrs. Nora Ribokienė, Vice Minister for Health of the Republic of Lithuania, answered that Lithuania has a legal basis for patients to get treatment in other countries, if Lithuania has no possibilities to treat patient in its own territory. The new patients' rights directive states that as soon as it is implemented the patient will have the right to choose treatment in any European country, and the services will be paid in the same amount as patient would have to pay within his/her home country. This model could be applied to our centre.

Mrs. Silva Bendrāte, Chairperson of the BA Social Affairs Committee, noted that the established task force will have much work to do. What is the atmosphere within this task force?

Mr. Didzis Gavars, Minister of Health of the Republic of Latvia, answered that he himself did not participate in the meeting of the task force, but the colleagues from Latvia who participated have come out of the meeting surprised and happy for the productive and fruitful atmosphere.

Mrs. Silva Bendrāte, Chairperson of the BA Social Affairs Committee, noted that parliamentarians are very satisfied for the fact that executive power has remembered about the parliamentary level and invited to become observers in the task force. The Committee has drafted guidelines or recommendations that are included in the Resolution of the Baltic Assembly. Committee's main activities will be aimed at the following: reviewing family friendly policy, combination of private life and work. There was a proposal on how to make these meetings more public and more attractive, and it was decided that the final meeting could be organized in two parts: a formal part to listen to the results, the second would focus on social issues, e.g. how to promote feeling of happiness and satisfaction. We would like to pay attention to psychological aspects, reduce pessimism and raise self esteem.

Second Panel

“Towards a Safe Society and the Quality of Life: a Challenge for the 21st Century”

Mr. Paulius Saudargas, Vice President of the Baltic Assembly, noted that in spite of the heavy economic and financial circumstances which have a serious impact on every individual we have to recognise that the Baltic States can be proud with the achievements in regard to the substantial goals – regaining independence, building democracy, developing the market economy, membership of the European Union and NATO. But these goals are not just a check list, which

can be ticked as completed and then look for new ones. Achievement of these substantial goals is only one step towards our development and we have to enter a new level.

The theme of the debate is towards a safe society and quality of life which is especially topical issue in the current economic environment. Societies around the world are seeking to view and understand the meaning of “safe society” and “quality of life” in all its ramifications – social, political, cultural, environmental and economic. Safe society and quality of life have to become a goal of our societies and not only of the governments and parliaments, because we all have to act collectively to increase quality of life and safety.

Mr. Roberts Kīlis, Chairman of the Strategic Analysis Commission under the auspices of the President of the Republic of Latvia, noted that safe society and the quality of life is a challenge for the 21st century. There are number of factors that affect the changing notion of what constitutes the quality of life. When thinking about what are the issues that are not just mere difficulties, but qualifies as challenges of the 21st century, it can be said that people in the Baltics have not made serious enough conclusions both in respect to policies, both social understanding. Thinking about the quality of life, health care, security etc., it is necessary to ask what is a key challenge for all three Baltic States now.

Looking at the graph depicting dynamics of fertility rate of the last two generations, it can be noticed that at the time the Baltic States gained independence the fertility rate started to fall and it has been low for the last 20 years. This means number of consequences. Baltic States are leading in Europe with low birth rates, speed of depopulation and to some extent aging. This will have an effect on us for next 20-30 years. Some of the consequences can already be witnessed. The projected decrease in the number of preschool children in Latvia by 2030 shows worrying tendencies. There are places where this number will drop by 50%. There is no place in Latvia where an increase can be seen. The minimum drop is 25-30%. The most depressive figure shows drop within next two–six years with 20-30% everywhere. This poses serious consequences for educational infrastructure, which is one of the key parameters of the quality of life; an access to one of key parameters for the quality of life – distribution of school system, distribution of teachers, spread of extra-curriculum activities.

This issue is related to another, which is characteristic not only in the Baltic States, it is the number of people, especially in the countryside. The countryside and countries are losing

people. This is seen by practical access to services, delivery of services, the cost of delivery of services, the quality of these services. There is a question how municipalities can sustain themselves when the majority of inhabitants are in the pension age; they are people who do not pay taxes in their municipalities.

Another issue which has not yet been considered fully is that decrease in the number of people happens in all age groups, including those that are involved in higher education. Higher educational establishments in Latvia will lose 30-40% of the number of students in the next 9 years. By 2020 nearly half of the expected students will be above 28 years. This demographic fact will have further serious consequences for the system of higher education. It means that higher education institutions would have to re-orient themselves from traditional group of students to other groups, such as grown-ups, adults in their 40s and 50s. It would mean that inevitability of increasing the pension age would make the working life of persons longer than possible guarantee with a profession plan when a person is 20. It means that people would have to return to educational settings at certain time in their lives. There would be a change in the concept of learning, i.e. schools would no longer prepare for the profession of life.

It is not just to realise that there are challenges and multitude of consequences in other fields beyond demographics. There are some solutions, but none of them is comforting. Most of these options are developed by neighbours who have experiences these problems earlier, they are: intelligent shrinking, rethinking education (including higher) infrastructure (institutional, physical, logistical), balance support to the aging with the support to the young and parenthood, and to change paediatric into geriatric department in hospitals, increasing public spending in social care.

The key message is that we are not in the crisis yet, but there is a challenge that may turn into crisis over the next decade if not addressed in time. There is an urgent need to mobilize planning for future demographic challenges in various fields, and urge social debate and motivate understanding. It will mean practical changes in economic and social structure demands change in tax policy, human capital accounting and development, and possibly, cultural outlook. The challenge of the security and quality of life is in the context of larger and long-term changes in demography to find the right strategy mix for the Baltics. It is essential to start with realizing that this is a very serious challenge.

Mr. Edward Lucas, “The Economist” international editor and correspondent for Central and Eastern Europe, noted that it is really difficult to measure the quality of life. It is possible to look at life expectancy, from the business point of view. It is good not to pay too much attention to economic statistics. There are two big indices we can look at. This is the way people vote with their feet and where they vote in their family life. Birth rates, it is a sad sign that independent Baltic States choose to have small families. That is a vote to no confidence in the future, a sign of stress, a sign of no money and time to have large families, which are so needed for demographic reasons.

