



**Report of the 30th Session of the Baltic Assembly,
17th Baltic Council**

24 – 25 November 2011, Tallinn

1. Presiding officers of the Session :

- **Mrs Laine Randjärv**, President of the Baltic Assembly
- **Mr Paulius Saudargas**, Vice President of the Baltic Assembly
- **Mr Raimonds Vējonis**, Vice President of the Baltic Assembly

2. Agenda of the Session

- Opening of the Session
- 17th Baltic Council
- Signing of the Joint Statement of the 17th Baltic Council
- First Panel on “Joint Health Care Projects in the Region”
- Second Panel on “Sustainable Energy Market in the Region”
- Awarding of the Baltic Assembly medals
- Addresses by foreign delegations
- Governmental Report on the Progress of Joint Infrastructure Projects in the Region
- Report of the Presidium of the Baltic Assembly
- Adoption of the Final document of the 30th Session of the Baltic Assembly
- Election of the President and Vice Presidents of the Baltic Assembly 2012
- Election of the Chairpersons and Vice Chairpersons of the BA Committees
- Speech by the newly elected President of the Baltic Assembly
- Signing of the Final document of the 30th Session of the Baltic Assembly

Opening of the Session

Mrs. Laine Randjärv, President of the Baltic Assembly, invited the participants of the 30th Session to stand up for a silence moment in memory of Ülo Nugis - the leader and catalyst of the restoration of Estonia's independence who has passed away on 18 November 2011.

Twenty years ago – on 8 November 1991 in Tallinn – the decision on the establishment of the Baltic Assembly was signed. The Baltic Assembly is the form of dialogue between the states and has managed to form the environment of the Baltic States. The work of the Baltic Assembly has helped to strengthen the positions of the states on international arena. Under challenging economic circumstances cooperation of our countries today must be strong and vigorous. Looking into the future new aims of the activities have to be sought and new ways of the best possible format for cooperation which would promote prosperity, security and development of the Baltic nations and the Baltic region have to be attained. Representing the interests of the Baltic States, expressing common position in Europe and the world and closer cooperation are the key words for the next years. In addition of exchange of cooperation, the parliamentary cooperation on the level of committees, the common voice of the Baltic States in Europe should be sounded more loudly. The future of the Baltic Assembly can be set in the context of the Baltic States as the members of the EU, and besides that more synergy is needed in the connection with initiatives within the Baltic Sea Strategy. Real cooperation projects with Nordic, the Benelux countries, Poland and other states of the Baltic Sea Region are especially necessary. We should also consider what it is that the Baltic Assembly, the Baltic States can give to Europe.

The agenda of this anniversary Session focuses on three main priorities: 1) jointly with the governments there will be a discussion on the progress of the joint health care projects of the Baltic States; 2) debate on the development of sustainable energy market in the region; 3) analysis of the progress of the joint infrastructure projects. Challenging issues such as proposals of the European Commission in regard to the Common Agriculture Policy and Cohesion Policy. There will also be a debate on the improvement of the structure of the Baltic Assembly to revitalise the Baltic Assembly as a political body and an innovative organisation.

The president of the Baltic Assembly welcomed all participants to the 30th Session of the Baltic Assembly, and on behalf of the Baltic Assembly expressed special gratitude to H.E. Mrs. Ene Ergma, President of the Riigikogu, H.E. Mrs. Irena Degutienė, Speaker of the Seimas and H.E. Mrs. Solvita Ābolģina, Speaker of the Saeima.

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

H.E. Mrs. Ene Ergma, President of the Riigikogu, expressed her pleasure to welcome participants and guests of the 30th Session of the Baltic Assembly in the Plenary Hall of the Riigikogu, where the Baltic Assembly is celebrating its 20th Anniversary. On 8 November 1991 in Tallinn parliamentarians from Estonia, Latvia and Lithuania agreed to work on close trilateral cooperation with the aim to promote parliamentary ties and act as a common force in achieving foreign and domestic goals of the Baltic States. Taking over from the popular movements of the late 80s and early 90s to become an indispensable forum of democratic parliamentary cooperation, the Baltic Assembly has acted as the backbone of the unity of the Baltic nations.

Twenty years ago Estonia, Latvia and Lithuania restored their independence and started the irreversible way to the European and transatlantic community. Within these years, it was needed to transform our societies and countries from zero, often lacking the experience and knowledge. Therefore we should not be critical if some of the processes are not going as smooth as it was planned. Our countries have experienced serious and enormous reforms. And we are still on the way of serious changes. The coming years will not be easy for our countries. The most important duties for the forthcoming years will be maintaining the budget deficit under control, cutting expenses, ensuring economic stabilisation, renewing competitiveness, mitigation of unemployment, fostering demography. Looking at the agenda of the Baltic Assembly for this Session it looks we are on the right track. Joint health care projects, sustainable energy market, joint position about the European Common Agricultural Policy and Cohesion Policy, joint infrastructure projects, joint research and innovation projects are those issues which do unite our three countries.

The rapid development of our countries over the past twenty years has required from the parliamentarians a lot of skills in order to be able to act in the ever-changing international environment. The Baltic Assembly had and will have to adapt to the fast changes in the domestic and international status of the Baltic States. The same cooperation methods that we

used ten or twenty years ago are not useful today. Our cooperation process must be faster, more efficient and flexible, and more forcefully.

The existing form of the Baltic Assembly has served us well, but the circumstances have changed. Therefore its forms have to be adjusted to the times. The question is about the best format of the Baltic parliamentary cooperation. The Baltic Assembly must become an instrument which ensures the Baltic parliamentary cooperation in most efficient and most influential way leading to the solution of problems and promotion of welfare and competitiveness of our countries. On today's agenda, there is a discussion on the structural reforms of the Baltic Assembly.

Whatever the future solutions, the fundamental values of the Baltic cooperation will always be there. We have to work closely with the nations which share common values and similar traditions, and to concentrate on developing practical partnerships among the Baltic nations, by never forgetting the spirit of true parliamentarism.

Whatever the specific national interests are, the common bitter experience of all the three Baltic States in the past should make politicians to emphasize the cooperation among our states even more. The political and economic stability and success of each Baltic state is an essential part to the success of all three states. It is the obligation 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 others. We should have bigger goals, for example, the *RailBaltica* project, our countries have to be faster in implementing it. In conclusion, the President of the Riigikogu thanked everyone for the relentless commitment to working on and promoting the Baltic unity and friendship.

H.E. Mrs. Irena Degutienė, Speaker of the Seimas, noted that even though the BA was not established before 1991, the key political decisions had been taken at the time of the singing revolutions. On 3 September 1988 the Baltic States liberation movements came together at the *Embrace the Baltic Sea* action. That was the beginning, the sparkle of fundamental changes and understanding that the strength of our nations lies in their unity. The Declaration of the Rights of the Baltic Nations was endorsed in Tallinn in 1989. It declared their right to self-determination and free choice of political status, the right to preserve and develop their culture and peculiarity. The *Baltic Way* took its beginning in Tallinn and extended for 620 kilometers in 1989, connecting more than two million people and demonstrating their aspiration to freedom

and independence. It showed the ability of the Baltic nations to come together for the common vital goal that was charged with power, strong enough to break the empire. The citizens of the Baltic States were not afraid. They proved this by their actions as they withstood the threats and allegation of the Soviet management that “the separatist consequences will be catastrophic to the Baltic nations”. Cooperation between the three nations persisted after freedom was reached. On 1 December 1990 the Lithuanian Supreme Council hosted the meeting between the Estonian, Latvian and Lithuanian parliaments in Vilnius. The documents passed then demanded that the Soviet army stop demonstrating its power and violence and that the occupant army withdraw. The same meeting took the decision to found the Baltic Assembly. The date of its establishment is the 8th of November 1991. It was the time of the turning point and grave challenges. It was understood only too well then that if one failed, the others would follow, that our strength lay in our joint actions. Our wisdom stopped the soviets from employing the principle *divide et impera* (divide and rule).

Nobody doubts today that the Baltic Assembly is the historical symbol of cooperation between the Baltic sisters. However it is today that the Assembly is facing serious challenges and awaiting serious decisions. In reality, there is less unity between the three Baltic countries than we claim. Sometimes rivalry for insignificant trifles stifles every possibility of cooperation. We often want that the EU or NATO speak in one voice on the major issues but sometimes we fail to do so, although the interests of the Baltic States in strategic international relations and economic matters fully coincide. This meeting of ours might be the best venue to try and clarify for ourselves what we need for our three voices to become a single voice.

The Baltic Assembly should look for ways to give a new impetus to building a new common identity and foreign and security policy of the Baltic States, which could lead to the creation of a Baltic security community where any security, economic or political problem of one country would be seen as a problem of the other Baltic states too. We can learn a lesson from the interwar period and the signing revolution: the Baltic States can avoid geopolitical turmoil only if and when they are united.

Energy security is one of the most critical challenges now. We must find the best and the quickest ways to be less dependent on gas imports, to promote competition in the gas sector, and to deal with vertical monopolies. Furthermore, the Baltic States continue to be integrated in the Eastern European rather than European Union power system. That is why it is so particularly important for the Baltic States to reach an agreement on our strategic goal to

enhance our independent power generation capacity and simultaneously connect to the European continental energy system. No genuine political independence is possible without energy independence. These are intertwined problems that Lithuania, Latvia, and Estonia face. We have our common geography and our historic past and present. The more common understanding and concerted actions on this and other urgent matters, the more will be done for our present and our future, for our countries, and the whole Baltic region, for the whole of Europe. So may we be the Baltic Assembly not only in its symbolic, i.e. geographical sense, but in a unifying sense as well.

H.E. Mrs. Solvita Aboltina, Speaker of the Saeima, noted that the Baltic Assembly was established when the necessity for joint voice was crucial for the further destiny of the Baltic States. Twenty years ago Baltic nations turned a new page of history marking their place in a geopolitical place in the post cold world. It was not easy and achievements were not taken for granted. It was proved that hand in hand on the Baltic Way we could achieve. In 2004 our countries became members of NATO and the EU thus achieving the strategic goals.

While evaluating the achievements of the last 20 years, destiny was favourable to the Baltic States. The global changes in the international security space helped us. In 1991 when the Baltic Assembly was born we had to prove to the world that our place was and will be in the EU. The Baltic Assembly was the joint cooperation organization of our parliaments. Our predecessors, the fighters for freedom achieved it for us to achieve our ambitions. We can be critical about our present situation, but we have to acknowledge that the main goals were achieved. However it does not mean that we can rest on the laurels. Over these 20 years the world has also changed, therefore we have to be alert and to watch carefully the changes of our neighbours, Europe and the world. We see that the current cooperation is as purposeful as it was 20 years ago, which is well seen by the agenda of the session. The Baltic Assembly managed to adapt to the changes. It is the only institutional framework for the parliamentary cooperation of the Baltic State, it continues to strengthen the links between our parliaments. Nowadays the organisation is not only the rostrum for political issues, it has improved itself, propose practical decisions important for the inhabitants, e.g. joint initiatives in health care, environmental issues etc. In 2011 on 21 August in Riga we celebrated the 20th anniversary of the state renewal; it was not only symbolic, but also a political sign that we should strengthen cooperation with the Baltic and Nordic countries. Cooperation of the Baltic States was successful and our future will be optimistic, moreover if each of us makes its contribution.

