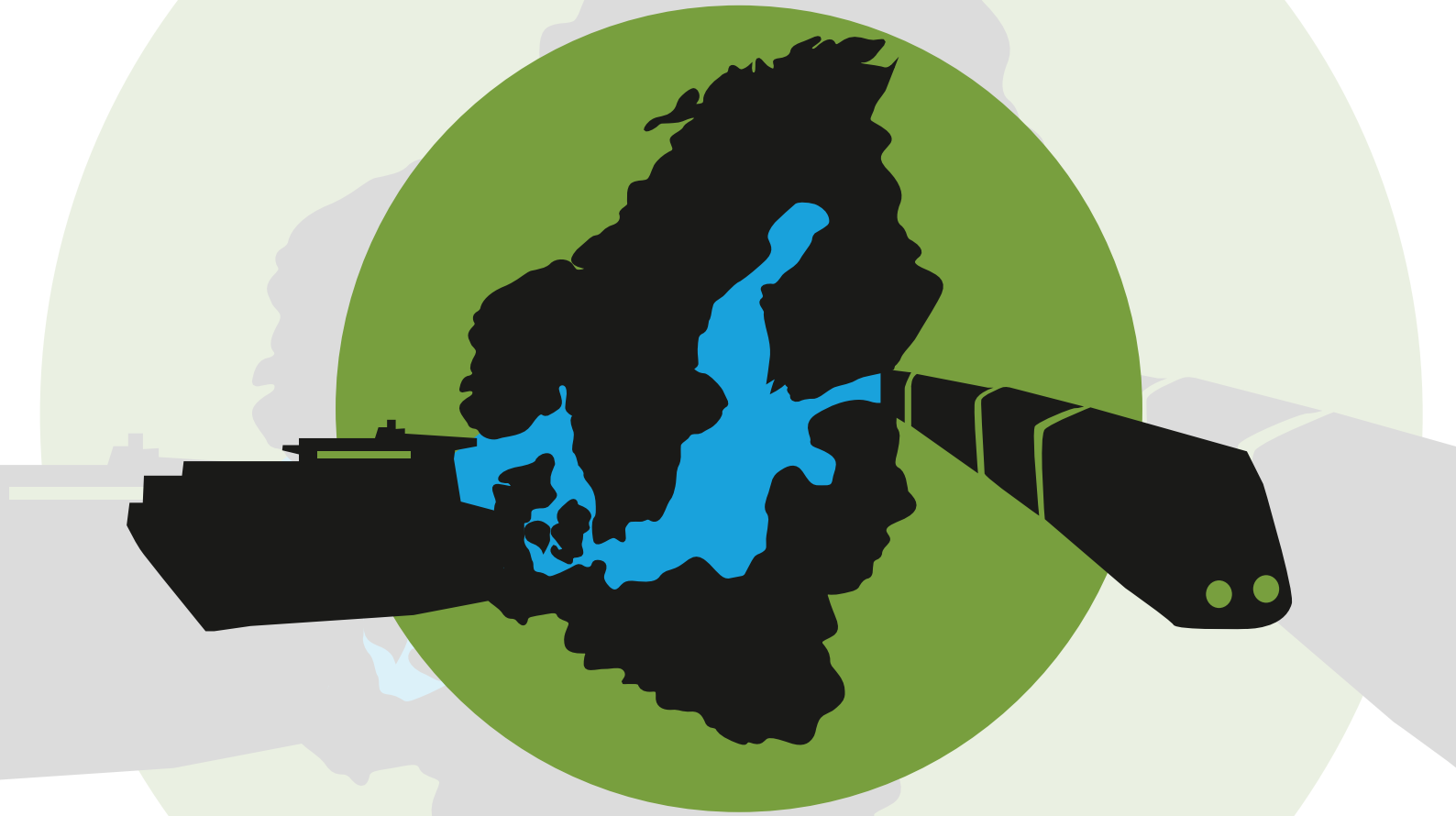
TransBaltic

Towards an integrated transport system in the Baltic Sea Region

HIGHLIGHTS FROM THE TRANSBALTIC CONFERENCE 2011



"A model region for green transport solutions"

Skellefteå, May 11th - 12th 2011

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Erik Bergkvist

President of the Executive Committee, Region Västerbotten

Welcome to Skellefteå/Västerbotten and the official opening of TransBaltic. Transport and infrastructure are very important to Västerbotten and that is why we take part in TransBaltic.