Another important index is the way people vote with their feet by leaving the country. Estonians, Latvians and Lithuanians in London – why are they there and what are they doing there? Sometimes the answer is uplifting (doing masters degree in London school of economics), but more often answer is pessimistic – no belief that crisis will be over, does not see future in home country. This voting with their feet is a profound index and it has to be dealt with. It is not only a question of demography, but also of national security. If people lose confidence in the country they live, they also lose confidence to pay taxes, and they lose confidence to defend the country.

It is neither a unique problem in the Baltic region, nor in the post soviet region. However, in the Baltic States they are in a particularly acute form, because these countries are small. It is hard to have great educational system, for example, to provide these services with a level of expertise and funding when there is no critical mass.

The suggestion is to specialize. It is not possible to have three world class cardiology faculties or hospitals, neither a world class faculties in economics or languages in each Baltic State. As one example, Stockholm School of Economics in Riga is the place to study economics in the Baltic States.

Another suggestion is to internationalize. Baltic States have a great chance to be low cost providers of high quality public services, particularly in education. Here a language aspect is important. Providing education only in national language loses many advantages, expertise from abroad. If studies were mainly in English, which is an international learning language, there is also a disadvantage – a threat to national languages. Ultimately, if the Baltic States want to have high quality public services, particularly on health and education, the choice is to specialize and

internationalize.

Dr. Marju Lauristin, Professor, University of Tartu, Faculty of Social Sciences and Education, Institute of Journalism and Communication, Department of Social Communications, Estonia, informed that she has been working with the human development report in Estonia. Also authors from Lithuania and Latvia have been invited to join this work. We try to reflect on what has been going on in the Baltic countries, how to go on further. After 20 years of development we are in a different situation we imagined before. 20 years ago we were very self confident, spoke about the Baltic Way, that we were very sure of. Dr. Kīlis suggested having a Baltic mix. Many people would say that there is no Baltic Way; each country is going its own way. It was decided to collect evidence, to compare it.

In some things we are very similar, but in some very different. Looking at the EU Strategy for the Baltic Sea region, like every strategy it could remain just an empty paper, but it is up to us to fill it with real content. It is one of the frames we try to put our common efforts. When speaking about human development and quality of life, often people are convinced that quality of life has just been improved due to the economic growth. There has been improvement in different spheres – better cars, apartment, education, life. It sometimes seems like a spill over effect. Many people are convinced that nothing more is needed apart from growth in economy, which will lead to the growth in quality of life. Looking at economic developments in the three Baltic States, 20 years ago we all were in a kind of a hole. Human development has also been improving with almost the same pace. Human development index has three components, one of which is the GDP growth. But when looking at other components, the things are not taken for granted and not so nice. All three Baltic countries are lagging behind in public health, life expectancy, social cohesion, and depopulation. Life expectancy is a good indicator because it takes together health, social conditions and people behaviour and values of people, it is possible to see that all three Baltic States are in a kind of a hole and there is a slow climbing up, but not that fast as was economic growth. Baltic States have the lowest life expectancy for men and the highest gender gap in Europe. There are not only economic reasons and political choice. These are values of people, behaviour and culture.

Looking at the most general indicator – the social cohesion, how can we solve the problem of social cohesion? For quality of life it is an important question, but it has not been put in focus as discussion and political choices in all three Baltic countries, because without that we cannot have

this situation.

Looking at the cohesion in regional aspect, the highest level of interregional differences is in the smallest countries, e.g. Estonia and Latvia.

Problems are also connected with subjected well-being. Subjected well-being of the Baltic people is very different. It is all connected with values and images of people. Evaluations of past and present are so different. The harsher have been reforms, the more in theory was expected that people are not satisfied. In Estonia reforms were very harsh, but evaluations of present are more positive than evaluations of past. People's minds have to be taken into account. Problem with people's mind also concerns trust. Life satisfaction in Estonia after the EU accession was raised on the level of almost middle European level. In Latvia and Lithuania it did not raise that much. When speaking about challenges connected with quality of life, they are also very connected with changes in the very model of development. In that sense crisis in Estonia has brought some positive effect. Negative effects are unemployment, worsening living conditions, increasing social and regional disparities, child poverty, insecurity, cuts in public services, disappointment, loss of trust in the state, emigration. At the same time if people see there is more discussion and ideas about what is going on, people feel themselves more in the situation that they have some goals and it creates optimism.

Positive social effects of crisis: motivation for self-help, entrepreneurship, prudence in private and public spending, activation of public debate, search for new opportunities and ways of national development, innovation, turn from hedonism and consumerism to more spiritual, social and family values.

It is now time we should come back and understand that no Baltic country can improve the quality of life alone. There are some signs on starting new cooperation. Student and professor mobility between Baltic countries is very small. Mutual dialogue is very essential. Therefore the Baltic Assembly should have more focused ideas on how to move forward in cooperation, especially in the framework of the EU Strategy for the Baltic Sea Region.

Mr. Arvydas Juozaitis, philosopher publicist, Lithuania, noted that Professor Lauristin mentioned that the Baltic Way is a strong symbol. Twenty-two years ago on 22 October we concluded the first action of liberation of the Baltic nations in Vilnius. We did not know the

tactics of our actions. The tactics was being adopted to the imperial policy calendar. We managed to rather promptly conquer the alien dictatorship. That chain of two million people on 23 August 1989 seems like a legend today. However the harvest of revolution is harvested by another post revolution. What we see today is that the new generation is not the generation of the Baltic Way, but the generation of the European Union, which focuses on 2004 rather than 1989. The second fact is that this second generation requires more rights than it is ready to undertake duties. It is an evident difference which even denies a self-evident duty to create family and raise children. We are witnessing a civilisation breakthrough, which is difficult to evaluate, because we are inside of it.