17th Baltic Council

Mrs. Laine Randjärv, President of the Baltic Assembly, opened the 17th Baltic Council and welcomed the Baltic Ministers of Foreign Affairs Urmas Paet, Audronius Ažubalis and Edgars Rinkevičs. This year the agenda of the cooperation between the Baltic Assembly and the Baltic Council of Ministers focused on three main pillars: firstly, regional energy market and issues related to energy security; secondly, a knowledge-based economy; thirdly, joint infrastructure and transport projects - *Rail Baltica* and *Via Baltica*. For parliamentarians of the Baltic Assembly it is of vital importance to work hand in hand, shoulder to shoulder with the Baltic Council of Ministers as only in tight link it will be possible to find solutions to the problems and challenges. On behalf of the Baltic Assembly the gratitude was expressed for the work done by the Task Force of the Baltic Council of Ministers on Health. The floor was given to the Chairman of the Cooperation Council of the Baltic Council of Ministers – Mr. Urmas Paet to report on the governmental cooperation during the Estonian presidency.

H.E. Mr. Urmas Paet, Minister of Foreign Affairs of Estonia, congratulated on the 20th anniversary of the Baltic Assembly. The world is facing complicated challenges. In addition to continuing economic and fiscal policy the BCM has moved in all fields of priority set by the Estonian presidency. We have managed to pass important decisions in the field of transport. In the field of energy we still need more spirit of cooperation between the three Baltic States. In the field of transport, the most important project is *RailBaltica*; it is important that the integration with the rest of Europe is as many-sided as possible. The recent decision of the European Commission to include *RailBaltica* in the transport corridor network of Europe is of importance in carrying out these ambitions, and creates conditions for European funding. The Baltic States have expressed clear political support to the feasibility study of this project. The common aim is to use the means of Europe Connecting Facility effectively. The following activities were established in 2011: creating *RailBaltica* development enterprise, fixing direct route and starting with the common planning.

A closer cooperation took place in the field of energy. One of the most important aims is to create functioning Baltic electricity market. There has been a progress in Visaginas NPP project: choosing a strategic investor was a very important step. The most complicated issue was about the location of the LNG terminal. All Baltic States agreed to the European Commission's vision

to build one regional terminal. For the EU financing it is important that the Baltic States make a common decision on the place of the LNG terminal. The European Commission will make an independent analysis in order to proceed with this issue. Strategy in energy policy is very important as it is an increasingly important part of security.

This year we brought the issue of knowledge-based economy in our discussions. Our good level of education is shown by good results in BASI tests, which measure the skills of pupils. The Baltic States have for a long time understood the need to invest in education and create the knowledge-based economy, but to keep the leading position requires continuous development and attention. Possibilities of future cooperation were analyzed. Special teams with experts were created to discuss this issue between the Baltic States. It was found that on the European level the obstacles for creating single digital market should be eliminated. It is necessary to move on in digital signature directive and copyright issues. Estonia is ready to share experience on digital signature.

In the field of innovation all three Baltic States found that it is necessary to move on with common innovation project. European Investment Fund has offered help for creating such a mechanism. By next spring we shall form a clear common position on this issue.

We need to achieve solution for air policing, for new agreements on the NATO level. The NATO summit in Chicago is very important. We have continued work on common training and cyber defense, Nordic-Baltic defense cooperation.

The cooperation in the social field has been very important and successful. The work of experts in health care issues was good. Much attention was paid to common procurement, cross-border emergency aid, organ transplant. The first concrete results will be signing the partnership agreement on common procurement next year.

Cooperation of Estonia, Latvia and Lithuania is not isolated, but centered on the Baltic States. We need common efforts by the parliaments and governments to deal with issues of regional, Pan-European and global level. There is a need to cooperate with the regional partners, especially within the Baltic Sea Strategy.

H.E. Mr. Audronis Ažubalis, Minister of Foreign Affairs of Lithuania, expressed gratitude to the Estonia for successful presidency. Having overcome the challenges of the financial crisis,

the Baltic States could once again carefully enjoy the growth in their economies and look optimistically towards the next year. In 2012 during the Lithuanian presidency there will certainly be new challenges to tackle together.

On 8 November 1991 the representatives from the parliaments of the Baltic States gathered in Tallinn and decided to establish the Assembly. It was a wise decision and represented our aim for liberation from oppression. We have to cherish these ties, saving competition and ensuring dynamics of the region. In 2004 the Baltic States joined the EU and the NATO family, later on - the Schengen area, and this year Estonia became the member of the euro zone. We have to seek for closer cooperation with the Western- and Northern-European countries and the USA. Changes are necessary throughout the whole Europe, which today sometimes lack solidarity, courage to speak boldly, openly.

The European discussion about the common historical memory and assessment of the crimes of totalitarian regimes is very important. Only through our joint efforts last June the European Council adopted the conclusions regarding the memory of the crimes of totalitarian regimes, which do not dismiss the possibility to come back to the legal instrument incriminating the denial of these crimes. The Baltic States' institutions are among the 20 founders of the European memory unconscious platforms established this year. This will unite research of the Baltic States' institutions with regard to totalitarian regimes.

The Baltic States must also strengthen their cooperation in legal respect. This was demonstrated by the events in summer, when a person who was charged with the crimes of humanity was not extradited to Lithuania. The unity of the Baltic States was once again demonstrated by determination expressed with their support for prosecution of criminals with epaulets. This gave a real impetus to EU internal discussion over the application of the European arrest warrant and its drawbacks. It also started discussions over the Schengen information system and its shortcomings and the necessary monitoring of it. The Baltic States have initiated discussions which can only bring benefits to the whole of Europe.

Baltic unity is necessary in addressing other issues in Europe as well. Suggestions on the EU cohesion and common agricultural policy in the EU budget for 2014-2020 discriminate the Baltic States the most, and also cause great concern on the proposal of EU's multiannual financial perspective to allocate only part of the necessary funds for the decommissioning of the Ignalina NPP despite the EU's commitment to provide for Lithuanian EU Accession Treaty to

provide proper support to the whole process of decommissioning. In this and other respects the Baltic States have to defend their interests in unity.

Free movement of people encourages culture exchange and gradually shapes the sense of unity. The creation of common Baltic-Nordic information space is an important step towards closer cooperation in this region. This will also be among top priorities of Lithuania. We will aim to work together with the Nordic Council; we are also ready to implement the NB8 Wise Men recommendations. We also aim at closer cohesion in the region. Another important format will be the EU Baltic Sea Strategy.

There are the following priorities in 2012: 1) knowledge-based economy. Investments in education, science, technology and innovation are stimulating the sustainable development. Baltic States can achieve more in the area through joint infrastructure, scientific research and development. 2) sufficient attention will be paid to national defense. The NATO air space control mission in the Baltic States commits to this priority. Strengthening of cooperation in the area of defense among the Baltic States and Nordic-Baltic countries is of particular importance to our national security. The suggestion is for the Baltic States to join the Nordic solidarity initiative. In 2012 Lithuania will also coordinate the e-PINE (Enhanced Partnership in Northern Europe) agenda.

Part of the national security is energy independence. The development of the Baltic energy market and its integration into the EU energy systems is a guarantee of energy independence and security. The joint statement of the prime ministers of the Baltic States on 10 November 2011 welcomes the choice over the strategic investor in the Visaginas NPP project and the progress achieved in negotiations on the contract of the implementation of the project. It is expected to receive final agreement by the end of 2012. This agreement also underlines the importance of electricity bridges with Poland, Estlink II, gas pipe connections with Poland. The statement also stresses importance of ensuring gas supply alternatives through development of pipelines and the possibilities provided by the liquefied natural gas. Hopefully Latvia's decision to oppose the EU Energy Council Conclusions to give the European Commission mandate for negotiations with Russia and Belarus on synchronization of the Baltic States electricity network with the continental system is temporary. The European commission supports our aim therefore unity on this issue of the Baltic States is very crucial.

It is also important to cooperate in the implementation of international transport projects *RailBaltica* and *ViaBaltica*.

H.E. Mr. Edgars Rinkēvičs, Minister of Foreign Affairs of Latvia, expressed gratitude to the Estonian colleagues for the achievements in 2011. This year we celebrate 20 years since Latvia, Estonia and Lithuania regained their de facto independence and restored their diplomatic relations. Over these years we have gathered common values and deep sense of partnership. On behalf of the Ministry the Baltic Assembly was congratulated with the 20th anniversary. It has a significant role for coordinating issues on the parliamentary level and a platform for discussion of the important issues and projects. The role of the Baltic Assembly has not decreased over the years; it has strengthened our solidarity and cooperation.

The Baltic States have proved to Europe and the world that they are flexible and they can adapt to global economic challenges, that there is a need for political courage and patience. Baltic States show that they have managed to cope with such problems.

At the same time the global risks and events at the euro zone continue to increase uncertainty about the future of global economy. However due to comprehensive and painful fiscal consolidated we have managed to eliminate misbalance.

During the three quarters of 2011 the GDP has increased in all Baltic States, but we have to improve our cooperation and to implement more responsive economic policy. We have to continue our cooperation in energy sector, innovations. We have to lobby our interests on the European level.

Mutual relations between the Baltic States devoted to energy security. Baltic energy market interconnection plan over the last years has served as a framework for Baltic cooperation in the energy area as well as an example for facilitation of similar projects in other regions. The progress that we have achieved in energy sector allows us to share experience with others. We have been thinking about implementing several interconnections between our countries, however in order to implement all that and furthermore to focus on liquefied gas area we have to have a harmonized action. Although certain solutions for eliminating energy isolation in the Baltic States have created for us some problems, we have understood that we have to have a common vision. Although we have not been able to agree on the construction of one LNG

terminal in the Baltic States, the feasibility study conducted by the European Commission will show results where such terminal should be constructed.

Latvia fully supports the implementation of *RailBaltica* and other infrastructure projects. *RailBaltica* is essential not only for the development of Baltic transport infrastructure, it would also facilitate full inclusion of the Baltic States into European transport networks. The financing that should be attracted to this project and the most economically beneficial route should be developed. Thinking about high-speed trains we have to understand that it will be possible only after 2020.

Due to the Baltic Sea Strategy approved by European Commission it would be worthwhile to develop innovation centre that would allow us to use the existing resources and would allow developing the relevant infrastructure.

Energy stability and energy stability is closely linked to the security and defense policy. The current cooperation in the security area is excellent and is praised by international partners. However sometimes we get the illusion that no other funding is required. The current security system in the EU has created an illusion that we should not invest additional funds in the defence of state. We have to take into account that other countries and regions are increasing their finances for the defence. The Baltic States were one of the first who made decisive steps in order to reorganize their defence system in the conditions of economic crisis. Currently we have decided to gradually return to allocating 2% of the GDP for our defence system in Latvia. European countries have all the right not to feel at ease in their relations with Trans-Atlantic allies who are covering the majority of our security costs in the European continent.

The cooperation among the Baltic States has always been diverse and focused on stabilization of the Baltic countries on the international arena. We are fully aware of the current financial and economic conditions in which the discussions for the next EU multiannual budget are taking place. It is essential for us to defend our position. The EU partners are closely looking at all the possibilities to save resources, but that it the very reason why the Baltic people have to work together and defend our common position. We have to work together in order to achieve that the cohesion funding channeled to those regions which need them the most.

With regards to the common agricultural policy, our common aim in the EU is to be competitive. As the situation in Europe has changed the Cap should be changed as such as well. The direct payments should be allocated on the basis of fair criteria.

In strengthening our trilateral relations we should not forget the regional context. Over the last years the Baltic and Nordic cooperation has become more popular. When celebrating the 20th anniversary of our independence Baltic and Nordic countries organized several events during which our prospects for future cooperation have been discussed. We are glad that intense work has been assumed to implement the recommendations included in the NB8 Wise Men report. In Helsinki the memorandum of understanding on placement of diplomats in representative offices of other Baltic and Nordic countries was signed. We are also talking about civil defence issues, and about organizing a joint NB8 nuclear safety training. The success was wished in 2012 and for Lithuania as the presiding country in the BCM.

