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COVER NOTE

from: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 15 June 2009

to: Mr Javier SOLANA, Secretary-General/High Representative

Subject: Commission Staff Working Document accompanying the Communication
from the Commission to the European Parliament, the Council, the European
Economic and Social Committee and the Committee of the Regions concerning
the European Union Strategy for the Baltic Sea Region: Impact Assessment
Summary

Delegations will find attached Commission document SEC(2009) 703.

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 10.6.2009
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COMMISSION STAFF WORKING DOCUMENT

Accompanying the

**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN
ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE
REGIONS**

concerning the

European Union Strategy for the Baltic Sea Region

Impact Assessment Summary

{COM(2009) 248 final}
{SEC(2009) 702}

Introduction

The European Council Presidency Conclusions of 14 December 2007 indicated that “without prejudice to the integrated maritime policy, the European Council invites the Commission to present an EU strategy for the Baltic Sea region at the latest by June 2009. This strategy should inter alia help to address the urgent environmental challenges related to the Baltic Sea.” The same Council Conclusions endorsed the integrated Maritime Policy for the EU, emphasizing that “it should take particular account of the different specificities of Member States and specific maritime regions which should call for increased cooperation, including islands, archipelagos and outermost regions as well as of the international dimension.” The EU Strategy for the Baltic Sea Region therefore constitutes a first example of an integrated maritime strategy at a sea-basin level.

The geographical area covered by the strategy is the macro-region around the Baltic Sea. Overall, it concerns eight Member States (Sweden, Finland, Estonia, Latvia, Lithuania, Poland, Germany and Denmark). Three non-Member States (Russian Federation, Norway and Belarus) may also have an interest in the strategy. The Northern Dimension framework provides the basis for external cooperation with third countries in the Baltic Sea region.

The Baltic Sea Region (BSR) is a highly heterogenous area in economic, environmental and cultural terms, yet its members share many common resources and demonstrate considerable interdependence. This means that actions in one area can very quickly have consequences for other parts or the whole of the region.

- The environmental challenges identified in the region are eutrophication, marine biodiversity, hazardous substances, pollution from ships, climate change. There is a relatively solid consensus in the BSR to work collectively to address the specific problems of the Baltic Sea through HELCOM. However, HELCOM suffers from weak capacity to implement and enforce measures. Furthermore, many of the sectoral interests such as fishing, agriculture, industry and the maritime sector, whose activities drive the state of the environment, are not involved. It is unlikely that this problem can be solved without a more integrated approach to the problems of the environment and a stronger political commitment to implement HELCOM actions.
- The prosperity challenges are linked to internal market and trade with neighbouring countries, innovation, entrepreneurship, SMEs and human resources, agriculture, forestry and fisheries. Cross border structures to address challenges linked to the single market, innovation and labour markets are less developed than in other areas. This reflects in part the strong role of the national and EU level in addressing the problems. However, for a number of issues, there is a strong desire by stakeholders to strengthen links across the region, in particular to address strong differences in economic performance between the East and West. There is an argument for increasing cooperation at the level of implementation of EU policies, such as the internal market.
- The accessibility and attractiveness challenges are linked to energy security, energy market integration and energy efficiency, internal and external transport links, attractiveness for citizens and tourists. In the case of energy and transport networks, while there are strategic frameworks for identifying priorities, there is a lack of political will to ensure that national decisions correspond to shared needs, accompanied by lack of coordination at the level of implementation, and non-alignment of national and EU funds.

- The safety and security challenges have been identified as cross border crime, maritime safety and security, major emergencies at sea and on land. There are many initiatives in this field at national, regional and EU level. However, this leads to sectoral and geographic fragmentation in some areas. HELCOM is responsible for certain issues linked to major maritime accidents.

The key problem in the region is not a lack of existing initiatives or governance structures. It is rather the failure of largely fragmented existing governance structures to provide a sufficiently robust framework in which the priority issues of the BSR can be addressed in an integrated manner, which addresses potential policy conflicts and trade-offs between sectors. Collective action must therefore provide a framework in which stakeholders can make a step change in taking the actions necessary to realise the region's full economic, environmental and social potential.

In the context of the Baltic Sea Strategy, no legislative action by the Union is proposed. The strategy takes place exclusively within the context of existing EU legislation and relates to voluntary commitments undertaken by Member States. The strategy and action plan have been brought forward at the request of the Member States and third countries concerned.

The **general objective** of the strategy is therefore to address macro-regional challenges faced by the region in order to strengthen the region's ability to exploit its socio-economic and environmental potential so that it becomes a more environmentally sustainable and prosperous place, benefiting from increased accessibility and attractiveness, and ensuring higher standards of safety and security for its citizens.

The **specific objective** is to develop a framework for the individual challenges and address deficiencies in governance structures to ensure that a range of strategic actions (in the form of an action plan) to deal with the challenges are implemented in the most efficient, effective and coherent way. To achieve this it will be necessary to achieve three objectives: improved coordination and coherence; strengthened institutional capability to ensure implementation of actions; improved visibility and accountability.