The first and the strictest rule of the EU is that everything that is going on inside it, inevitably serve the movement of capital and people. The right to leave your homeland seems to be much bigger than duty to stay. The European protagonists seem to treat the love for homeland an abnormal thing. What homeland? These voices which ask this question require introduction of dual citizenship, and very soon they will perhaps demand joint EU citizenship. Baltic nations' membership in the EU is only five years old, and we have lost at least 1/3 of our countries' builders and creators. 2/3 of senior school pupils today live with intention to leave their countries for the EU member states. School curricula try to adapt to this demographic disaster, devoting less and less attention to the needs of their own country. In other words, states allocate a bigger part of their budget not to their own needs but they seem to believe that the duty of public institutions is to prepare the nation for international labour market. The Baltic youth are most welcome in many European countries because they seem to be more diligent compared to the western youth, more enthusiastic and well-educated. Our young people dilute the thick mass of economic immigrants flooding to Europe from the third world. It seems cure that Europe has to face that crisis. Time has come when moral recession followed by demographic crisis should expect a similar fate. Europe kind of stated if my civilisation has lead to such horrible wars, maybe I have no right for renewal. Havel before finishing his second tenure stated that the power of the white man – Christian and European, is coming to an end. The current European elite is ready to confirm this statement. How else to explain the European constitution where you would not find a hint about European identity, roots of moral life, Christianity in other words?

It goes without saying that what is happening in the world, European countries, like England, France, Germany show that those communities do not live according to the European laws. In

other words, there may be no emptiness of civilisation or religion, but it is instantly filled in by other civilisations. Few weeks ago German president publicly stated that the basis of German identity is not only Judaism and Christianity, but also Islam. Research has shown that about 60% of Germans rejected that statement and chancellor A.Merkel stated that the concept of multiculturalism that claimed that different nations can live happily side by side, has totally collapsed. She also added that out of three new born children, two are emigrant babies in cities like Frankfurt and Mainz. If we do not make any major conclusions, we will have very serious problems in Germany and Europe.

European liberalism of human rights has reached the bottom of its development. In Christianity the demographic possibilities will be over. A historian E.Gibbon in the end of the 18th century presented a grounded proof of collapse of Roman life. One of the main reasons was that human being was indifferent to state affairs and not any more ready to sacrifice for the sake of the state. In Sweden there is a popular saying “why not share your own country?” Who has the right to say that? It is possible only in liberalism.

Back in 1988 when we were staying with our faces turned to the West and with backs to the East, we understood who is who and why very well. When we started the fight for democracy, today we can only ask God to give aristocracy to our leadership. In the absence of aristocracy, democracy has turned to anarchy. The Baltic States are becoming emptier every day, and neither the nature, nor civilisation would bear this emptiness.

In summer 1988 we heard words from M.Zālīte’s song in Z.Liepiņš opera – Latvia’s land is torn apart, exposed. Today we can also recall these words. In the course of about 50 years Lithuania has preserved about 80% of its population. It had very clear guidelines what it should protect – European identity, its renewal and Christian morality. Three European nations could not boast of such a figure – 80%.

Discussion

Mr. Gintaras Songaila, Member of the BA Education, Science and Culture Committee, congratulated on the occasion of 20th anniversary of the Baltic Assembly that will be celebrated next year, and pointed out the events of 13 January, which were tragic, but also meant the victory. Unfortunately, issues of the quality of life have lost their meaning. It can be called the

crisis of values, the absence of common culture, education, information guidelines. The Baltic Assembly does not react properly to this situation. The policy of historic memory is not just a matter of ceremony. This is what we need to include in our joint statement. It has been presented to the Presidium of the Baltic Assembly with regard to commemoration of historic dates so that our future generations would know well and be inspired by what we have achieved.

Ms. Irena Šiaulienė, Member of the BA Presidium, Deputy Chairperson of the Lithuanian delegation, noted that we as politicians are facing well-formulated tasks as well as duties. The mission of the Baltic Assembly is well-formulated as well. The tendencies, the mission of our identity has been given a lot of attention. The problem may lie in the fact that our societies have not been convinced by us politicians and we have not found proper ways to transfer significance of our tasks to our people. Only this way we can help us to preserve our identity, moreover looking back into our history.

Mr. Jānis Reirs, Member of the BA Presidium, Latvia, addressed E.Lucas regarding the decreasing birth rate, noting that the more developed is the country, the lower the birth rate is. The greatest number of children born is in Africa despite the fact that countries are plundered by wars. Maybe we should think about this paradigm from a different perspective and we should think of other ways how to increase the birth rate not only thinking of material and tangible things. In the first part of the Session there was a discussion about health care and it was noted that the only possibility for the Baltic countries to survive is to specialize. The only way how to achieve is to ensure that we go bankrupt. Is there any other way to specialize without going bankrupt?

Mr. Edward Lucas, “The Economist” international editor and correspondent for Central and Eastern Europe, answered that a low birth rate is a problem throughout the whole Europe. Estonia was able to improve birth rate by introducing certain policies – by paying mothers more on maternity leave. It is a national security issue – it is not possible to defend the county when it is depopulated. Regarding specialisation, hard economic crisis is a chance to make tough changes. Concerning Songaila’s ideas about anniversaries of the past events, are very important, but for young generation it will not be very helpful. We have to make people proud of the presence, also about the future and the past, and more should be talked about the presence and the future.

Dr. Marju Lauristin, Professor, added that regarding health care and specialisation, she is more cautious regarding specialisation. Youth in each country should have education in national language, and the science should be developed so that it has contact with national culture. Specialisation will come by competition itself. The EU should be more active in promoting the directive of the free movement of services. We are looking at health care as one of exports, we already have many patients coming from Finland, Sweden. The problem is with money and insurance which is not covering payments of people from other countries in all aspects. Problem could be harmonisation of social security or social insurance between the Baltic countries. Lauristin expressed belief that young people are not so pessimistic, they are thinking about past and material values. The country has to give more optimistic view and then also people will not want to leave homeland.