Västerbotten is a big region but consist of only 60 000 inhabitants. We have lots of space to expand and invest. We have mountains and rivers providing hunting, fishing, outdoor activities and a place to find silence. The region has 3 universities with more than 4 000 students. We have a large number of mines and forest industry supporting big parts of Europe with raw materials. The area contains one of the largest findings of gold in Sweden and is therefore also called the Golden City of Skellefteå. The region takes part in many EU projects to support enterprise, research and create own investment funds in the region.

Communication and infrastructure doesn't end at the regional border and is therefore depending on well functioning systems also in other parts. We have the Bothnian Corridor with north-south connection as well as east-west links connecting Norway with Russia and further to China. The main purpose for transport and infrastructure is to create a region where people love to live and can live a good life.

Pontus Lindberg

Member of the Executive Board, Head of the Regional Development Committee, Region Skåne - Lead Partner TransBaltic

An advantage that we have in the BSR is that we are able to communicate with each other in one common language. It might seem like a minor matter but it is a factor of major importance. Region Skåne's location is crucial for transport in the BSR functioning as a major gateway for Norway, Finland and the Baltic countries. By initiating TransBaltic we wish to be able to raise the voice of the regions in the discussion on future infrastructure. The individual nations are not the main actors in the globalisation; the only possible way to compete is with cooperation in between regions.

The majority of transport is in many cases done within the region, as is the example for Skåne. There is an ongoing global competition but most companies have their contractors or sub-contractors within 200-300 kilometres' distance where they may have access during the day and the possibility to meet face-to-face in order to create long-term relationships.

Regions do matter! Talking transit in the BSR we have to be aware of what's happening around us. The Far East, China and India are developing in tremendous speed getting closer day by day. We are living in a fast world and we in the BSR are facing a promising future with many metropolitan areas and a large number of people that can inspire and feed a creative development.

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HIGHLIGHTS

from a speech by

Witor Szydarowski

TransBaltic Project Manager

"TransBaltic - To connect, inspire and show new horizons"

TransBaltic is a strategic project important for the whole BSR. The project has a budget of 5.4 mln EUR with a total of 50 partners and has its interests not only within the BSR but also outside in India, China and Central Asia. We aim at contributing to the EU Baltic Sea Strategy and to provide a stakeholder's platform for private, public, university and research sector to meet and discuss today's and tomorrow's transport challenges. TransBaltic has also cooperation schemes with related transport projects. We have been acknowledged by the Baltic Sea Strategy stakeholders with a mentioning in the progress report and hope to influence also this year's document, especially when discussing the green corridors. The project has managed to obtain back-up from 7 national ministries, 8 organisations from Russia and many pan-Baltic organisations. We deal with strategic issues, a regional action plan and scenarios with certain visions of how the system could evolve in the future. We also deal with specific business concepts.

TransBaltic has a close relationship with the Swedish government regarding the sustainable transport development efforts as we aspire to streamline our work with the Baltic Transport Outlook and Northern Dimension Transport and Logistics Partnership. We have established a stakeholder's forum with high level representatives from business and public to advice us and other corridor projects on how to position ourselves in the development. We try to involve the Commission in the discussion on the Motorways of the Sea, Marco Polo and the newly implemented environmental regulations. We have had a foresight process involving 160 people, including relevant actors in North-West Russia. We are part of the alliance with EWTCII, Scandria and the Swedish Ministry for Enterprise, Energy and Communications for a division of labour in the green corridor concept work. We have initiated umbrella meetings to bring substantial input to the TransBaltic action plan.