Mrs. Laine Randjärv, President of the Baltic Assembly, thanked all the ministers for the reports and also expressed gratitude for the written governmental answers to the questions that were sent by the Baltic Assembly. Members of the Baltic Assembly were given the possibility to comment and pose questions to the ministers.

Discussion

Mr. Jaanus Tamkivi, Chairman of the BA Environmental protection and Energy Committee, asked the Foreign Minister of Latvia – what are the main reasons that joint projects of the Baltic States in energy field have not progressed. What are the reasons and how could we move on?

H.E. Mr. Edgars Rinkēvičs, Minister of Foreign Affairs of Latvia, underlined that the Baltic approach to energy security should be solidary, complex and comprehensive. We cannot extract one separate aspect without looking at the general picture of energy independence and security. We would like to have a clear strategy and see clear distribution of tasks, and to see how these energy projects are divided among the Baltic States. We should not think that these discussions are very hard, because in the end we will be able to achieve the best results, but that will depend on our joint effort.

Imants Parādnieks, Member of the BA Economic, Communication and Informatics Committee, noted that the Speaker of the Lithuanian Parliament in her address invited us to cooperate and coordinate our initiatives. The paragraph 7 of the BA Resolution also emphasizes that in the near future we have to develop the common action programme for Baltic cooperation in economy, finances by setting practical activities. So, let us turn from words to deeds. Currently the most topical issue in finance and security is related to the banking crisis, which started in Lithuania and then shifted to Latvia. That can bring numerous losses and threaten the implementation of the budget and increase the social distrust. Financial resources are the most efficient tools for influencing a country's decision, and the crisis that was possible caused actually by Russia is one of these tools. Maybe this is the high time for us to come up with common position, urge Latvian and Lithuanian governments to coordinate their actions for the common goal. This question is addressed to all leaders of the Baltic Assembly and members of the BCM. Maybe to organize a separate council in order to adopt a common position to solve this issue.

Mrs. Laine Randjārv, President of the Baltic Assembly, asked this suggestion in a written form to present for the economics committee for resolution.

Mr. Imants Parādnieks, Member of the BA Economic, Communication and Informatics Committee, asked the ministers of foreign affairs whether it would be conceptually necessary that the Baltic Assembly approves such kind of document.

H.E. Mr. Urmas Paet, Minister of Foreign Affairs of Estonia, answered that prime ministers of Latvia and Lithuania were supposed to meet today. If discussion between governments is required, we can meet, but it all depends on what the Baltic Assembly is supposed to discuss about this crisis of the Snoras bank. All the Baltic States have their own regulations of banking and they correspond to regulations of the EU. What is a concrete wish if it is investors in Snoras bank that have to be discussed? Governments have to discuss this question, and probably Latvian and Lithuanian ministers can say more. The Baltic Assembly can take positions in questions where it can give a certain added value, but it is not sure what could it be in this regard.

Mr. Jānis Ādamsons, Vice Chairman of the BA Legal Affairs and Security Committee, expressed gratitude for the contentful reports, and noted that the financial security and stability is a composing part of the national security, therefore why the decisions were taken so slowly

and heavily with regards to the Latvijas Krājbanka and Snoras bank, and why the information exchange was so slow and burdensome among the institutions involved in this issue.

H.E. Mr. Audronis Ažubalis, Minister of Foreign Affairs of Lithuania, noted that it is not a financial banking crisis, but rather a problem with one bank. This problem did not influence the banking system or budget. The National Banking Council based on the conclusions of the temporary bank administrator, called for bankruptcy of the bank and declared the bank insolvent. It was thought that 1.2 billion Litas was missing, but after the review of the bank administrator it appears that it is 3.4 billion Litas. Deposits of citizens in the Snoras bank are ensured by 90%, which are the deposits not exceeding 100 thousand Litas. Private companies account for a small amount of customers of the bank. Lithuanian bank was working very rapidly once first signals of concerns occurred. Sometimes dishonest people are more creative than public institutions, which are working according to the law.

H.E. Mr. Edgars Rinkēvičs, Minister of Foreign Affairs of Latvia, answered that the response to this problem was rapid enough in the circumstances, which will have to be explained soon after the first investigation phase will be over. But what we see what all the three Baltic countries have to work on is efficiency of cooperation and exchange of information. With regret – exchange of information among Lithuanian financial institutions regarding certain issues are not focused on cooperation. This is the issue that has to be addressed. Latvia has expressed this on numerous occasions. With regards on the activity of the Baltic Assembly, it is worthwhile to pay attention to these issues.

Mrs. Laine Randjārv, President of the Baltic Assembly, noted that this is a very sensitive question and it might not be possible to solve this issue in the Baltic Assembly today. The BA Economics, Communications and Informatics Committee should discuss this topic in next its meeting.

Mr. Rytas Kupčinskas, Vice Chairman of the BA Budget and Audit Committee, Member of the BA Social Affairs Committee, noted that Speaker of the Seimas and the Lithuanian Foreign Minister spoke about joining the European electricity network and synchronization into electricity market. What is Latvia's attitude towards these subjects, and what is the opinion on common position to third countries that construct nuclear plants in close proximity to the borders of our countries.

H.E. Mr. Edgars Rinkēvičs, Minister of Foreign Affairs of Latvia, answered that Latvia's position is unanimous, i.e. we want to join the European electricity market, however it is necessary to look at the entire energy package together and not split it into individual elements by looking at individual interests of each country. A common position by three Baltic countries is needed, that is based on national and joint interests.

As regards the nuclear power plants in close vicinity of the Baltic States, we have publicly expressed our opinion that we cannot support construction of nuclear power plants in the close vicinity to the European Union, because they do not comply with environment and safety standards. We would like to see a more rapid development of Visagina NPP project. We would only benefit if would develop a comprehensive energy plan and strategy for the entire region without taking individual issues out of the context.

At the end of the 17th Baltic Council the Joint Statement was signed by the President of the Baltic Assembly Mrs. Laine Randjärv and Chairman of the Cooperation Council of the Baltic Council of Ministers, Minister of Foreign Affairs of Estonia H. E. Mr. Urmas Paet (see Annex 1).

Joint Health Care Projects in the Region

Mr. Aadu Must, Member of the BA Presidium, there is no country in the world that can develop without taking care of the health of the people. Poor health and accessibility of emergency aid, medicine, low birth rate, high rate of infant mortality, alcoholism, addictions and other diseases endanger the quality of human resources. Health is the fundamental human value and the foundation for the quality of life and personal well-being. With low birth rate and poor health it is impossible to think about successful development of our states, therefore we have to carry out joint health care projects. Gediminas Navaitis as the Chairman of the Social Affairs Committee will provide insight into the achieved results of the committee's work. In 2009 the committee in close coordination with the relevant committees of the national parliaments began active discussions on the establishment of a common health-care system in the Baltic States.

Mr. Gediminas Navaitis, Vice Chairman of the BA Social Affairs Committee, noted that our countries are united by common history, experience and common fight. Feeling the support of our friends we could be stronger. Having reestablished our independence we believe that good

cooperation with our neighbours is important and necessary in order to work. The goal of the Baltic Assembly is to find common answers to the present-day challenges, give content to our aim to cooperate. Facing the challenges in order to save our finances we also have to preserve intellectual values and welfare of our citizens, therefore the BA Social Affairs Committee is looking for ways how to cooperate by creating health-care projects. Other countries can have different areas of development, various alternatives, which we do not have. We have to use our resources, potential as much as possible and exchange the best practices and experience. Good ideas can give real practical results. So it was with the initiative that was born within the BA Social Affairs Committee, which was in a targeted and rational way discussed, supported and explained to the colleagues in the national parliaments, relevant ministries and professionals in the field. During the last session and the beginning of this year when the Baltic Assembly was having a seminar on the issue of demography, it was a great pleasure to hear about real activities and first promising results which were delivered by the representatives of the BCM Task Force for Health. Certain actions were taken in order to establish a common system for state-funded procurement of medicines and medicinal equipment. For the next years vaccines will be bought jointly thus saving national funds for health care systems by becoming more competitive. A valuable idea was also to establish joint specialized medical centres for more efficient use of professional skills in the Baltic States. Here we can observe competition, unwillingness to transfer a part of patients to other countries, but possibilities were found for using professionals more efficiently and to train them. The need for joint meetings for health care specialists and exchange of information was found. Successful project was initiated with the purpose to coordinate emergency help in border towns. The agreement on mutual aid for providing ambulance services in the border areas was signed between Latvia and Estonia. Similar agreement between Latvia and Lithuania is now under discussion. The activity of the committee has shown that being united we are stronger and can achieve more. Based on that we reached decisions that will help to improve the cooperation of our countries in the health care area.

Mr. Aadu Must, Member of the BA Presidium, informed that now there will be an opportunity to hear the governmental report on the implementation of the joint health care projects in more detail. Deputy Secretary General on Health of the Ministry of Social Affairs of Estonia – Mrs. Ivi Normet - will introduce about concrete actions which were undertaken by the Baltic Council of Ministers' Task Force for Health.

Mrs. Ivi Normet, Deputy Secretary General on Health of the Ministry of Social Affairs of Estonia, informed that the aim this year was to establish a technical and legal framework for joint procurement of medicines and medicinal equipment, joint specialized medical centres for more efficient use of professional skills, coordination of emergency help in the border areas, and cooperation in the field of organ transplantation. Although there was a proposal to deal with cooperation on treatment of infertility, it was decided not to deal with it as asked by the Lithuania colleagues. The working group on joint procurement of medicine and medicinal equipment is headed by Latvia. The group on joint medical centres is lead by Lithuanian colleagues and the working group on organ transplantation – by Estonia.

Three meetings on common procurement of medicines and medicinal equipment have been held, where the legal and technical aspects of procurement procedures were discussed. The decision on starting joint procurements was made and the cooperation agreement between the states was prepared. The text of this agreement has been approved by Estonia and Lithuania, and at the moment Latvia is in the process of competing its domestic procedures. Signing of the agreement will take place at the beginning of next year, so that the working group can start planning first procurements. The aim is that joint procurement of tuberculosis (BCG) vaccine and diphtheria, tetanus, pertussis, polio (DTPa-IPV) vaccine for the stock of 2013. The draft agreement also forces the procedure for borrowing medical equipment, medicines and vaccines. The activities of the working group on joint medical centres have been constructive and effective. By today the needs and possibilities of the states in providing health care services have been mapped. Lithuania has the highest level in organ transplantation and cardio-surgery, Latvia – in radio therapy, microsurgery and the possibilities for diagnosing dangerous infective diseases, whereas Estonia – in treatment of ophthalmological and rehabilitation services, genetics and hematological diseases. The movement of patients between these centres should develop through every-day cooperation of specialists, and administrative intervention is not necessary. Increasing awareness of patients of the possibilities of treatment in other Baltic country should be dealt with. Next year all the states have to implement in contributing for the health care directives. No additional activities of this working group are planned for the next year, but it is planned to support the cooperation project between hospitals and specialists and exchange information.