Continuation of the 29th Session of the Baltic Assembly

Mrs. Ērika Zommere, President of the Baltic Assembly, opened the last part of the 29th session of the Baltic Assembly. Before starting discussions on the activities of the committees and the document projects, it has been agreed to sign the Memorandum of Understanding between the Baltic Assembly and the Baltic Association of Science/Technology Parks and Innovation Centres on establishing the Baltic Innovation Prize. The main aim of this prize is to promote a united innovation and technology space in the region.

Mr. Jānis Stabulnieks, Vice President of the Baltic Association of Science/Technology Parks and Innovation Centres, expressed gratitude to the Baltic Assembly which shows deep understanding and support to the initiative from the BASTIC to introduce the Baltic Innovation award. Innovation is something that is needed more and more. The European Commission has published a document – a flagship initiative Innovation Union. It means that innovation becomes more and more popular, it is seen important in the development of country's economy and society. New and creative entrepreneurs are needed. This award will be a cornerstone in a new building which we should build in the nearest future – Baltic Innovation Union, - a part of the strong European Innovation Union.

The Memorandum of Understanding between the Baltic Assembly and the Baltic Association of Science/Technology Parks and Innovation Centres was signed (see annex no.2).

Addresses by Foreign Delegations

Mr. Helgi Hjörvar, President of the Nordic Council, noted that it has been 20 years since the first Nordic delegation came here. The Nordic countries have been impressed with the Baltic achievements, in strengthening democratic processes, in developing market economy, becoming members in international organizations, and next year adopting the euro in Estonia. Hopefully our mutual cooperation has contributed to the Baltic success. We have had and will have opportunities through different events to strengthen our cooperation. During today's addresses it was heard to strengthen cooperation with the Nordic countries. Many things that were mentioned are very topical today and coincide with the priorities set by the Icelandic presidency in the Nordic Council, namely security. One of the speakers mentioned cooperation to increase financial stability in the NB8 area, and cooperation during economic crisis. There we have achieved a contract, and can work further to have it binding as a more effective tool to ensure economic stability in our countries. Another speaker mentioned energy cooperation, both as a basis for economic prosperity and as a question of national security. Issue of air policing has been mentioned. One of the reasons that we have this focus in NB8 cooperation, is that there is a Wise Men Report published by Soren Gade, former Foreign Minister of Denmark and Valdis Birkavs, former Minister from Latvia. There are numerous proposals how we can strengthen our cooperation and promote our cooperation to general public. Those proposals are not to be taken for granted. We as politicians have to have a democratic debate on them and add more proposals. We must do something in our actions, because world is full of good reports. It is suggested to have a team for the meeting in Helsinki in December to discuss how we can jointly translate the good proposals in the Wise Men report into actions.

Mr. Bart Tommelein, President of the Benelux Interparliamentary Consultative Council, noted that in 2008 the Benelux has existed for 50 years. The very future of the Benelux parliament was questioned at this occasion, and a lot of discussions took place about adaptation and modernization of this institution. It appeared necessary to improve efficiency of its administration, introduce more modern communications and invest in new and present day policies. International relations and partnerships with other inter-parliamentary assemblies were also considered a necessity. With its pioneering past of 50 years Benelux is more topical than ever in Europe, that is constantly enlarging. It is also the right moment to reinforce the cooperation with other assemblies and extend it to other organizations. When three of the founding countries of the EU submit a joint paper, such a document can rely on more than a

proportional influence on the reflection process of other countries. Even if it cannot find a common position such discussions are particularly valuable in the concept of 27 countries in the EU. It is only to make sure that we keep each other well informed of our mutual sensitivities and in doing so even with differences of opinion we maintain some kind of solidarity. We are witnessing a real revival the Benelux as a laboratory of Europe. In this aspect, all sorts of sub-regional cooperation forms, like Benelux+, enlarged to the Baltic Assembly and the Nordic Council, and with partnerships to more distant regions, are of the utmost importance. Parliamentary cooperation with the Baltic States has been going on for more than 20 years, which lead to many friendly relationships and also to fruitful and useful cooperation in a number of fields, like energy, fight against human trafficking, climate change etc. This cooperation in our globalized world is an important instrument. The Baltic States were able to learn from us in the past. As our minister of foreign affairs mentioned during our last plenary meeting, we have the feeling that nowadays we too can learn from these younger organizations. In this respect it is important to concentrate on present day topics that have a strategic importance: organized crime, social security, labour market, emigration, energy. Such thematic discussions on these subjects can best take place during conferences or committee meetings. That is the reason why we have decided as from 2011 to have only one plenary meeting each year in summer in order to go deeper into international relations and foreign policy. The Baltic Assembly and the Nordic Council have been invited for the mentioned conferences, where positions, opinions and expertise can best be exchanged. Given the importance of international cooperation, we are also considering the development of closer relations with other subregional associations: the Visegrad countries, countries of the Black Sea, also the GUAM PA. The Benelux have started a real revival, and it will certainly implicate other subregional associations more closely in this evolution.

Ms. Birutė Vėsaitė, Member of the Lithuanian delegation to the PACE, Member of the Committee on Economic Affairs and development of the PACE, noted that this day has been extremely useful and meaningful. Such cures like cooperation, partnership and collaboration in economic field, energy sector, social protection and medical care are all meant for the future. Session of the PACE adopted the report fostering social and economic potential of the Baltic Sea region. The Assembly calls on member governments of the Baltic Sea region 1) to work actively for a closer economical, political partnership at all levels of governments in the Baltic Sea region and promote continued confidence building; 2) consider laying of foundation of unique regional structure that would enable a smooth and more efficient coordination of

multilateral cooperation initiatives, foster the sense of unity and provide for high-ranking representation by Mr or Mrs Baltic; 3) support innovative cooperation projects such as Baltic Sea Action group – a body in which public, private and civil society organizations combine their resources and contribution in order to save the Baltic Sea.

PACE will start its activities with an event where the three Baltic States will sit together at one common table and speak about solidarity and support to each other.