We wish to inspire the future development with our policy report and other thematic reports. We have created a set of future scenarios, namely; rivalry, baseline, green and cohesion, which describe circumstances we might be facing, and which shall be referred to in the strategic decision-making. We organise briefings on our findings with high level policy makers, including Regional Policy Commissioner and national transport ministers, and have continuous contact with DG Move and DG Regio. We have organised study trips to Russia and India. Finally, we aspire to show new horizons in the sense of inspiring measures to make the BSR a gateway for intercontinental flows.

The BSR is competing with other macroregions and the transport system must be robust enough to be capable to adjust to the changes in freight flows. That is why a very crucial role is played by transit countries, like Russia, Belarus and Kazakhstan, which serve the flows. Hence, we work with policy measures in discussion with Russia on how the relationship should develop avoiding a possible divide as flagged in a future green BSR scenario. We are of the opinion that the EU transport policy must be place based and well adjusted to the specificity of the BSR. While the EU cohesion policy tends to be so, the transport policy seems to be lagging behind.

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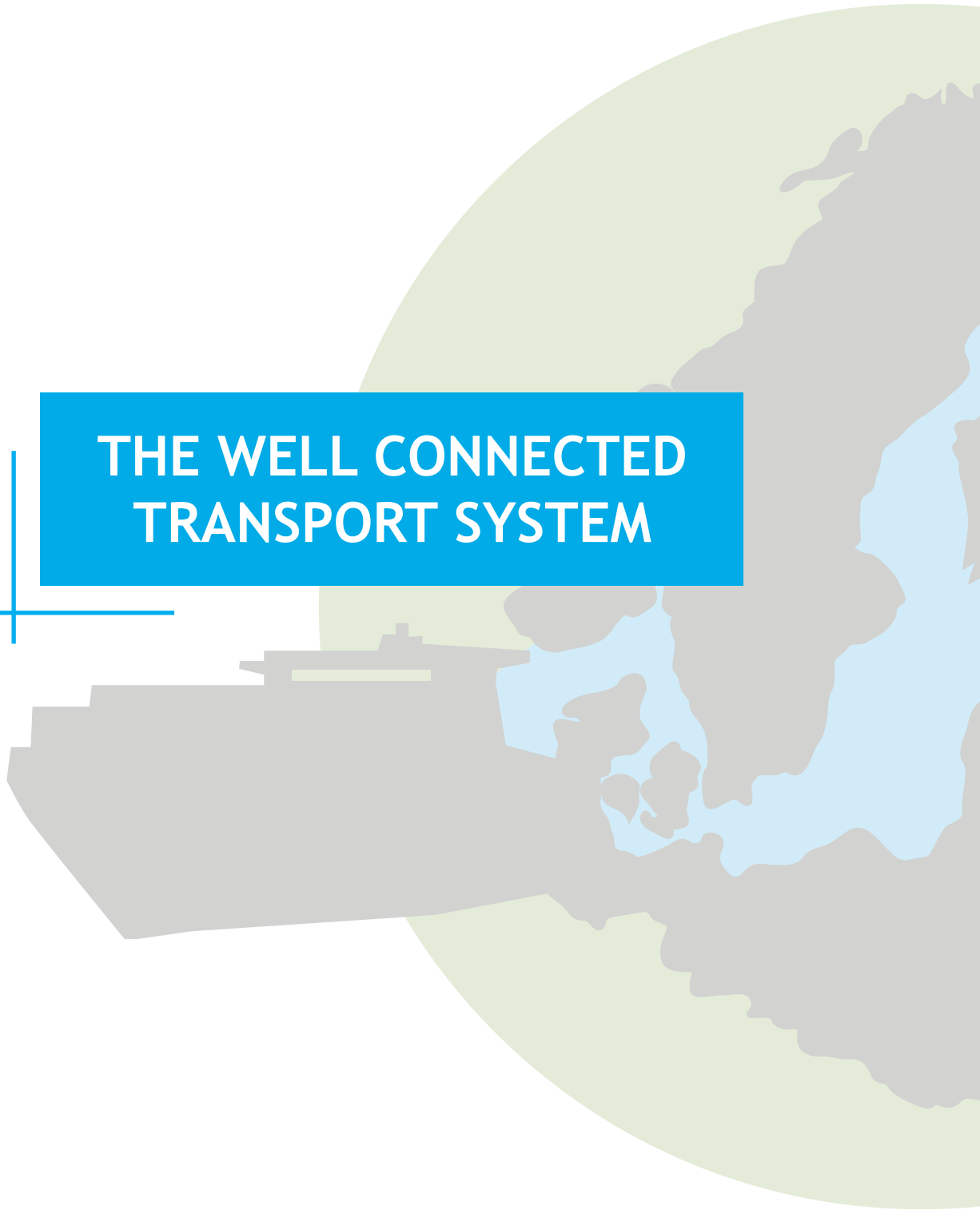
THE WELL CONNECTED TRANSPORT SYSTEM