There are many options for improving the capacity to address strategic challenges. However, stakeholders signalled in the public consultation that existing governance structures should remain in place. Four options have been examined:

1. *No further EU action* to enhance cooperation between countries and regions.
2. *No additional structure*: The change compared with the current situation would be that a strategy and action plan would be established, but within the context of existing structures.
3. *Reliance on an existing institution*. This option would entail strengthening one intergovernmental body to take decisions and coordinate the implementation of the action plan. The only organisation which is sufficiently cross-sectoral and includes all relevant MS at the government level is the Council of the Baltic Sea States (CBSS).
4. *Community approach, General Affairs Council and Commission*: This would see the strategy being led and implemented in line with a normal Community approach in which political responsibility is taken by the Council of Ministers, normally meeting

in the General Affairs Council, while co-ordination, monitoring and reporting are the responsibility of the Commission.

The following table summarises the advantages and disadvantages of each option based on their ability to deliver the specific objectives which were identified.

Table 1. Evaluation of governance options’ effectiveness

Governance challenge	Governance option		
	No additional structure	Reliance on existing institution	Community approach
	MS to implement Strategy & Action Plan	Existing IGO to implement Strategy & Action Plan	General Affairs Council (policy); Commission (co-ordination and monitoring)
Specific objective 1: strengthened institutional capability to ensure implementation of actions			
Weak, consensual decision-making	No improvement	Non-EU membership weakens decision-making	Improved through legitimate high level decision-making mechanism
Lack of capability to enforce implementation	No improvement	No improvement, IGOs do not have enforcement capability	Peer pressure only enforcement mechanism, progress measured against adopted action plan
Lack of capability to implement decisions	Can implement, but no improvement in coordination	Not improved, CBSS does not have implementing capacity	High level participation increases likelihood of implementation
Specific objective 2: improved coordination and coherence			
Duplication of effort	No improvement in existing approaches to coordination	Improved, although not clear how organization would coordinate organizations including representation at same level	Addressed through higher level coordination, responsibilities clarified in action plan
Fragmentation of policies	Improved as each MS would have same strategy to follow	No mandate for integrated approach to EU action plan	Addressed through higher level coordination, integrated approach identified in action plan
No mandate to take decisions with significant impacts outside narrow focus of organization	No improvement	Addressed by assigning general responsibility of implementation of collective action to organization: but this would require change in nature.	Addressed through higher level coordination
Unclear responsibilities	Improved: Member States are responsible but lack coordination structure	Not improved – no mandate to effect change in other organisations	Addressed through identification of roles in action plan
Specific objective 3: improved visibility and accountability			
Low level of accountability	No improvement	Problematic, as membership includes both EU and third countries for EU strategy	Improved: Member States are responsible, however, peer pressure only enforcement mechanism, progress measured against adopted action plan
Low level of visibility	Improved through existence of strategy	Improved through existence of strategy	Improved through existence of strategy and higher political level

Analysis suggests that the best option is a Community approach. It offers good scope to improve the quality of governance within the BSR, particularly since it provides the best opportunity for a monitoring. It also ensures a robust peer review process. In addition, the Community approach is the only approach which would ensure coordination of policies both at the Community level and the level of the BSR, as the General Affairs Council has the advantage of being able to discuss both issues related to the BSR and Community issues. Therefore this approach would be the only one which is able to fully address issues (e.g. agriculture and fisheries) where there is significant Community competence in an integrated manner while maintaining coherence with EU policies. This option would also ensure close

coordination with the Northern Dimension, and would not require prior coordination on the EU position outside the strategy as in the other options.

The additional resources required will depend on the ambition of the strategy. At a first level, the strategy will require a capacity to involve stakeholders in the delivery of the strategy. At a second level, it will require a small secretariat capable of producing annual reports on the basis of a meta-monitoring and managing high level working groups to prepare assessments of progress. This would only be possible by using an existing BSR institution or in a community approach. At a third level, a more developed secretariat would be able to maintain contact with EU institutions to ensure an integrated and coherent approach to EU policies, particularly those areas where there is a strong EU competence. This would only be possible within the context of a community approach.

Overall it is expected that benefits will accrue from an integrated approach to the challenges faced by the BSR from stronger cooperation and common learning. An integrated approach is expected to increase coherence among policies in the region, and contribute towards the general objective. An increase in overall efficiency is expected through increased coherence, addressing fragmentation and duplication of efforts. In general it is expected that the administrative costs of additional coordination will be small compared to existing levels of administrative activity. No additional legislation is proposed, no additional reporting requirement is put forward and no additional decision-making mechanism is introduced.

In its implementation, it will be important to ensure that the strategy does not lead to increased organisational complexity. In this respect, the involvement of the EU level through its institutions, and in particular the Council and the Commission can play an important role in disciplining and structuring the implementation of the action plan, to ensure consistency with Community policies and avoid fragmentation of initiatives.

There should be an opportunity to update the strategy regularly in light of the effectiveness and efficiency of the governance structure in delivering collective action, and in light of the adequacy of the targets. The inclusion of a sunset clause in the strategy could provide incentives for countries and stakeholders to implement and further develop it.