Report of the Presidium of the Baltic Assembly

Mrs. Ērika Zommere, President of the Baltic Assembly, expressed gratitude to Mr. Gundars Daudze, Speaker of the Saeima, and to the whole Latvian parliament for its support in implementing the priorities that were set during Latvia's presidency of the Baltic Assembly. She thanked members of the Estonian, Latvian and Lithuanian national delegations for their active involvement. Mrs. Zommere expressed gratitude to Mr. Valdis Dombrovskis and Mr. Aivis Ronis, who were the leaders of the Baltic Council of Ministers during Latvia's presidency, for their openness and willingness to cooperate. Development of Baltic partnership is not possible without a unified mechanism for coordinating the pillars of legislative and executive power.

Our countries had been struck by a severe economic and social crisis, as well as a crisis of values. Our people were losing their jobs, homes, social status and trust. Many people had decided to leave their countries in search of better living conditions. A year ago in planning Latvia's presidency of the Baltic Assembly, we took into account the complicated economic and social situation and focused on specific goals that our countries have to achieve together. Economic stabilisation, recovery of competitiveness, the security of our societies and quality of life are the main priorities on this year's Baltic Assembly agenda. In close cooperation with the Baltic Council of Ministers, particularly with Latvia's representatives in the Baltic Council of Ministers, we have managed to reach several important decisions and even tangible results which must be implemented and purposefully developed during the next years.

This crisis prompted us to restart cooperation among the Baltic States by reviewing its current agenda and adding new accents. It is important that we have not restricted these changes only to the Baltic States' regional cooperation; that is, the NB8 Wise Men's Report published in August 2010 included recommendations for developing partnership between the Baltic States and the

Nordic States. The basic principle which is observed and supported by the Baltic Assembly when discussing parliamentary cooperation among the Baltic States is not about the form or structure of cooperation but about the political will of the Baltic States to cooperate, about awareness of the need for cooperation and, about a relevant agenda.

We want the Baltic region to be economically strong and competitive. The modern world clearly attests to our interdependency. We either work together or perish separately. We cannot afford to act separately and individually because complex and complicated challenges require comprehensive and unified action. I call upon the parliaments and governments of our countries to adopt on the political level a joint decision about forming a Baltic partnership for stabilising the economy and renewing competitiveness by setting concrete medium-term and long-term development priorities. We can acknowledge with gratification that during this crisis we put forward new guidelines for developing our region by commencing target-oriented discussions about a common monetary and fiscal area, a uniform approach to attracting foreign investments and uniform policies for supporting business. In this globalised and interdependent environment, we cannot afford to establish three independent science, research and education areas, three isolated business areas and three uncoordinated monetary and fiscal areas. We are confident that combining resources, coordinating policies and jointly implementing EU strategies will help to make the Baltic States into an economically and socially prosperous, secure and attractive region. We already have specific frameworks for cooperation, such as the above-mentioned report by NB8 Wise Men's Group or the EU Strategy for the Baltic Sea Region.

In order for the Baltic States to become a competitive and economically strong region, we have to especially coordinate several important pillars: 1) the pillar of infrastructure and energy. The Baltic States must continue active coordination of joint infrastructure and communication projects, and they must agree on a vision regarding their future development. It is imperative to keep developing the *Rail Baltica* and *Via Baltica* projects because good-quality rail and road connections will increase the competitiveness of our region. The Baltic States have to continue developing interconnections in the field of energy, as well as the use of renewable energy sources; they have to agree on a clear vision regarding the development of large-scale energy projects. 2) Pillar of human resources, security of society and the quality of life. Pooling health care-related resources will facilitate optimisation of the quality of health care services and their costs. Therefore, we highly value the decision by the Baltic States' prime ministers to establish an intergovernmental task force on social and health care-related issues. 3) Pillar of science,

research and education. According to global economic indices, the economic development and competitiveness of countries and regions depend precisely on the development of science, research and education. This year the Baltic Assembly's committee, together with scientists and researchers, has actively worked to remove administrative barriers for taking advantage of EU funds in the field of science and research. The newly established Baltic Innovation Prize should be one such step, which will facilitate the formation of a common innovation and technology area in the region.

This year we have achieved a goal which has been discussed in numerous occasions with the speakers of national parliaments, namely, closer cooperation with line committees of national parliaments. The form, in which members from the line committees are participating at the Baltic Assembly committees, has proven to be successful.

Implementation of cooperation projects together with international partners is another important field of work for the Baltic Assembly. Together with the Nordic Council, we have actively participated in developing contacts and cooperation with our EU neighbours, represented our region's interests in implementing the EU Strategy for the Baltic Sea Region and focused on specific issues, such as limiting climate changes, protecting the environment and combating human trafficking. Together with the Benelux parliament, we have discussed and started active work concerning the formation of the so-called coalitions of interest groups within the framework of the European Union by involving also the Visegrad countries. It is important to continue cooperating with GUAM countries because they need the experience that the Baltic States, the Nordic countries and the Benelux countries possess in the fields of environmental protection, labour market, regional policies, cross-border cooperation, etc.

There is a Latin phrase: *non progredi est regredi* – “not to go forward is to go backward.” This can be applied to the parliamentary cooperation of the Baltic States. We have started an important work regarding the development of joint health care projects. We have commenced serious energy and infrastructure-related projects. We have realised that the cooperation format allows us to implement our countries' national interests in a more target-oriented way. We have understood that achievements of one country are achievements of all three countries; for example, Estonia's accession to the Eurozone strengthens all of the Baltic States instead of calling into question their unity. We have agreed that a common, regional vision for the development of science and technologies will increase the competitiveness of all three countries.

Reports of the BA Committees on the activities in 2010 and priorities for 2011, and introduction to the draft documents

Mr. Vents Armands Krauklis, Chairman of the Economic Affairs, Communications and Informatics Committee, noted that conditions had been very difficult because economic and financial crisis has affected many issues concerning the development. 2008 was characteristic with decline and recession. After much effort we see some signs of stabilization. Along with these positive trends in the global economy the recession has stopped, the unemployment rate has dropped and in export we see some upward trends. In this complicated situation, on behalf of the parliamentarians, Mr. Krauklis expressed congratulations to Estonia who has succeeded to join the euro zone in 2011. The introduction of euro in Estonia will positively affect the situation in other Baltic States, thus accelerating also the processes for Latvia and Lithuania to join the euro zone.