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Helena Kyster-Hansen
Deputy BTO project manager

"Baltic Transport Outlook (BTO) 2030 – on the finish"

The Baltic Transport Outlook process is coming to an end but is not yet at its final phase. BTO is a project within Priority Area 11. It is somewhat similar to TransBaltic but with a bigger perspective. The BTO covers all countries around the Baltic Sea plus Norway and parts of Russia. The aim is to achieve better prerequisites for national long-term infrastructure planning. In order to make the region more accessible and competitive, it is important to investigate and find a common view on development, transport flows and economical growth with joint awareness of challenges and the potential of the region and for better knowledge exchange.

Task 1
Our first task was to make out a methodology for a strategic network. The methodology approach is to gather all countries' planned infrastructure investments and put them on a map rather then creating a visionary document. The challenge with this methodological approach is that the national plans have different time schedule, with for example Finland's planning stretching only for four years ahead. The main focus is on trying to point out the main hubs, cities, terminals, ports in order to make sure they form a coherent network. The network should contribute to strengthening of the internal market and provide improved accessibility between regions, including peripheral areas. It will serve a better social and economic cohesion, will form decision-making support within the framework of the EU Baltic Sea Strategy and will facilitate transport market solutions.

Proposed strategic network for road transport
The Commission's core network does hardly consider anything above Oslo, Stockholm or Helsinki. Our strategic network means to cover all vital corners on the map also paying attention to the northern parts. It connects all ports and main cities and is supposed to function as a complete network.

Proposed strategic network for rail transport
We will try to make a split between freight and passenger network although not so many countries have priority for freight on their lines. The proposed network is much more comprehensive then the Commission's network and maps out plans that have got to the decision phase in the national planning. In collecting this data we have encountered some problems in getting information from Russia.

Proposed strategic network for airports
The main airports have been mapped out and the methodology is based on volumes and accessibility.

Proposed strategic network for ports
The network mainly focuses on the ports in the Baltic Sea. Some port areas are considered as twin ports from a regional aspect even though they are not co-operating today. There are not many port pointed out in the northern parts since the ports are chosen on the methodology that they should have 9 million tons of bulk or 1.5 million tons for containerized or general cargo. Almost none of the ports in the north fulfil the criteria to be included so we will make a special analysis on those where they will be considered in a different manner. We have taken the future flows into consideration of what might happen based in 2030 as regards volumes and developments.

Task 2
Task 2 concerns identifying all transport drivers like; population growth, employment, GDP, car ownership, technology, modal shifts, safety, transport costs, new fuels, reforms of Russian market, eco-

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nomic development, globalisation, economy of scale in transport, environment and EU enlargement.

Task 3
Our third task about to be finalised is to create a baseline scenario for 2030. We are looking at likely development trends and base it on the Commission's ITREN study and the TEN Connect 2. We will on top of that make some sensitivity analyses, for example on prices on road toll and oil price development. We have made two separate maps on all road and rail extensions and changes, which show the plans that are in the pipeline.