On 24 September 2010 an agreement on mutual aid for providing ambulance services in border areas was signed between Latvia and Estonia. Similar agreement is being prepared for signing

between Latvia and Lithuania. The main obstacle is the system for registering emergency calls in Lithuania and the need to change it. The parties have agreed to continue with this issue in 2012. Regarding the organ transplant initiative, there have been three meetings and visits to Vilnius University hospital, Pauls Stradiņš clinical university hospital in Riga. The working group has mapped the transplantation capacities and practical cooperation of all three countries. It is also planned to visit Tartu transplantology centre in the beginning of 2012. Next year it is planned to discuss the need for an agreement between states on exchange of organs and possibilities of cooperation with Eurotransplant and Scanditransplant, and to make a proposal to these organizations for meeting and discussing the possibilities of cooperation. It is planned to make a map of financing that can be used for transplantation activities. The paragraph of joint statement of prime ministers of 10 November 2011, which supports the continuance of the work of the working groups and acknowledges the cooperation in joint procurements and organ transplantation.

Mrs. Siv Fridleifsdottir, Chairperson of the Welfare Committee of the Nordic Council, underlined that close bonds between the Nordic and Baltic countries were resumed and new ones tied during and immediately after the independence process in the early 1990s. The Nordic countries were strong supporters of the drive towards Baltic independence.

The NB8 Wise Men Report of 27 August 2010 by former ministers Valdis Birkavs and Søren Gade reflects close partnership transcending national borders and underlining both the need and desire for our countries to work even more closely together in areas of foreign policy, diplomatic representation, civil security, cyber security, defence, energy, and the NB8 brand. The Wise Men refer also to other influential reports such as the Stoltenberg Report of 2009 and the EU Baltic Sea Strategy, as it is always important to see things in context.

The increasingly close and productive collaboration in the Social Affairs Committee of the Baltic Assembly is extremely gratifying. The cooperation between the Baltic Assembly and the Nordic Council in this regard is more active. The NB8 report on welfare policy would be needed. We face the dual demographic challenges of more and more people of working age making no active contribution to the labour market at a time when demand for care is rising due to an ageing population. The Welfare Committee of the Nordic Council has been working on this issue for a long time, and it is our belief that there is a pressing need for strong regional partnerships in order to maintain and develop welfare services. We need a more flexible labour market, a closer focus on youth unemployment, among both the skilled and the unskilled, and

we need to pay greater attention to inclusion. We need to invest in human capital, welfare technology, knowledge and research exchanges and to prioritize the removal of barriers to cross-border freedom of movement.

At the end of February 2010 the Welfare Committee was made aware of the initiative to move towards close and binding co-operation on several welfare services in the Baltic States. The first meeting of the Task Force for Health, established by the Baltic Council of Ministers on 24 September 2010, was held in Riga on 21 October 2010. An action plan was drawn up and adopted, and the previous speaker already informed about the developments in this respect. These are shining examples of the ways in which it is possible to transcend borders and work together on highly complex issues, to enhance skills and to maximise our investments in the development of welfare services. In 2010 the Welfare Committee submitted a proposal for a new Top-level Research Initiative in Health, Welfare and Social Services, which was adopted at the annual Session of the Nordic Council. The proposal envisaged that a step change is needed in health and social services if we are to meet the challenges that lie ahead for all of us. It will require political strength, courage and determination to cut a swathe through out-dated structures. In the meeting of January 2012 it would be a pleasure for the Welfare Committee to listen to an update on the project from a representative of the Social Affairs Committee of the Baltic Assembly.

In conclusion Mrs. Siv Fridleifsdottir shared some personal examples of an au pair from Lithuania who has told about how it was to be raised in a Baltic country, who is now married in Iceland and has Icelandic citizenship. The book "Purge" by Sofí Oksanen tells about three generations in Estonia, and it has been very emotional to read this book. During a visit to Vilnius it has been a possibility to visit the KGB museum. The history of the Baltic States is very brave and a lot has been built up from zero. It was wished to protect, continue and strengthen the Baltic cooperation, and also improve it between the Nordic Council.

Mrs. Irena Šiauliene, Member of the BA Presidium, noted that it has been a possibility to hear a speech by the Vice Chairman of the Social Affairs Committee and the representative from the BCM Task Force for Health about what has been done in implementing the joint projects in the health care area. This activity which has been taken is a good example for others committees as to how problem should be approached and dealt with in order to have practical steps. Gratitude was expressed to the former chairperson of the committee Silva Bendrate and also Gediminas Navaitis for the initiative. Health care area is financially expensive, and it is

important to save and use the existing funds efficiently. For us as politicians it is important that citizens receive qualitative health care services.

Mr. Atis Lejiņš, Member of the BA Environment Protection and Energy Committee, asked what is the actual date when medicine and vaccines will be purchased together.

Mrs. Ivi Normet, Deputy Secretary General on Health of the Ministry of Social Affairs of Estonia, answered that today nobody can tell a concrete date, as we are waiting for Latvia to complete its homework and if there is a positive answer the agreement will be signed. We have to map the companies which would provide vaccines to the three Baltic States and then carry out negotiations with these companies.

Mr. Vitālijs Orlovs, Member of the BA Social Affairs Committee, answered that amendments are needed in order to make joint procurement. They have been submitted to the Latvian Cabinet of Ministers for consideration. Attention will be paid for these amendments to be adopted.

Sustainable Energy Market in the Region

Mrs. Laine Randjärv, President of the Baltic Assembly, emphasized that development of sustainable energy market in the Baltic region is a topical issue on the agenda of the Baltic cooperation. Looking at the agenda of the European Union there is an ongoing debate on creation of a common European energy market. This trend has also been reflected in the EU Strategy for the Baltic Sea Region and its Action Plan, adopted by the European Commission on 19 June 2009. The Baltic States are interested that the Baltic energy market is integrated into a wider EU energy market.

In the field of energy cooperation the Baltic States have many joint steps to be taken. Although being member states of the European Union the Baltic States are still separated from the European energy market and supply system, and remain directly dependent on the import supply of natural gas, oil and, partly, electricity. The Baltic States aim to reach strategic goals in regard to the sustainable energy market by ensuring the uninterrupted availability of energy products and services on the market at a price affordable for all consumers, while contributing to the wider social and climate goals. Within our cooperation there are concrete and practical

solutions: first, development of the Visaginas nuclear power plant; second, development of a regional liquefied gas terminal; third, fostering of joint projects of renewable energy sources. The Baltic States have to be more active in practical implementation of joint energy projects as well as in lobbying the interests of the Baltic States on the European level.

Mrs. Catharina Sikow-Magny, Deputy Head of Unit of the Energy policy, Security of Supply and Networks of the Directorate General for Energy, the European Commission, congratulated the Baltic Assembly for its achievements within 20 years – developing common Baltic economic space, harmonizing legislation. The topic of energy is highly prioritized on the agenda of the EU, focusing on how to bring about a sustainable energy market and how to integrate the Baltic energy island into the internal energy market of the EU. The challenges in the energy sector are huge. Energy policy is a recent policy in the EU, the aim of which is to ensure energy security at all times at affordable cost. There are two main hurdles: 1) import dependency is increasing, which is around 55% today and will increase to almost 60% in 2030. The import dependency in gas is 63%, which will reach more than 80% in 2030. In the Baltic States the dependency is already 100% on a single source. 2) In electricity the recent decision in Germany to phase out nuclear power, made it very clear that the national competence on deciding of energy mix has implications on the European level and neighbouring states. In the Baltic States the electricity sector being synchronized with the Russian system is not possible to take all the decisions within the EU sphere. Against all these challenges the EU adopted the Energy 2020 Strategy, focusing on five main areas of work: 1) energy efficiency and saving; 2) improving conditions of investments to foster the private and public sector to invest in low-carbon energy sources, including renewables; 3) extending Europe's lead in technology, by investing at least 3% of GDP in technological development and innovation; 4) boosting the implementation of the internal energy market in order to have a competitive market and abundance of sources; 5) strengthening the external dimension of the internal market and strengthening cooperation between the EU, neighbours and partners, esp. Caspian basin countries.

All the areas demonstrate strong linkage between markets and infrastructure, the networks in electricity and gas. The Commission has been closely working with the Baltic region in developing the BEMIP – Baltic Energy Market Interconnection Plan. The initiative was launched by European Commission President Barroso in October 2008 with the setting up of a High Level Group, which consists of one representative per participating country (Denmark, Sweden, Germany, Poland, Lithuania, Latvia, Estonia, Finland and observer – Norway). An Action Plan was prepared in 2009. Specific actions and projects for electricity are already under

implementation, but a detailed action plan for the gas sector is still to be finally defined and agreed. Interconnectors to connect Sweden and Lithuania and Latvia through the NordBalt connections are progressing, the work on electricity interconnections is ongoing: Estlink 2 (link between Estonia and Finland). Plans have been advanced on wind parks in several countries. However despite these interconnectors that are being implemented challenges remain which is connected with the Baltic States's electricity system being synchronized with the Russian system. In order to address this issue and enable full connection of the Baltic States into the EU internal energy market, the Commission has started working together with all the parties concerned on the plan to enable synchronized connection of the Baltic States with the EU market. The Commission in December will propose to the Council negotiating directive which would allow the Commission to start discussion together with the transmission system operators, the member states concerned and the Russian and Belarusian counterparts on how to enable the internal market implementation in the Baltic States.

In electricity in the nuclear phase the Commission is working closely with the region, and the special Task Force was set up to support and enable the implementation of the Visaginas NPP project. The strategic investor has been chosen and the cooperation has been very positive.

Progress in the gas sector has been slower than in electricity. First priority is to end the isolation of the three Baltic States and Finland through the promotion of a minimum set of infrastructure projects and importantly one regional LNG plan in the Eastern Baltic.

The BMIP has also helped to prepare a plan for EU infrastructure. The Commission has adopted an ambitious infrastructure package covering energy, transport and telecom. The central part of this Connecting Europe Facility. In the area of energy, the guidelines in energy infrastructure were proposed, which include 12 priority corridors, including BEMPI gas and electricity. The approach has been based on strong regional cooperation.

The package also includes a toolbox to ensure implementation in a timely manner: speeding up of permit granting procedures, facilitating regulatory treatment, financing Connecting Europe Facility.

Infrastructure plays a key role in ending the isolation of the Baltics and bringing the energy island into the internal energy market. There are three main challenges in the region: production, where it is necessary to work more on renewables, and ensure that Visaginas NPP

comes into operation as planned; in the gas sector diversification has to be ensured; and in electricity – it is crucial to agree on a common roadmap – a gradual stepwise approach on how to integrate the Baltic electricity system into the EU system.

Mr. Einari Kisel, Deputy Secretary General on Energy, Ministry of Economic Affairs and Communications, Estonia, noted that the energy issue has been among priorities in the Baltic Assembly. There are several issues important for the future work, e.g. the need to develop electricity market with the EU and synchronize electricity networks with the Central European networks in the next 10 years. This will require a lot of investments and tight cooperation. Today the phase of decisions has been reached, and the recent disagreements call for a unified approach among the Baltic States. Investments can be made from the EU funds. Another issue is how to guarantee honest competition in the open electricity market between electricity suppliers from the EU and outside it if the latter have artificial competition advantages. Import of Russian electricity exceeds 20%, which for the next year will only increase. All the power stations in the Baltic States need to be subsidized in order to be competitive. For the investors to invest in Baltic energy projects clear measures have to be in place: liquidate unfounded competition advantages. By today we have worked out these measures that can be applied in a way that they reduce the price of energy and electricity in the Baltic States. At the same time we have met opposition these measures as people are afraid the price will increase.

Electricity market of the Baltic States should also be transparent, and for that reason the NordPool spot should be applied in Latvia and Lithuania. This should enable to avoid all kinds of “dark electricity deals”. Also legislation should be changed.