The committee has focused on seeking common positions for stabilizing economy in the region, concentrating on common business environment, common positions concerning EU new financial structure. The main emphasis has been laid on stabilization of economy and renewal of competitiveness.

Economic and bank experts have noted that each country alone can do little, however we can improve the situation if the Baltic States appear on the international arena as a cohesive whole. There are several unifying factors: low tax rate in comparison with Scandinavian countries, joint interests in energy security, low land and labour prices, making our countries attractive in the eyes of foreign investors. We can become attractive by establishing a common education space, reaching tax harmonization, ensuring free service flow, organizing targeted export, liberalizing labour market, creating flexible employment conditions, improving conditions in the banking sector, using friendlier taxes for entrepreneurs etc.

Global economic crisis gave us possibilities to intensify the integration of global and regional financial requirements and regulations. It is an opportunity to evaluate and improve the existing financing governing mechanisms, ensure broader financial and economical unity.

Countries in the world have slowly overcome the crisis, nevertheless there are many unanswered questions concerning the development of future. Based on the experience gained from the crisis,

the cooperation between the Baltic States should be intensified. We have come to conclusions with which we call on the parliaments and governments of Estonia, Latvia and Lithuania, and the Baltic Council of Ministers: 1) intensify coordination of taxation policy and entrepreneurship-related regulations, for instance, to develop similar tax systems in all the Baltic States; 2) adopt decisions related to joint infrastructure projects and pay special attention to large-scale energy projects; 3) mutually coordinate projects and initiatives within the framework of the EU Strategy for the Baltic Sea region, and pay particular attention to removing administrative barriers in the market by improving energy efficiency and developing transport connections; 4) arrive at a common vision for developing the “Rail Baltica” and the “Via Baltica” infrastructure projects, by jointly setting the schedule for implementing the projects.

Next year the committee plans to focus on joint infrastructure projects because the promoting factor for competitiveness of the Baltic States is a well developed and mutually integrated system of transport corridor, roads and railway. Mr. Krauklis expressed gratitude to Estonia, Lithuania and the international partners for the solidarity displayed to Latvia. The cooperation among the Baltic States in the area of economy, infrastructure, finances and business has an enormous potential, which should be used fully.

Mrs. Baiba Rivža, Chairperson of the Education, Science and Culture Committee, noted that an educated person and knowledge based economy are the corner stones of our development. That would help us to change the public opinion, stereotypes and to create the foundation for structural reforms. It seems very easy, but there are serious challenges. We cannot ensure a qualitative and efficient feedback among education, research and the labour market. We have created a situation when business and science are functioning in two separate worlds, but it is necessary to ensure approximation of these two worlds. Hopefully the Baltic Innovation prize will facilitate closer cooperation between businesses and universities.

We are also facing significant problems with regards to implementation of the EU funds. There are several problems, one of which is related to red tape, bureaucracy related to implementation of the EU projects. The second problem is related to pre-funding and co-funding of the EU funded projects. The committee urges the Baltic States to think more about investment in higher education, knowledge and innovation.

The third challenge is related to human capital, especially in science and research. All the countries highlight having aging scientists. The number of researchers working in universities is

decreasing.

The committee has focused on development of education and knowledge based economy, and it calls on the parliaments and governments of Estonia, Latvia and Lithuania, and the Baltic Council of Ministers on the following: 1) lobby for simplifying the rules for participating in EU-funded programmes and harmonizing them with the new model based on trust; 2) improve the use of public resources allocated for science and research; 3) ensure advance and interim payments from the national budget for projects co-financed by the EU; 4) exempt state-funded higher educational establishments from VAT.

Next year the aspect of human capital, knowledge based economy and development of innovative industries will be the main priorities of the committee.

Mr. Mart Jüssi, Vice Chairman of the Environmental Protection and Culture Committee, stressed that energy-related issues, like issues related to security and defence, have always been and still remain priorities of the Baltic cooperation. Even after joining the EU in 2004 we still have a legacy of the Soviet energy market and its interconnections. The Baltic States have been called the energy islands of the EU. The most worrying aspect is our energy grid, gas supply system and infrastructure that are isolated. The Baltic States are still fragmented: energy, transport, railroad and electricity interconnections need to be put in the right place in the nearest future. Therefore the committee welcomes the adoption of the EU Strategy for the Baltic Sea Region, which highlights issues related to energy and well-developed infrastructure. With regard to energy market, energy supplies and security we cannot focus on cooperation only among the Baltic States, these issues have to be addressed jointly in the Baltic Sea region. The Baltic Sea strategy is a suitable framework for cooperation of the three Baltic States in order to increase competitiveness and to insure balanced development of the eastern shore of the Baltic Sea. Projects should be jointly coordinated, by paying special attention to eliminating administrative barriers in the market, improving energy efficiency, and developing transport corridors. On the European level the Baltic States have to do a lobby work actively for the creation of a single EU energy market.

Each country which develops its energy market and considers using nuclear energy faces problems related to energy security and environmental safety. It is essential to ensure balance between these two aspects. Baltic States have to take steps towards creating a joint energy market

and diversifying their energy supplies. Particular attention should be paid to the Baltic Energy Market Interconnection Plan and construction of the Visaginas NPP. Regarding the Visaginas NPP there are many unanswered questions on the environmental impact assessment and on the actual need for this project. With regard to the use of renewables, their use can significantly diversify our energy supply as well as ensure sustainable energy.

During the upcoming year the committee will focus on sustainable development which will cover issues such as green modes of transport, use of renewables, and energy security. The committee will also continue monitoring the implementation of the Visaginas NPP project.