The methodology used is based on the modelling tool TRANSTOOLS, which is used by the Commission. We have collected and assessed lots of data of all kinds. The strengths with TRANSTOOLS is that it covers whole of Europe but its weakness is at the same time that it is not specific for the BSR and the logistics part is for example not so efficient, the model calculates without considering if it is a possible route. We are also looking at terminals, bottlenecks, functionality of the transport system, environmental impact and the region's role in the global transport system. Next thing is to make a SWOT analysis and from that formulate recommendations. Then we will see if there is something at the BSR level regarding infrastructure planning that can be done.
We will have a final report in September and final conference in October, probably in Poland.

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"The green transport system of the BSR"

The ambition is to accomplish a green transport system in the BSR, as there are many challenges, constraints and opportunities on the way to get there. TransBaltic relies on strategies and action plans developed by pan-Baltic organisations as associated partners to the project. By inviting them in discussing those challenges we wish to create a common meeting place. TransBaltic regards the pan-Baltic organisations as communication channel using their contacts and networks for dissemination of results and feedback. This will enable us to move on with manageable solutions.

Introduction of represented pan-Baltic organisations

Wilfried Görmar - Vision and Strategies around the Baltic Sea (VASAB)
The organisation is a cooperation network of 11 ministries responsible for spatial planning and development under the umbrella of the CBSS (Council of the Baltic Sea States). We work with common issues regarding territorial development as an input to European and national policies. Our overall aim is to improve internal and external accessibility from the perspective of territorial/regional development, cross-border mobility of labour force and territorial cohesion. We are currently implementing actions of the VASAB Long Term Perspective for Territorial Development of the BSR.

Jorma Kämäräinen - Helcom
Helcom has made proposals to the IMO, which now have come in place with strengthen regulations for shipping concerning oil, harmful substances, sewage and garbage being disposed in the Baltic Sea and also strengthen regulations for their emissions affecting the atmosphere. So Helcom is from an environmental protection point of view very important.
The overall aim is to try to save the Baltic Sea and we have for that purpose created a so called Baltic Sea Action Plan, which aims at improving the state of the Baltic Sea by 2021. Even though many past attempts have been made in order to get better regulations in the area, there are still some remaining issues especially related to the eutrophication that might be very harmful to the Baltic Sea in the long run.

Ryszard Toczek - Union of the Baltic Cities (UBC)
The Union of the Baltic Cities was born exactly 20 years ago in Gdansk, funded by altogether 30 cities. The UBC consists of about more or less 110 members. The daily work by the Union is performed by the Commissions, and right now I'm representing the Transport Commission.
According to the UBC statute the fundamental idea is to promote and strengthen the cooperation and exchange between the cities in the BSR. We also work to advocate for common interests of the local authorities in the region as well as to act on behalf of the cities and the local authorities in common matters towards regional, national, European or international bodies. We wish to achieve sustainable development in the BSR with full respect to European principles of local and regional self-governance and subsidiarity. UBC has adapted a strategy for the development between 2010-2015 and we consider this

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document as a very strong support for the EU Baltic Sea Strategy, which we intend to fulfil.
The Transport Commission focuses currently on the public transport and international transport in BSR and in regions as well as on sustainable transport policy. We are nevertheless trying to use existing experiences and outputs from other organisations or political initiatives in order to be more effective.

Karl Schmude - CPMR Baltic Sea Commission
The CPMR is an untypical pan-Baltic organisation since it is active in the entire EU. It was funded sometime in the 1970s and it is the biggest network acting on behalf of the regions in Brussels. The CPMR is engaged in commenting and contributing to the Cohesion and Regional Policies and represents 160 European regions with about 200 million inhabitants. The CPMR has a Brussels office and prime access to the Commissioners.
The Transport Working Group of the CPMR Baltic Sea is engaged in regular discussions with the DG Move. Our messages regarding transport policy dimensions to consider for the BSR have so far been threefold; 1) the Nordic dimension meaning that our region with long distances and cold climates makes the transport more expensive then elsewhere, 2) the Eastern dimension meaning that the integration with Russian market, eastern Baltic states and Poland makes it slightly different to the situation in Belgium and France, 3) and the maritime dimension meaning that ferries and ro-ro actors play a major role. We find those three messages quite important to get across to the Brussels' headquarters. Hence, our main activity is to monitor the EU Transport Policy, informing our members and draft common papers trying to influence policy making.