Another issue is the development of gas markets. Privatisation of gas companies some time ago was not good for today’s context as it gave possibilities to manipulate with the market. Therefore this issue should be solved in cooperation with the European Commission. Political decisions are not enough, concrete discussions have to take place, which also concerns LNG terminal.

As concerns energy efficiency and renewable energy, a lot has to be done in the energy efficiency field in the Baltic States, especially buildings. Exchanging experience and transfer of knowledge from the Nordic countries here is very crucial. There are also our own examples that are interesting to the Nordic countries, e.g. electric cars in Estonia, many public sector buildings will be renovated to be energy efficient. In the implementation of renewable energy, Estonia is

among top ten in production of wind energy. As the potential is high, Estonia is ready to offer the surplus energy to other EU neighbours.

Mr. Arvydas Galinis, Expert from the Lithuanian Energy Institute, informed that his presentation will focus on overview of the current situation, possible reaction of the Lithuanian energy sector to the EU initiatives regarding sustainable development, and nuclear power plant construction and its reservations options. Economic crisis has made an impact on the sector, which is illustrated by GDP reduction by 14,7% in 2009, while energy consumption was reduced by 6-7%. In 2010 energy consumption continued decreasing due to the decommissioning of the Ignalina NPP. Part of the energy had to be imported. The total gross energy consumption amounted to 50%, which after decommissioning is 80%. All of the power plants in Lithuania are outdated and thus cannot compete with other in the market. The market price is far lower than electricity tariffs. Due to increase of prices in energy sources, the energy price is increasing as well. As regards centralized heating sector, prices are increasing which negatively influence the energy sector in general. It also negatively affects the trade balance. In order to get out of the situation the Ministry of Energy and the Ministry of Interior is taking important steps therefore we are actively working to establish electricity grids with Sweden and Poland. We have a strategic investor at the new Visaginas NPP, there are negotiations with the strategic investors in order to sign contracts. We are also undertaking works for the development of the LNG terminal, developing gas supply systems in order to avoid Russian influence. With respect to renewables the new law on renewables was adopted, and there is preparation of all necessary legislation in order to implement it. The Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources commits the member states by 2020 to have a certain percentage of renewables, where in the case of Lithuania the renewable energy sources should make not less than 23% of the total gross final energy consumption and not less than 10% of transport sector demand. Another Directive 2010/75/EC of the European Parliament and of the Council of 10 November 2010 on industrial emissions sets forth that many of energy objects after 2016 cannot be exploited unless large investments are done with respect to environmental safety. In order to enhance energy security and improve environmental situation it is necessary to take into consideration research on the possibilities of renewables. Research was conducted on the basis of renewables that can be used in Lithuania; they included agricultural resources that can be employed for the production of energy. Optimal variants were explored that could meet the energy needs of the country. All the possible technologies and number of scenarios were being analyzed. The end result showed that the use of renewables is

being far from sufficient even despite the fact that we are implementing certain means as required by the EU. It would be purposeful to increase the use of renewables by 21-29% according to different energy sectors. Taking a look at general energy balance, renewables can change consumption of gas, help dependence on sole energy supplier. Great changes should be done with respect to electricity provision system, the current power plants are not competitive enough to compete in the market, so their exploitation should be gradually stopped and instead new technologies should be set. 80% of energy should be produced from combined energy resources. Renewables can reduce the use of natural gas, and in general they can account for 50% of energy needs in Lithuania. However there are great difficulties with respect to investments. Renewables can have macroeconomic benefits. The effect however would not be beneficial to investor; therefore it is necessary to introduce support schemes.

As regards the new nuclear power plant and reserve capacity, there are three reserve options. One has to be started once the nuclear unit stops working; the second also has to be in place, which should be replaced by the third reserve option. The reserve has to be much higher than that of the power capabilities of the nuclear power plant. These reserve options should come from own energy systems, those from the neighbouring countries, the Nordic countries, Continental European countries, Russia, but certain contracts have to be signed to have these reserves in place. A number of scenarios were analyzed. It was found that The Baltic States have a large drawback – the lack of primary reserve. Baltic States would not be able to exploit units of 500 MW unless there is a primary reserve from other countries. Also neighbouring countries are experiencing the outcomes of the crisis. Lithuania is implementing a range of projects that should increase security of energy supply and sustainability of the energy sector (electricity links, LNG terminal, new NPP etc). Wider use of renewable energy resources is one of the ways to turn the energy sector towards sustainable development and lower dependency on energy import. The use of renewables could reach 21% and in certain sectors – up to 60%. For nuclear power plant reserves joint efforts and coordination among the Baltic States are needed. Renewables are becoming objects of international trade, and what was done for one country is purposeful to be done together.

Mr. Dins Merirands, Director of the Energy Department of the Ministry of Economics of the Republic of Latvia, congratulated on the 20th anniversary of the Baltic Assembly. The focus of the presentation is how to develop and strengthen cooperation in the area with refers to trans-border cooperation projects essential for the entire region. Historically the Baltic region has been closely linked with other countries around the Baltic Sea, however due to historic events it

has been for a long time separated from the rest of the region. Therefore now we have this chance together with partners to catch up with what we have lost over time and truly integrate into the common European energy market. In order to do that in full extent we have to improve our energy production and establish regulations for energy market, and improve the situation regarding interconnectors with Baltic countries, the Northern and Western European countries. The cooperation within the Baltic Energy Market Interconnection Plan (BEMIP) has been successful, however it was more successful with regards to electricity. Projects which have a trans-boundary impact on all the countries in the region: Visagina NPP project which could result in production of electricity not only for Lithuania, but also for other Baltic States as well as Poland. Development of this project is also significant from the perspective of security of energy supply to the region, - not only from the technical, but also political point of view. Riga Thermo-electrical power plant project is undergoing reconstruction to be more efficient.

Interconnections are the most essential component of energy grid. That is a means for increasing the energy security. Creation of interconnections is not the only task; markets should be interconnectable, i.e. that the Baltic energy market can be connected with the markets in the North and West of Europe.

Gas supply is an issue on which we have had very active debates. We have to have a uniform EU Directive that would conclude with full transposition of the third legislative package for the liquefied gas in the region, thus ensuring full accessibility to our system. That would give an opportunity to create environment for efficient competitiveness and would protect our consumers and give more opportunities to choose between the suppliers. In February in the Council of Europe the conclusion was made that the Baltic States by 2015 will eliminate their status as energy island, and it mainly refers to situation in Lithuania and Latvia who need to develop alternative supply routes and supply sources primarily for gas, and thus reduce their dependence from the leading gas supplier. The gains of the improved gas network: introduction of new gas suppliers (reducing dependency), reducing the risk of increasing prices, the use of opportunities provided by the third energy package, possibility to control the gas prices.

We have to use the successful experience of cooperation that we have had in the past. Our countries are diverse and portfolios of energy generation differ, therefore we should use the common opportunities and thus to become stronger. We also have to discuss on how we are planning to achieve these common energy markets and thus come up with joint action plan. We

also have to devise joint cooperation and assistance to each other on all issues that fall within our cooperation in the energy sector.

Discussion

Mr. Paulius Saudargas, Vice President of the Baltic Assembly, asked about the promotion of bio fuel in Latvia and Estonia, which can contribute to the monopolization of the gas sector as well as the LNG terminal and the issues related to that. There are two regions in Lithuania, where one has a heating plant and the other does not. This causes competition and allows reducing energy prices. What methods are used in order to promote bio fuel in your countries?

Mr. Einari Kisel, Deputy Secretary General on Energy, Ministry of Economic Affairs and Communications, Estonia, answered that the use of bio mass in Estonia for producing electricity and heat has grown rapidly during the last years. It has reduced the use of natural gas by 1/3. Bio mass and peat has clearly today replaced the use of natural gas for the production of electricity and heat. The next planned step is connected with bio gas and liquid bio fuels, and extending their use in transport. From 2013 there is a plan to have 5% use of bio fuels.

Mr. Dins Merirands, Director of the Energy Department of the Ministry of Economics of the Republic of Latvia, answered that although bio mass and natural gas are mutually competitive energy sources, due to their amount they will not be able to replace each other. Therefore legislative regulations and the support from the EU funds enhance the transition of the heating houses to the use of bio mass, which increases the proportion of renewables used in the total heat production as well as by increasing the proportion of locally produced energy sources. With regards to bio fuels in Latvia it is set that certain amount of fuel should consist of fossil fuel, and thus would increase the use of renewables in the fuelling of transport.

Mr. Neeme Suur, Member of the BA Economic Affairs, Communications and Informatics Committee, asked what is the percentage of bio mass in producing heat and electric energy? How could timber influence the price of wood internal market, keeping in mind the private users?

Mr. Einari Kisel, Deputy Secretary General on Energy, Ministry of Economic Affairs and Communications, Estonia, answered that the use of bio mass in Estonia has a great potential.

The percentage related to advisable support of bio mass today is too high. The ministry of Economic Affairs and Communications is preparing a proposal to reduce the percentage. The capacity exists, but support schemes today give wrong signals, enabling to buy timber for a too high price, and if subsidies are reduced the possibilities to distort market are reduced as well.

Mr. Jānis Ādamsons, Vice Chairman of the BA Legal Affairs and Security Committee, asked whether from the presented schemes in 2014 the liquefied natural gas will be opened for functioning at the sea.

Mr. Arvydas Galinis, Expert from the Lithuanian Energy Institute, answered that he cannot provide answer to this question, but what was presented was the information that is declared by the Ministry.

Mr. Per Kristian Foss, Member of the Nordic Council Presidium, Norway, asked the representative from the European Commission what is behind the calculation recommending the Baltic countries to establish an LNG terminal and to import LNG gas, because it is the most expensive import resource. Another alternative mentioned was about importing through a pipeline, but the market of the Baltic countries is too small. Alternative is the North Sea. Some years ago there was a plan to establish *Scandlink* from the North Sea, passing Sweden and Denmark to Poland, but that was not profitable.

Mrs. Catharina Sikow-Magny, Deputy Head of Unit of the Energy policy, Security of Supply and Networks of the Directorate General for Energy, the European Commission, noted that the question on solution to integrate the Baltic States and to ensure the security of supply is still under consideration and under study. There have been a couple of studies looking at the feasibility of an LNG terminal in one or the other Baltic country, studies about pipeline options. *Scandlink* project did not go ahead because of commercial viability problems. It was recently decided that the BEMIP pilot group will do one more study to bring all the results from different studies together and to look at different options, what is the best solution, also by looking at the potential of gas sources and needs of shipping industry where shift towards LNG is increased. The study will be launched in the coming weeks and results will be available in September, which will then serve for further decision.

Mr. Atis Lejiņš, Member of the BA Environment Protection and Energy Committee, asked the representative from Latvia whether it is planned that from the entire amount of the energy

produced in Latvia by 2020 40% would be produced from the renewables. Could not we increase this percentage, because we have all the necessary potential?

Mr. Dins Merirands, Director of the Energy Department of the Ministry of Economics of the Republic of Latvia, answered that Latvia has a huge potential for using renewables in energy production. However the transformation of the entire energy sector from the fossil fuels to renewables is time- and resource consuming. The goal of 40% that has to be achieved by 2020 is rather ambitious and one of the highest targets set within the EU. Whether this goal is achieved by 2020 or sooner does not stop Latvia to set higher goals.