Mr. Dzintars Jaundžeikars, Chairman of the Legal Affairs and Security Committee, noted that we are living in a turbulent and complex time; moreover, the security environment has drastically changed during the last 20 years. The security issue will always be topical for the Baltic States, which is due to our geopolitical location and the fact that the Baltic States are forming the external border of the EU. Cooperation of the Baltic States in security issues have always been referred to as a success story, however we should not stop at the progress achieved, but continue the work on legislative and executive level. Baltic States need to show their joint opinion and regional vision, by defining the threats and challenges for each country separately and in the region jointly, and by proposing to elaborate joint proposals about concrete activities in national, regional and international security strategies. It is also important to state what financial, social and political resources and tools are needed for the strategies to be implemented.

Parliamentarians need to be more active in debating about our joint Baltic security vision, transatlantic and European security policy and strategies. Our security strategy has to focus on all security aspects, comprising both external, both internal security issues. It should include such threats as organized crime, cyber threats, sea security, ecological problems, international migration, economical crisis, social instability, ethnical conflicts, terrorism, energy security, drug trafficking, human trafficking, smuggling etc.

Security issues are not going to disappear from the agenda, disregarding our membership in the NATO and EU. The member state status means also duties and responsibilities. We have to continue the military and civilian involvement in Afghanistan. Baltic States need to be more active regarding the new NATO security concept, continue to strive for the NATO benchmark of 2% of GDP allocated for the defence expenditures. The NATO air policing mission in the

Baltic States is as an unambiguous demonstration of solidarity among Allies. The air policing mission allows the Baltic States to contribute their own resources to other endeavours undertaken by NATO.

Next year the committee will focus on human security issues. Particular emphasis will be laid on migration, safe food, economic security, illegal trade and cross-border smuggling.

Mr. Vents Armands Krauklis, Chairman of the Budget and Audit Committee, introduced with the following draft documents – the budget report for 2009 and the budget report for 2011. Regarding the budget report for 2009, during 2009 the national parliaments of the Baltic States allocated their membership fees, thus the Baltic Assembly budget constituted 330,288 euros. There were the following budget positions: the session and Baltic Council, Presidium and committees, international cooperation, namely with the Nordic Council, Baltic Sea Parliamentary conference, Benelux Parliament and GUAM PA, prize in literature, the arts and science, and the secretariat. For the Baltic Assembly session and the Baltic Council 18,956 euros were spent, for the presidium – 12,161 euros, Committees – 32,929 euros, thematic conferences – 14,025 euros, international cooperation – 23,109 euros, 18,002 euros were spent on informative actions (production of medals, maintenance of website, organizing basketball tournament), 35,611 euros were spent for prizes, and 77,576 euros were spend for the activities of the secretariat.

The use of the Baltic Assembly budget is being closely observed, the secretariat submits detailed report on expenditures during each quarter. In comparison with 2009 the Baltic Assembly reduced its budget by 17% or 56 148 euros.

Concerning the draft document of the Baltic Assembly's budget for 2011, the budget for 2011 is 274, 140 euros, and it is planned in line with the programme of the Estonian presidency. 45,000 euros will be allocated to the session and the Baltic Council. Additional funding has been allocated to this position, because we are planning to celebrate the 20th anniversary of the Baltic parliamentary cooperation. It is planned to spend 13,550 euros for the activities of the presidium, 11,381 euros – for committees, and 22,068 euros – for parliamentary seminars. For international activities of the Baltic Assembly together with the Nordic Council, the Benelux Parliament, GUAM PA, BSPC and other international partners will be allocated 54,401 euros. For informative activities 5,305 euros will be allocated, 47,527 euros – for the prize in literature, the arts and science, and 73,208 euros – for the secretariat.

Discussion on the Resolution of the 29th Session of the Baltic Assembly

Mrs. Ērika Zommere, President of the Baltic Assembly, informed that this year all recommendations, invitations and reports from the committees are included in a single resolution of the 29th session of the Baltic Assembly. This document includes recommendations on economic cooperation, social and health care matters, and science and research. The aim is to renew and strengthen the competitiveness of our countries, to stimulate economic growth and to use our potential for enhancing welfare.

Concerning the **Statement on Closer and More Intensive Cooperation among the Baltic States and Nordic countries**, this announcement has been suggested in response to the Wise Men Report, which includes important practical proposals for establishing closer regional partnership, pooling resources and promoting the recognition of cooperation of NB8 in Europe and on the global scale. The Baltic Assembly and the Baltic Council of Ministers, together with the Nordic Council and the Nordic Council of Ministers, should coordinate implementation of the recommendations in this Report in order to ensure target-oriented and effective implementation of the national interests of countries in the region.

Regulations on the Baltic Innovation Prize sets the reasons and goals for introduction of this prize.

Regarding the **Decision on the Secretary General of the Baltic Assembly** for the next term, following the practice and traditions of international organisations, the Presidium of the Baltic Assembly initiated the idea to rename the office of the Head of the Secretariat of the Baltic Assembly as the office of the Secretary General of the Baltic Assembly. The wording has been amended in the legal documents of the Baltic Assembly – namely, the Statutes of the Baltic Assembly, the Regulation on the Financial Assets of the Baltic Assembly, the Regulation of the Secretariat of the Baltic Assembly.

The Final Document of the 29th Session of the Baltic Assembly was unanimously adopted by the Baltic Assembly Presidium.

Election of the President and Vice Presidents of the Baltic Assembly for 2011

President – Mr. Trivimi Velliste (Estonia), Vice Presidents – Mr. Paulius Saudargas (Lithuania), Mrs Ērika Zommere (Latvia).

Election of Chairpersons and Vice Chairpersons of the BA Committees

Chairman of the BA Economic Affairs, Communications and Informatics Committee – Mr. Peep Aru (Estonia), Vice Chairmen - Mr. Bronius Pauža (Lithuania) and Mr. Vents Armands Krauklis (Latvia).

Chairman of the BA Education, Science and Culture Committee – Mrs Helle Kalda (Estonia), Vice Chairpersons – Mr Valerijus Simulik (Lithuania) and Mrs Baiba Rivža (Latvia).