Jon Halvard Eide - CPMR North Sea Commission
The North Sea Commission Transport group is one of 5 thematic groups led by politicians. The transport group is focusing on monitoring EU policies on transport and like the CPMR BSC, also responding to European policy papers, for instance in consultations on the TEN-T policy review. The group is mainly dealing with freight transport with a peripheral and maritime dimension since the NSR is both peripheral and at the same time in the centre of Europe. The group is also developing projects mainly in the NSR Programme as well as following several of those projects in addition to all exchange of good practices in between regions.
My home region Vest Agder is partner of TransBaltic and the InterBaltic project. We are also cooperating with the BSC Transport group when it comes to the EU dimensions.

Wiktor Szydarowski
TransBaltic Project Manager

"Reflections"

The various documents on strategies and results by the pan-Baltic organisation are without doubt much harmonised. Not only the organisations represented here today but all the associated partners of TransBaltic, including business sector bodies, promote important components of an integrated transport system. This visionary system is composed of: 1) infrastructure with cross-border sections, 2) intraregional and interregional transport links, which complement the priority network, 3) ports and airports as interfaces or hubs, with some organisations being keen on inland waterways as part of the intermodal transport system, 4) interoperability between modes, which seems obvious in light of the co-modality principle that at present is the dominating issue in the Commission, 5) the local and regional public transportation on the passenger side, 6) innovate solutions in the logistics and monitoring of the traffic, 7) some soft measures with cooperation patterns between the administration, the business sector and the research sector to find the best way for future investments, 8) policy interrelations between various levels, for example multi-governmental arrangements.

We are facing many challenges. There are many policies that have already been influencing our current situation, among them: EU 2020 priorities, the EU White Paper on Transport or the EU Baltic Sea Strategy. Other essential policy processes relate to the future EU Cohesion Policy, future shape of the TEN-T network, ICT solutions or the MARPOL sulphur fuel regulation. The question is about their consequences for transport patterns in the BSR.
Further considerations deal with natural and in-

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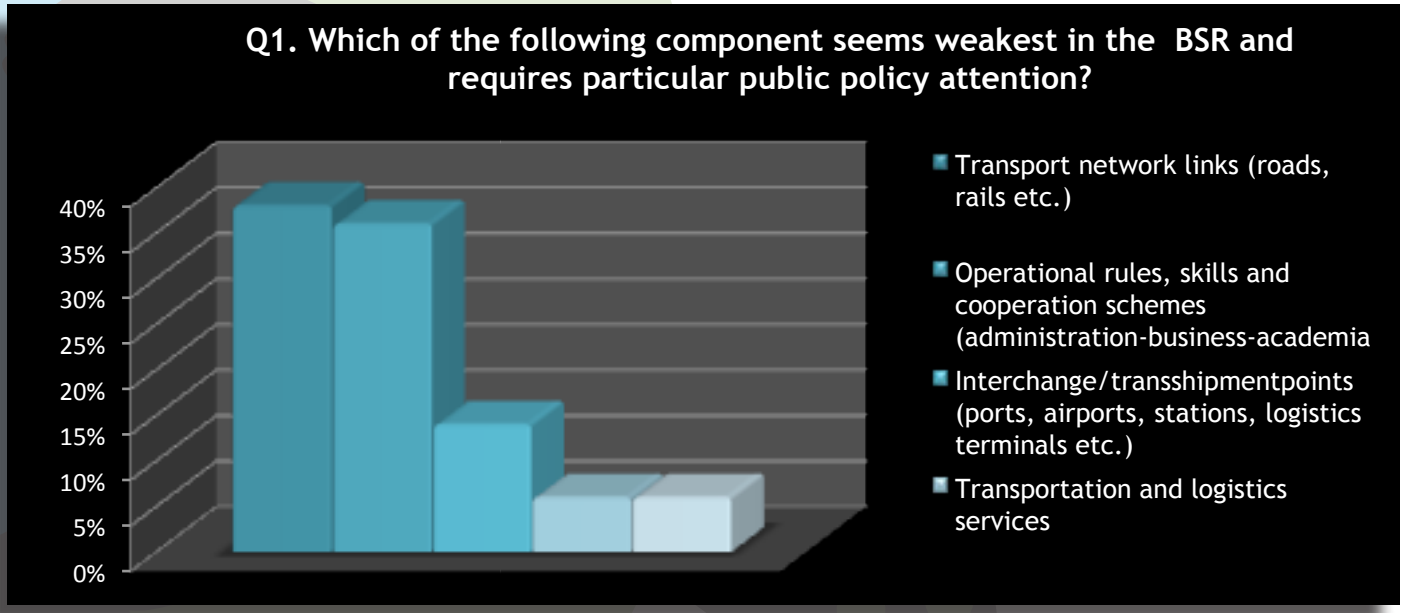
frastructural developments like: the Northern Sea Route, emerging new Baltic hubs with Gdansk aspiring to become a new Baltic hub as well as Ust-Luga, the landbridge connection that cuts down the travel distance between consumption and production areas by the factor of two, India to become world economic power and the aging population.