Addresses by Foreign Delegations

Mr. Bertel Haarder, President of the Nordic Council, expressed his honour to be present in the anniversary session and informed that 20 years ago he was the minister in the Danish government where Uffe Ellemann-Jensen as Foreign Minister was very active in supporting the three Baltic countries. He has had the opportunity to open the Danish Cultural Centres in both Riga and Tallinn in August 1990. Later he was the member of the European Parliament and joined the delegation concerned with Estonia. It was a good experience as minister for European affairs to take part in the EU Summit in Copenhagen in late 2002, which decided that the three Baltic countries together with other Central- and Eastern European countries could join the EU from 2004. That is not to say, that we do not have problems. All of Europe and not the least the Baltic countries experienced tough years during the financial crisis. The Nordic countries can now learn from the Baltic countries, which have succeeded in initiating the joint health care projects.

Nordic-Baltic cooperation is still important even if only 6 of our 8 countries are now members of EU. Nordic Council and Baltic Assembly should in any case focus on issues that our citizens consider vital. If we can find solutions from a Nordic-Baltic perspective it will have an added value.

Since 2007 we in common have had dialogue with both the Parliament and the opposition parties in Belarus in four round table seminars. After the Presidential election in Minsk one year ago the situation has worsened. Per-Kristian Foss from the NC Presidium and the Vice-President Saudargas from Lithuania were at least able to have a seminar in Vilnius in October

for representatives from opposition parties and NGOs working in Belarus or in exile in Lithuania. If we want a stable Europe, we should try to get good cooperation with Eastern neighbours as Belarus, Ukraine and Russia. It gives added value that the Nordic-Baltic parliamentarians take our own initiatives, even if it just now is difficult.

Greetings were also conveyed from Valentina Pivnenko from the Russian State Duma, the Chairperson of the BSPC.

In 2012 we will also have cooperation outside the Nordic-Baltic family. In April the Benelux Parliament will host a trilateral seminar in the Hague. Some of us will soon meet in Reykjavik in December, where the Presidiums of the Nordic Council and the Baltic Assembly will have the annual Summit. An important theme will be maintaining the good Nordic-Baltic co-operation and updating it to a new situation, where for instance EU matters more for all of us. It is quite natural for the Nordic countries to cooperate with the EU. The Nordic countries work well together but greater dynamism could be injected into our partnership by working even more closely together in the international arena. And it could be fine if we also here could find more themes for Nordic-Baltic cooperation.

Both the Nordic and the Baltic people have learned from the crisis. One lesson is that international cooperation around the Baltic Sea is still very important.

Awarding of the Medals of the Baltic Assembly

Mrs. Laine Randjärv, President of the Baltic Assembly, reiterated that this is the session which marks the 20th Anniversary of the Baltic Assembly. Twenty years is not a long segment of time from a historical angle. But twenty years for a regional organisation marks a significant achievement and a stage of maturity, especially in view of the rapid passage of time and the multitude of events after 1991. Throughout these years we have established practical and significant partnerships with the Nordic and Benelux friends. We have friendly relations with many international organisations such as the Organisation for Security and Cooperation in Europe, Parliamentary Assembly of the Council of Europe, Interparliamentary Union. We have started sharing of experience with parliamentarians from South East European Cooperation Process.

In 2007 – 2008 we have started to develop our cooperation with the countries of the GUAM Parliamentary Assembly which resulted in signing of the Cooperation Declaration on 19 June 2011. In this cooperation process with the GUAM Parliamentary Assembly we would like to emphasise the role of two parliamentarians – Mr Elton Mammadov and Mr Ali Masimli who have been driving forces for this cooperation during the last two years. With the decision of the Baltic Assembly we have awarded our honourable parliamentarians with the Medal of the Baltic Assembly which is a genuine testimony of our appreciation for your efforts to strengthen the Baltic – GUAM cooperation. The Medal we will award today is a way for us to thank you – Mr. Mammadov and Mr. Masimli - for your fervour, courage and conviction in the shaping of the Baltic – GUAM regional partnership.

Mr. Elton Mammadov, Head of the Azerbaijani delegation to the GUAM PA, expressed his gratitude for receiving the medal of the Baltic Assembly, which symbolizes sincere attention of our friendship and support as well as evaluation to those who worked for achieving our common good. GUAM PA will develop further cooperation between our organisations thus strengthening ties between our nations.

Mr. Ali Masimli, Member of the Azerbaijani delegation to the GUAM PA, thanked for the honour to be awarded with the highest award of the Baltic Assembly, which is the sign of honour for the work and strategical partnership between both organisations. Gratitude was expressed for making the GUAM countries closer to the European and Nordic countries, the European structures.

**Continuation of
the Addresses of Foreign Delegations**

Mr. Bart Tommelein, Vice President of the Benelux Parliament, expressed his honour to address on behalf of the Benelux Parliament at the 20th anniversary session of the Baltic Assembly and congratulated on 20 years of fruitful parliamentary cooperation. The Benelux as the oldest international cooperation agreement in Europe and pioneer of the European integration, were able to provide a model and source of inspiration for the Baltic cooperation. It goes without saying that our outstanding cooperation has changed in content through the years.

During the first phase we wanted to share our know-how in the field of international cooperation and to show that this could be a perfect forum to tackle cross-border issues. The next phase was when we supported you in your application for membership to the EU, and to be an inspiring example of how three countries, despite their size, can influence the European agenda and European decisions, and how, by coordinating their positions and taking joint initiatives, they can strengthen their role within the European Union. The Benelux cooperation also profiled itself more than once as a laboratory for Europe, for example with Schengen and in the field of police cooperation and energy. The mutual cooperation between countries can extend beyond the cooperation between EU Member States, in accordance with article 306 of the EU Treaty. In a European Union that is constantly growing, such a cooperation gives its members more weight. It is always a surprise to people when we say that the Benelux countries together have as many votes as countries like France or Germany. Actually, we must establish interest-based coalitions in the enlarged Europe in order to solve current and future problems. That is why the cooperation with the Baltic Assembly is still as essential for us today. The recent declaration on cooperation, signed in June 2011 in the Hague, when the following priorities of cooperation between our organizations were defined : 1) establishment of a European energy community, 2) human capital and knowledge based en innovative economies, 3) health care and social policy, 4) fight against illegal migration, organized crime, cross-border cooperation, 5) integration policies and experiences. Deepened cooperation must be promoted in order to respond to the consequences of global economic and financial crisis. The trilateral meeting with the Nordic Council, in the framework of the fight against intra-community VAT-fraud will be organized next year. It is essential to remember that together we stand strong, in a bigger Europe and in the middle of the financial and economic crisis.

Mr. Anatolie Dimitriu, Chairman of the Moldavian delegation to the GUAM PA, thanked for the hospitality and invitation to the session. It was stressed that experience from the Baltic countries on various issues, such as prevention of smuggling, harmonization of legislation, information about the development of the situation in the EU, development about regional cooperation, creating of Free Trade Zone with the EU and GUAM countries, discussions about energy security, peaceful resolvemet of conflicts in the territories of GUAM etc. is very essential for the GUAM countries.

The congratulation statement was read out on behalf of the GUAM PA. The gift was handed over to the Baltic Assembly.

Mr. Nikola Novakovic, Deputy Speaker of the National Assembly of the Republic of Serbia, representing the South East Europe Cooperation Process, expressed honour for being invited to the anniversary Session of the Baltic Assembly. On behalf of the Parliaments of the South East European Cooperation Process Participating States the Baltic Assembly was congratulated with the two decades of long and fruitful cooperation. Serbia is currently holding chairmanship in office of the SEECP Participating States: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Macedonia, Moldavia, Montenegro, Romania, Turkey, Slovenia and Serbia. Regional cooperation is an important element of European integration, which in turn is an indispensable tool for a durable stabilization of the region. By upgrading regional ownership to enhanced regional responsibility, delivering concrete and visible results to the benefit of the people of the region and relying on the stimulating effects of the EU enlargement policy, we could produce the best response strategy to the needs of the countries from the region. This can become an effective, long-lasting contribution to enhancing positive developments in South East Europe. The South East European Cooperation Process Charter on Good Neighbourly Relations, Stability, Security and Cooperation in South East Europe, signed in Bucharest on 12 October 2000, where Signatory Countries committed themselves to firmly act in order to transform the region into an area of peace, security and stability in a spirit of solidarity and cooperation for the benefit of their countries and people and of Europe as a whole. The participating countries signed the Memorandum of understanding on inter-parliamentary cooperation in South East Europe at the 7th Annual Conference held in Sofia on 14 April 2008, believing that the future of the South East European countries lies in the European Union, with EU membership as the ultimate goal. The Working group of the Parliamentary Dimension SEECP has been established with the aim to research and propose the possible forms of the institutionalization, objective that follows up from the final declarations adopted at the SEECP Speakers Conferences. Besides on developing cooperation with the Baltic Assembly and advancing bilateral cooperation with its member states, the organisation is interested to learn how the regional assembly is functioning. Serbia attaches particular importance to development of its relations with South-East European countries, as basis for facilitating stability and enhancement of the comprehensive good-neighbourly relations, which would enable the integration of this part of Europe with the EU. Serbia is devoted to the continuation of democratic processes and promotion of European values in the participating states of the South-East European Cooperation Process, with the aim of accelerating EU integration of all the countries in our region. The country puts particular emphasis on the fight against organized crime, which requires close cooperation and full coordination of activities of the police and judicial institutions of all countries in the region. There is also an interest in being engage in the

realization of as many as possible infrastructural projects in the region, such as Corridors 7 and 10, as a necessary prerequisite for better links between the countries of the region, and their better links with neighboring regions. Special emphasis is also put to overcome the economic crisis and its consequences, strengthening economic cooperation, trade, attracting investments. The aim is to raise the level of regional cooperation in the field of environmental protection, prevention and alleviation of consequences of all types of disasters and to improve cooperation in the field of education, science and culture. Serbia also pays considerable attention to the strengthening of parliamentary dimension of cooperation within SEECP. The interest is also to develop cooperation with other regional and international organizations and initiatives. It is essential to learn from your experiences, and to intensify cooperation between the Baltic Assembly and the Parliamentary Dimension of the SEECP.

Mrs. Laine Randjärv, President of the Baltic Assembly, informed that Imants Parādnieks, Member of the Latvian delegation to the Baltic Assembly has prepared an address to the Baltic Assembly, which has been discussed by the BA Presidium. The Presidium has adopted the following decision: in accordance with the Statutes of the BA, the BA will deal with issues that concern all three member states. The first item of the appeal speaks about two banks and two states – Latvia and Lithuania. The proposal suggests that the Baltic States should review their legislation to be ready for critical situations. This appeal will be forwarded to the BA Economics, Energy and Innovations Committee which will convene in February 2012, and formulate decisions to be used in inter-governmental work in order to prevent further crisis.

Governmental Report on the Progress of Joint Infrastructure Projects in the Region

Mrs. Laine Randjärv, President of the Baltic Assembly, noted that extensive and efficient infrastructure is vital for ensuring the effective functioning of the economy, as it is an important factor determining the location of economic activity and the kinds of activities or sectors that can develop in a particular economy. Well-developed infrastructure reduces the effect of distance between regions, integrating the national market and connecting it at low cost to markets in other countries and regions. In addition, the quality and extensiveness of infrastructure networks significantly impact economic growth and affect income inequalities and poverty in a variety of ways. Effective modes of transport, including quality roads, railroads, ports, and air transport, enable entrepreneurs to get their goods and services to market in a

secure and timely manner and facilitate the movement of workers to the most suitable jobs. Therefore we are interested to listen to the governmental report on the development of the two running projects – *Via Baltica* and *Rail Baltica*.