Chairman of the BA Environmental Protection and Energy Committee – Mr Mart Jüssi (Estonia), Vice Chairpersons - Mr Jonas Stanevičius (Lithuania) and Mrs. Sarmīte Ķikuste (Latvia).

Chairman of the BA Legal Affairs and Security Committee – Mr Jaak Salumets (Estonia), Vice Chairmen –Mr Liudvikas Sabutis (Lithuania) and Mr Dzintars Jaundžeikars (Latvia).

Chairmperson of the BA Social Affairs Committee – Mrs Tatjana Muravjova (Estonia), Vice Chairpersons – Mr Gediminas Navaitis (Lithuania) and Mrs Silva Bendrāte (Latvia).

Chairman of the BA Budget and Audit Committee – Mr Peep Aru (Estonia), Vice Chairmen – Mr Rytas Kupčinskas (Lithuania) and Mr Vents Armands Krauklis (Latvia).

Address by the Newly Elected President of the Baltic Assembly

Mr. Trivimi Velliste, Vice President of the Baltic Assembly, noted that the Estonian presidency will end in a less than a year in celebrating the 20th anniversary of the Baltic Assembly. The deeper meaning of the existence of the Baltic Assembly – now when the 20th Century is behind us, at a time when we are already members of the EU and NATO. Some people think that we are safe and sound, or, if there are any threats, they are completely new, different, therefore the

old relations and old models will not work and be appropriate. Looking back into history, we know how self-centered was the thinking of European states' in 1920s-30s. Each country strived for itself. If alliances were forged they were not lasting. International thinking lacked the principle – one for all, all for one. To the smaller countries of Europe it was a very high cost. The three of our countries were the ones that were wiped off the political map of Europe for half a century. There were not many in the world that believed that we will return to this political map. A human being has a special ability to pull oneself together in a difficult situation and relax when the sky is cloudless. The feeling of togetherness which we were lacking was born in open areas of Siberia. One of the most important forging places for the solidarity of the Baltic States was the starlit gulag. Solidarity was growing in a fertile ground of common destiny. Although we have differences we are still intertwined. The Baltic Way was born from the common destiny in the 20th Century and our common interests. Our main interest was to fulfil the seemingly unattainable dream – to become free again. Not many believed that this dream is reachable. There are also no many people today who seriously think about things like one Estonian poet says: whatever we have received, we have received for this moment only.

When setting future goals of the Baltic Assembly we should not be limited to the time framework from year to year, but look forward as much as possible. We have to try to set very clear strategic goals for a long term, even for generations. As small nations in a very sensitive location we have often talked about our main goal – to prevail, to live on, to keep up our identity, carrying on the values of our language and culture. At the end of the last war there were thousands of people who fled our countries because they felt they were threatened and their life was endangered. Very paradoxically, today when we are free the number of those who leave, is comparable to that we saw. We have lost thousands of smart brains and handymen, in particular, the young people.

The Estonian presidency will follow the agreed work plan and schedule for 2011. The first priority is sustainable development of the region. We all are facing the task to tackle the consequences of the global economic crisis and to take our economies back into rational and strong growth. The second priority is human capital and knowledge based economy. Human being is the most precious resource. The smarter and capable the people, the better we do. Investments in research and development activities and education in general are of utmost importance. The third priority is safe society: internal and external security (human security). Old forms of threats are not disappearing, but the new ones are emerging. We have to be very

careful in coordinating our efforts to reduce the vulnerability of the Baltic States.

Activities of the Baltic Assembly are an endless flow, which bring us new tasks and give us new challenges. The activities are aimed at eliminating arising threats and making our lives better. By better life not material richness or high-standard living is meant. First and foremost, it is the spirit of richness which would make life worth living even for those who do not even understand they want it. President of Estonia Mr Ilves had a think-tank in Parnu recently to find the best way to reach the 100th anniversary of the Estonian Republic. This brain storm has also lead to the discussion on internet, where the lost sons and daughters (people who emigrated) have taken the floor and some of them have found that preserving of Estonia cannot be a goal in itself. Although some think if Estonia was such a pleasant living environment where you just wanted to live then people would return.

All of our three States will celebrate their 100th anniversary in 2018. What we could do in the Baltic Assembly is to discuss how to approach this significant event. The call of the Lithuanian delegation is very appreciated to introduce our history together. History is a very strong weapon. To fight for the goals which we have set we have to consider very practically how to organize our work. One of the most important decisions is to involve in the work of the Baltic Assembly all the standing committees of all the three parliaments. This will bring us new synergy and make us more visible. We have to think how to use better human resources and finances that are at our disposal.

After recent parliamentary elections in Latvia, the Latvian new delegation to the Baltic Assembly will be formed in November. Great changes are awaiting us also in the Estonian delegation in five months when we have the results of this election. The greatest carrier of our continuity is the Lithuanian delegation under the leadership of the newly elected Chairman. Above all, our institutional continuity has been supported by the secretariat and the national delegation secretaries.

Signing of the Final Document of the 29th Session of the Baltic Assembly

Adoption of the Final document (see annex no.3)

The Final Document of the 29th Session of the Baltic Assembly was unanimously adopted by the Baltic Assembly national delegations.

Mrs. Ērika Zommere, President of the Baltic Assembly, noted that documents of the Baltic Assembly have been adopted and the 29th session of the Baltic Assembly is closed. The president expressed gratitude to everyone who has participated in organising this Baltic Assembly Session: parliamentarians, experts, representatives of executive power and guests for their active participation; the administration of the Saeima Chancellery and staff who have helped and supported us in organising a smoothly running Session; the Secretary of the Latvian delegation and the Secretariat of the Baltic Assembly for their work, and to the translators and interpreters.

President of
the Baltic Assembly

Ērika ZOMMERE
Republic of Latvia

Vice President of
the Baltic Assembly

Trivimi VELLISTE
Republic of Estonia

Vice President of
the Baltic Assembly

Paulius SAUDARGAS
Republic of Lithuania

Secretary General of the Baltic Assembly
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