All in all, it might be that we have to rethink the performance of the future transport system. Some hubs and ports might see a possible drop in turnover because of the IMO regulation. The Mediterranean area could be preferred to the Baltic Sea since it won't be under the IMO regulation at this first stage. Some might say that the IMO regulation will destroy the expected impact of co-modality as it may shift cargo from ships to road. There is also a very provocative thesis that ports of Gdansk and Gdynia may turn southern Scandinavia into a new hinterland for their feeder service. We don't know what will be on the political agenda when it comes to Barents versus South Baltic, as new mineral resources excavated in the Barents area and might attract much of the political attention. There is also a threat of an East-West divide transforming the Baltic Sea Region into area of two velocities, one developing quicker because of the green transport solutions, the other part slower and investing in conventional infrastructure. Are we going to be able to cope with those changes?

Following questions are based upon these reflections.



Karl Schmude
This is an ongoing discussion. Of course it is easier to say that we need more infrastructure but it is not realistic to expect the EU and the national states to give away more funding in this matter. The EU is at the moment trying to convince stakeholders that infrastructure and services have to merge by highlighting that the best infrastructure is worth close to nothing if the operational parts are not functional. I think that what we will see in the future might be an end to the policy that at this state provides infrastructure to a very low cost and the private operators can tear it down by using it or misusing it. We will see more commitments of operators to concepts that make intelligent use of existing infrastructure.

Jorma Kämäräinen
Helcom is concentrating on environmental issues. There are some concerns about the impact of certain policies and the MARPOL sulphur limit is one of them addressing shipping industry.
I would like to add to this discussion that the Helcom Action Plan for the Baltic Sea also includes some further actions to improve environmental issues related to shipping, the situation of sewage in the Baltic Sea and the emissions from diesel ships. I think the new environmental regulations are needed to improve the state of the Baltic Sea, which also has impact on the human health.
There are some new technologies in place already