Mr. Anti Moppel, Ministry of Economic Affairs and Communications, Estonia, informed that the issue about Rail Baltica will be discussed on 7 December in the ministerial meeting in Tallinn. The first development phase has been accomplished, but the topic of security will be continued. Thematic planning of Via Baltica has been done. It is not clear when the road from Tallinn to Ikla will be ready. The land is reserved for building of the road.

As regards Rail Baltica, taking into consideration the GDP and the decreasing number of population in this area, there are no possibilities to waste resources. In 2007 the Baltic Ministers of Transport decided about the three stages in the development of Rail Baltica, which concern two different widths: 1435 mm (the Baltic's) and 1520 mm (the European). Recently the study was carried out on the feasibility of 1435 mm rail width. Estonia took obligations to reconstruct the road between Valga and Tartu. The total cost is almost 40 million euros, co-financed by the TEN-T. Estonia has also started working on the section of the rail road between Tapa and Tallinn, where the speed will achieve 120 km. Why to invest in the first phase? In 2014 there will be new electric trains in Estonia and new quality will be needed to initiate, i.e. the new speed will reach 160 km/hour. The Estonian Ministry of Economy and Communications plans to reopen the regional train between Tallinn and Riga, but with a new speed. Latvia will reconstruct rail line from Valka to Riga for the speed of 120 km/hour. This work is expected to be accomplished before 2015.

In June results of the feasibility were received. It was decided that the Ministry of Transport of Latvia is the coordinating unit. 15% of the study was financed from the means of the EU. The scope of the study was not too wide, there were good restrictions: two pairs of rails for creating a rail road. Geographical coverage would be from Tallinn to Lithuanian and Polish border. International scope was Germany, Finland and Sweden. Principles that the study was based on: owners, operators and administrators of the passenger trains. Economic situation of the region was analyzed, volumes of the trade and travellers, technical parameteres, maximal access load, maximal length of the road etc. Maximal speed was decided 240 km/hour. Why not 300? In the legal space of the EU the whole technical specification is much wider, i.e. more expensive, far beyond the possibilities of the region. One of the questions that had to be solved was the route. There are 4 versions. Various aspects were taken into consideration: the most direct solutions,

distances, terminals and risks of rivers, inhabited areas, towns on the roads, the time of construction, the NATURA 2000 areas, noise levels, CO2 emissions.

As regards technical solutions, there were a number of them. Three different variants were considered when making the calculation. Economical calculations were made that looked at infrastructure operators, capital costs, operating costs, income side and economic analysis, According to the prognosis it would be important that in 2020 between Tallinn and Parnu there will be more than 4 thousand passengers travelling. At the moment approx. 2700 passengers travel with all the possible means of transport. Considering also potentials from Scandinavia and Russia, this number of 4 thousand is not utopical.

Rail Baltica is the essence of the whole system of the freight transport. It is very important in the meaning that freight operators can earn and passenger prices will not be too high. By 2020 there should be 9.8 million tons of goods. These goods should be mostly in containers or bulk. The most important would be to have modal shift - taking over from the road transport to rail transport. What is the precondition for the modal shift? The prices of fossil fuel will rise and the payments for use of roads will be increased. The rail road is designed for freight but cars are flexible to stop anywhere. In the transport of goods Scandinavia would be an important share, which would make the project successful.

As regards financing, European means are crucial to guarantee the sustainability of the project. Estonia should invest about 5 hundred million euros.

What are the next steps? The prime ministers have made their decision that the most realistic step ahead is to start planning the route in nature which may take 3-4 years.

It would be necessary to establish a common enterprise between states, which would deal with the planning and technical studies, procurement, and building. Shareholders could be the national rail-road infrastructures.

Discussion

Mr. Atis Lejiņš, Member of the BA Environment Protection and Energy Committee, Latvia, noted that the best route solution which was recommended by-passes Riga and goes around the

Riga airport. If we want this line to be economically viable we need passengers and goods, therefore the route must not by-pass Riga. Corrections need to be introduced.

Mr. Anti Moppel, Ministry of Economic Affairs and Communications, Estonia, answered that this questions should be addressed to the Latvian government. These are the results of geological studies. Final decision on the best route in Latvia is in the hands of Latvia.

Mr. Egidijus Klumbys, Member of the BA Economic Affairs, Communications and Informatics Committee, Lithuania, noted that the Rail Baltica was planned as a political project. Would it not be more logical to have a wider width and to go to Kaunas. We should have a railway of European level thus we could save funds and efforts in fright transportation.

Mr. Anti Moppel, Ministry of Economic Affairs and Communications, Estonia, answered that the road built up to Kaunas is built on the existing structure – the dual truck system. Geometrical parameters do not allow speed exceeding 120 km/hour. The road can be used only either by the European or the Russian standard of rail width.

Report of the Presidium of the Baltic Assembly

Mrs. Laine Randjärv, President of the Baltic Assembly, noted that it seems almost incredible that already twenty years have passed since our countries regained the independence. The Baltic Way of 23 August 1989, raising of the flags of the Baltic States in the NATO headquarters and raising the EU flags in the capitals of our countries in spring of 2004, seems like yesterday and a century ago. Three Baltic nations have succeeded this by working closely together. Jointly we have reached our domestic and foreign goals. What is even more important, we overcame what could not be overcome by our predecessors in the interwar period when lack of cooperation and inability to jointly defend the aspirations of our peoples trapped us for several decades behind the Iron Curtain.

Estonian presidency in the Baltic Assembly took place in turbulent time - in terms of political, social, economic and also international environment. During this year Estonia and Latvia had the parliamentary elections. Estonia joined the eurozone which added new fields of responsibility to the country. Our countries are facing challenges caused by the global recession and economic recovery. Countries are trying to foster economic competitiveness without

endangering social cohesion, and the outcome of these attempts is decisive both to our internal stability and to our ability to generate resources that are necessary for playing a serious role in the globalised arena. Our countries face many serious challenges and we express our greatest concern on the latest tendencies in the Baltic States in regard to the challenge of the demographic change – ageing of population, low birth rate, and serious emigration wave. These developments have direct and widespread economic and social implications, large increases in public spending, mainly on pension, health care and other public infrastructure. The task of politicians is to steer the development of our countries in this stormy environment as professionally as possible.

Twenty years ago the circumstances were difficult, challenging and unpredictable. Goals which the Baltic Assembly had to achieve were complex and backbreaking. Today's situation is very much alike. Therefore, we should stop celebrating our accession to the EU, NATO or euro zone; we should stop complaining about the hard economic crisis and the limited financial resources available for cooperation. Now it is time to engage in the real cooperation aimed at the welfare of our nations. The time for talking about priorities, goals, and usefulness is over. We must act in order to regain competitiveness, create a common Baltic energy market, and lobby our interests on the European and global level. We have to represent and defend our national interests, express our views on the future of Europe, and ensure sustainable development and prosperity. Our first duty is to perform the parliamentary cooperation and our second duty is to perform the cooperation within the framework of the Baltic Assembly as good as possible.

Demography, infrastructure, energy, sustainable development, business environment, security, innovation and research were only some of the issues on the agenda of the Baltic Assembly during the Estonian presidency. Firstly, in cooperation with the Baltic Council of Ministers we continued the coordination of measures for joint health care projects of the Baltic States. This issue was started in the debates of the Social Affairs Committee in 2010. The report of the Task Force of the Baltic Council of Ministers was delivered today. It is expected that the first common procurement of the vaccines will be started in 2013. We do believe on the success of other initiated projects on the joint specialised medical centres, coordination of emergency aid in the cross border towns as well as establishment of an efficiently functioning human organ transplant system.

Secondly, we have focused on the development of sustainable energy market. Unfortunately, we are still separated from the European energy market and supply system and we remain directly dependent on the import supply of natural gas, oil and, partly, electricity. Our goal is to develop a regional gas market with alternative origins interconnected and for consumers possible to choose the supplier. The Baltic parliamentarians urge our governments to diversify the energy sources by geographical origin and type. We invite not only to focus on the Baltic regional energy market but also on the Baltic – Nordic regional energy market. It is of strategic importance that our governments draft and submit a common long-term Baltic energy strategy that focuses on regional approach and interoperability. We insist on the need to approve such a common long-term Baltic energy strategy in the national parliaments of the Baltic States. The national parliaments and governments need to have a clear vision with concrete and practical steps on the development of common energy market. We have to agree on the construction of one LNG terminal in one of the Baltic States as soon as possible, and continue the development of the Visaginas nuclear power plant based on high EU security standards. The governments need to lobby the interests of the Baltic States on the EU level more actively.

Thirdly, we have to be more energetic in fostering the practical economic cooperation of our countries, for example, development of joint infrastructure projects - ViaBaltica and RailBaltica – because well-developed transport infrastructure is the precondition of our competitiveness, regional mobility and attraction of investments. The second area we have to coordinate our policies more is in the area of research and innovation. Parliamentarians of the Baltic Assembly will consider possibilities to follow the Nordic model by establishing common Baltic platform for research and innovation which would facilitate cooperation in all fields of research and research-driven innovation when this adds value to the work being conducted in the Baltic States.

Fourthly, debate of the European Union in regard to the Common Agriculture Policy and the Cohesion Policy clearly indicates that the Baltic States have to become more active in lobbying the interests of the Baltic States. In the Resolution of the Session we have formulated our parliamentary position in regard to the Common Agriculture Policy and the Cohesion Policy. On 14 October we have submitted letters to the European Commission and the European Parliament in which we expressed our concern about the Commission's offer regarding the Common Agricultural Policy for the years 2014-2020 which to our point of view is unfair to the farmers of the Baltic States. We have also asked the European Commission and the European Parliament to keep providing adequate financing for the development programs and

infrastructure for the convergence countries so as not to endanger the successfully launched and effectively functioning investments programs that promote growth of these countries and consequent advancement towards the average development level. We will continue to monitor the development of the situation in regard to the Common Agriculture Policy and the Cohesion Policy and, if needed, we will be ready to protect interests and development of our countries and the whole Baltic region. Moreover, jointly with the governmental branch we have to elaborate joint approaches and strategies for the use of the EU Funds for a new budgetary framework of 2014 – 2020.

Allow me to underline the development of cooperation networks with our international partners. From the Baltic perspective, it is essential to establish interest-based coalitions in the enlarged Europe in order to solve current and future problems. The Baltic Assembly is pleased about the cooperation networks with the Nordic Council and the Benelux Parliament in such areas as the establishment of European energy community; cross-border cooperation in the fight against illegal migration and organised crime and smuggling; forest policy; development of economies based on human capital, knowledge and innovation; and environmental protection. By closely cooperating in these areas, we are promoting deeper European integration, increasing welfare, reaching greater political consensus, stabilising our economies and fostering our development. Political cooperation between the Baltic Assembly and the GUAM Parliamentary Assembly has also deepened. It is important to strengthen also the cooperation in the concrete areas based on the Eastern Partnership of the European Union. We are able to offer our experience in the integration way to the European Union and implementation of reforms in environment, education, research, trade and other fields.

The time when we are marking our anniversary is also the time to make an assessment of what has been achieved over the period, and what has not been accomplished . The world is different now in comparison to what it was twenty years ago. And the Baltic cooperation is different. This was the ground for starting the dialogue on the need to implement structural changes in the Baltic Assembly. The rapid development of our countries over the past twenty years has required from the parliamentarians a lot of skills to act in the ever-changing international environment. The Baltic Assembly had and will have to adapt to the fast changes in the domestic and international status of the Baltic States. We have proposed to streamline the structure of the parliamentary organisation which ensures more relevant, coherent and efficient work. In order to ensure direct feedback to the standing committees of the national parliaments, we have agreed that the parliament of each of the Baltic State, while forming the

national delegation to the Baltic Assembly, shall be recommended to comply with the principle that at least one member of the relevant standing committees of the national parliaments are represented in the committees of the Baltic Assembly. Introduction of this principle will strengthen not only the ties between the committees of the Baltic Assembly and the standing committees of the national parliaments but will also strengthen the Baltic parliamentary cooperation on the whole.

We have also agreed on the redivision of the competencies and fields of responsibilities of the committees of the Baltic Assembly. There will be the following committees: Economics, Energy and Innovation Committee; Education, Science and Culture Committee; Natural Resources and Environment Committee; Legal Affairs and Security Committee; Welfare Committee; and also the Budget and Audit Committee. The size of delegation will be 12-16 members.

As regards the financial issues of the Baltic Assembly. Since 2009 we have managed to decrease the expenditures of the Baltic Assembly and to remain within the limits of the small budget for our parliamentary cooperation. As you can see from the report of the Budget of the Baltic Assembly of 2010, in a hard way we have learned to work within small financial framework. In 2010 and 2011 we have mobilized our expenditures and have acted within EUR 274,140 and the same total we have for this year and also for the year 2012.

Cooperation among the Baltic States is often described by using vivid epithets about unity, historical heritage, competitiveness, and mutual loyalty. These descriptions are true because cooperation among Estonia, Latvia and Lithuania is a stellar example of intertwined cooperation, competitiveness, jealousy, struggle for leadership and other elements. Baltic cooperation has always sought an answer to the question on what the ideal model of cooperation should be. The reason is simple – it is hard for neighbouring countries to establish cooperation because of their geographical proximity. Our neighbourly relations are based on this proximity and significant similarity of domestic and foreign goals. Similarities and the desire to be better than others are both advantages and stumbling blocks of our cooperation; they make us wonder about the Baltic unity over and over again. We still need to learn how to find a balance between national and regional interests, bearing in mind that advancing of regional interests will increase the possibility to realise national interests.

Adoption of the Final document of the 30th Session of the Baltic Assembly

Mrs. Laine Randjärv, President of the Baltic Assembly, informed about the Final Resolution of the Baltic Assembly, which contains recommendations in regard to the Common Agricultural Policy and the Cohesion Policy of the Baltic Assembly, recommendations regarding economic cooperation and joint infrastructure projects, and development of sustainable energy market.

Resolution of the 30th Session of the Baltic Assembly was unanimously adopted by the national delegations of the Baltic Assembly.

Mrs. Laine Randjärv, President of the Baltic Assembly, informed about the **Statement on the 20th Anniversary of the Baltic Assembly and the perspectives of cooperation**, which contains the position in regard to the development of the Baltic cooperation. There is a clear vision on the mid-term and long-term goals of the development of the Baltic Assembly, which also requires changes in the structure of the Baltic Assembly. The Statement reconfirms the appreciation for the efforts the Baltic Assembly has implemented during the last twenty years and puts future directions for further development. In connection with the structural changes there is the **Decision on the Amendments to the Statutes of the Baltic Assembly**.

Statement on the 20th Anniversary of the Baltic Assembly and the perspectives of cooperation and Decision on the Amendments to the Statutes of the Baltic Assembly were unanimously adopted by the national delegations of the Baltic Assembly.

Mrs. Laine Randjärv, President of the Baltic Assembly, informed about the **Final Document of the 30th Session of the Baltic Assembly**, which sets priorities for the next year under the presidency of Lithuania. There is also the **Decision on the implementation of the Report of the Budget of the Baltic Assembly for 2010** and the **Decision on the Budget of the Baltic Assembly for 2012**.

Final Document of the 30th Session of the Baltic Assembly and the Decision on the implementation of the Report of the Budget of the Baltic Assembly for 2010 and the Decision on the Budget of the Baltic Assembly for 2012 were unanimously adopted by the national delegations of the Baltic Assembly. (See Annex 2)

Election of the President and Vice Presidents of the Baltic Assembly for 2012

President – Paulius Saudargas, Lithuania; Vice Presidents – Raimonds Vējonis, Latvia, and Laine Randjärv, Estonia.

Election of the Chairpersons and Vice Chairpersons of the BA Committees

Chairman of the BA Economics, Energy and Innovation Committee - Bronius Pauža, Lithuania, Vice Chairmen - Imants Parādnieks, Latvia, and Sven Sester, Estonia.

Chairman of the BA Education, Science and Culture Committee - Valerijus Simulik, Lithuania, Vice Chairmen – Jānis Vucāns, Latvia, and Ülo Tulik, Estonia.

Chairman of the BA Natural Resources and Environment Committee - Jonas Stanevičius, Lithuania, Vice Chairmen – Atis Lejiņš, Latvia, and Jaanus Tamkivi, Estonia.

Chairman of the BA Legal Affairs and Security Committee - Ludvikas Sabutis, Lithuania, Vice Chairmen – Jānis Ādamsons, Latvia, and Väino Linde, Estonia.

Chairman of the BA Welfare Committee - Gediminas Navaitis, Lithuania, Vice Chairmen – Vitālijs Orlovs, Latvia, and Aivar Kokk, Estonia.

Chairman of the BA Budget and Audit Committee - Rytas Kupčinskas, Lithuania, Vice Chairmen – Ivans Ribakovs, Latvia, and Sven Sester, Estonia.

Speech of the Newly Elected President of the Baltic Assembly

Mr. Paulius Saudargas, Vice President of the Baltic Assembly, emphasized that it will be a great challenge and a great honour to assume the post of the President of the Baltic Assembly. Members of the Lithuanian delegation believe in the strength of the Baltic cooperation and obligations which will be fulfilled with the greatest sense of responsibility and pleasure to further promote substantial parliamentary cooperation of Lithuania, Latvia and Estonia in all fields.

Twenty years ago Lithuania, Latvia and Estonia regained their independence and returned to the international community of sovereign and democratic states. The unique experience of peaceful transition, state building and reforms during the last twenty years has made the Baltic States stronger and more determined. History has taught us that our neighbours are our closest friends and supporters; that cooperation and coordination gives more as fierce competition; that we should always settle disputes through dialogue and cooperation. The political and economic stability and success of each Baltic state is an essential part to the success of all three states. The regional awareness and regional responsibility will be the guiding mission for the Lithuanian presidency in the Baltic Assembly.

The maintenance and improvement of our national ability to tackle all changes in economy, social field, energy, environment, research and other fields must be supplemented with the increased capacity of both the Baltic Assembly and the Baltic Council of Ministers in order to address these constant and rapid changes and challenges. The world has reached such a degree of interdependence that regional cooperation has become a strategically essential tool and mechanism for the countries to use. During the Lithuanian presidency we will continue the launched initiatives in such fields as health care, energy, business environment, digital market. We will embody the decision on the structural changes, and concentrate on developing practical partnerships among the Baltic nations. The main goals and priorities of Lithuania's presidency are the following: firstly, enhancing integrated and stable financial markets of the Baltic and Nordic countries. Globalization provides numerous opportunities for growth while also posing serious challenges especially in the area of finance. The lessons of the financial crisis show specific problems in the financial sector of the region. There are common financial groups with significant activities in the Baltic and Nordic countries. There is a need to facilitate the management and resolution of cross-border systemic crisis, potentially affecting the stability of the financial sectors in the Baltic and Nordic countries. Financial crisis in one of the countries in the region pose threats to other countries because they are interlinked. The Baltic and Nordic financial markets are interlinked. Our regional and on the whole European financial sector can only hold a global competitive edge through further integration and consolidation. Financial integration is continuous and ongoing: major efforts have been made to enhance financial integration, and more are still necessary to achieve a truly integrated market. We are confident that our partners in the Nordic Council will be as much interested as we are to have intense and long-term decisions and actions to enhance integrated and stable financial markets.

The second priority is developing innovative and competitive economy of the Baltic States. Unfortunately, we still have to put economic problems behind us. We must grow our economy and decrease the deficit. We have people who have been unemployed for a long time. We have families whose earnings have considerably dropped due to wage cuts and price increases. We do have a serious challenge of demographic decline. We have a complicated situation with migration. How does the Baltic Assembly plan to respond to all these challenges that were mentioned to develop innovative and competitive economy? To our point of view, actions to these above mentioned challenges have to be taken first of all by the Baltic national parliaments and the national governments. Baltic parliamentarians jointly have to take actions to develop preconditions for the development of the region. We have to unite our efforts to ensure integrated Baltic research and innovation area. We have to use the experience and model from the Nordic countries in the format of NordForsk. We will focus on the establishment of such joint research and innovation platform which has been successfully implemented by the Nordic countries. Secondly, we have to continue working hard on developing sustainable and secure Baltic energy market. This will be the key priority in the Lithuanian presidency as we have to ensure the uninterrupted availability of energy products and services on the market at a price which is affordable for all consumers, while contributing to the wider social and climate goals. Thirdly, we have to coordinate our transport and infrastructure projects, including creation of the single digital market. Thus we will promote the increase of competitiveness of our countries and the region which will directly influence also welfare of every person in our countries.

The third priority on the Lithuanian presidency's agenda is the homeland security. Dependence on foreign economic resources, mass migration, and environment degradation, transnational organised crime, pandemic diseases are threatening national security of our countries. It is necessary to focus on the fight against smuggling, illegal migration, data protection, VAT fraud, trafficking in human beings, drugs and weapons.

The fourth priority of the Lithuanian presidency will be developing the Baltic – Nordic Idea: cultural integration of the region. Baltic and Nordic countries can be characterized by fairly close political integration and cooperation, adequately developed economic financial relations, however, there is a lack of projects stimulating cultural integration, cooperation in everyday life and cherishing a common – Nordic-Baltic Idea. We would like to initiate setting-up of a virtual platform/network – Nordic- Baltic Idea that should encourage cultural integration of the region. It could include a fair of new ideas, search for undiscovered talents and useful contacts between business, science and art institutions, and dissemination of information in the field of

culture as well as implementation of new joint projects. Nordic- Baltic Idea could become an “umbrella” for Nordic-Baltic cooperation in diverse fields on the largest possible scale which covers not only the countries’ elite but also civil society at large.

The Lithuanian presidency in the Baltic Assembly will implement its programme in close cooperation and coordination with our international partners – the Nordic Council, the Benelux Parliament and the GUAM Parliamentary Assembly. The most important aim for such partnerships with Nordic, Benelux and GUAM countries is to listen to different opinions, to learn from experience, and discuss issues which cannot be solved now but which will bring us prosperity and development in the future. In such multilateral partnership parliamentarians from the Baltic, Nordic, Benelux and GUAM countries generate, discuss, and provide a vision about issues and problems with which the executive level will have to deal tomorrow or in half a year. We all are invited to work together for the unity of the Baltic States.

Mrs. Laine Randjārv, President of the Baltic Assembly, announced that the 30th Session of the Baltic Assembly is closed. All participants were invited to the White Hall of the Riigikogu for signing of the Final document of the 30th Session of the Baltic Assembly. Gratitude was expressed to all who have been involved with organisation of the anniversary Session of the Baltic Assembly: the national delegations of the Baltic Assembly, experts and international partners, colleagues in the Estonian delegation, Chancellery and all employees of the Chancellery of the Riigikogu, the secretary of the delegation Ene Rongelep, the whole Secretariat of the Baltic Assembly, as well as interpreters.

President of the Baltic
Assembly

Vice President of the Baltic
Assembly

Vice President of the Baltic
Assembly

Laine Randjārv
Republic of Estonia

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