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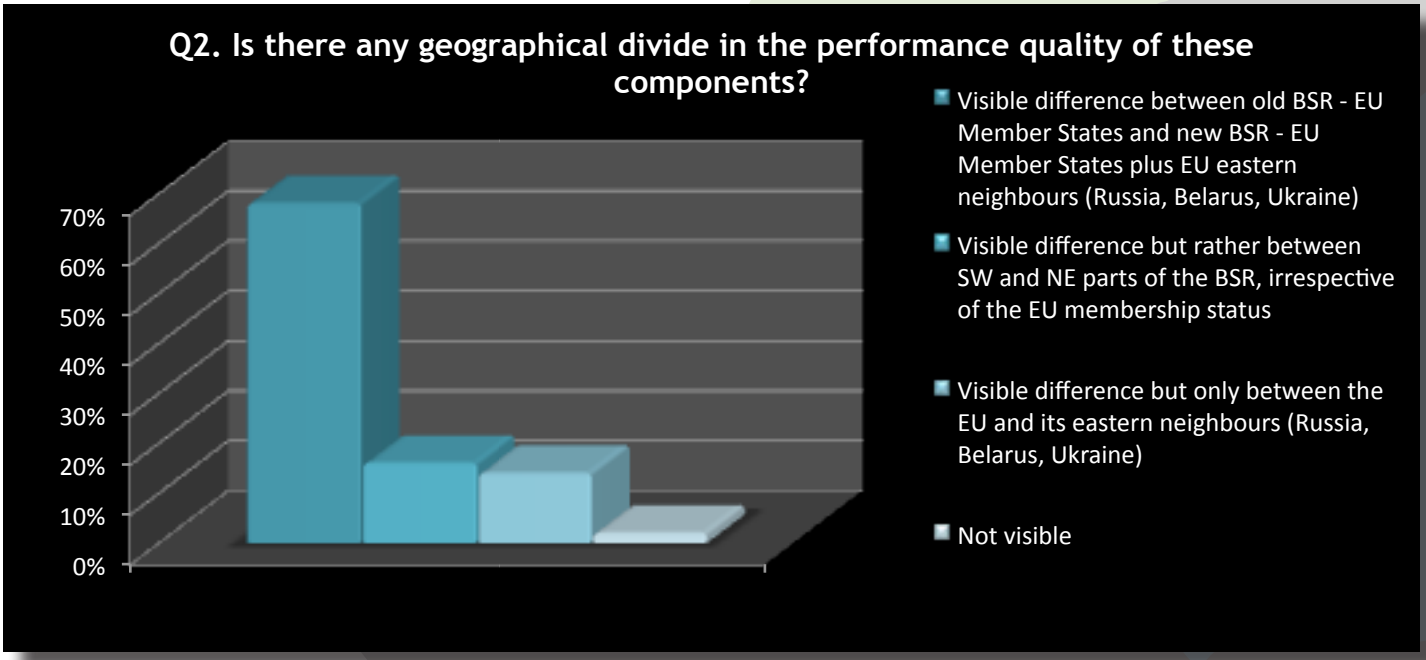
that may help the projected increase of shipping cost related to the sulphur limit of the IMO, which is coming into force 1st of Jan 2015. Ships could for example use scrubbers in order to clean their exhaust gas emissions instead of using more expensive light diesel fuel oil.

Wilfried Görmar
I would say it is a mixture of many things. Skills and the triple helix cooperation are for example quite balanced in this region but maybe the operational regulations could play some role. Our national politics focus a lot on long distance transport, high speed and so on, and we forget that 80% of the cargo transport takes place within the region and this number is even higher in passenger transport.
VASAB has expressed that the transnational long links should be well connected with the regional networks, which still need lots of improvements.

Ryszard Toczek
I voted for improved transport links because of consideration for the horizontal aims, like integration, attractiveness, higher standard of life - the first precondition is accessibility. Since this precondition is mentioned in both the EU Baltic Sea Strategy and the UBC strategy for 2015 I think that it is the real priority for us. To fulfil all the infrastructural networks, eliminating the bottlenecks and constructing the missing links.



Karl Schmude
Of course driving from Germany to Poland for example you might notice the difference between old and new member state but compared with driving from the Pentagon area to the peripheral and poorer areas in Europe it is not much different. That is the comparison you have to do - compare things that are comparable.

Jon Halvard Eide
The biggest difference is probably between EU and non-EU members with the administrative bottlenecks, time consuming border crossings and so on. We should take more of those horizontal issues into consideration when we talk about standards of the transport system.

Jorma Kämäräinen
I voted for that there are no visible differences. In the work of Helcom all the Baltic Sea States including the eastern parts have the common goal of improving the environmental status of the Baltic Sea. The cooperation has lasted almost 40 years now so from Helcom point of view I can't see any differences between east and west. We are also working on the IMO at global convention issues and there are no differences between countries and areas, everyone has the same goal and ambitions.

Wilfried Görmar
It is still big differences between EU and the eastern neighbours. Infrastructure is costly and it takes a long time to make changes.

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Wiktor Szydarowski

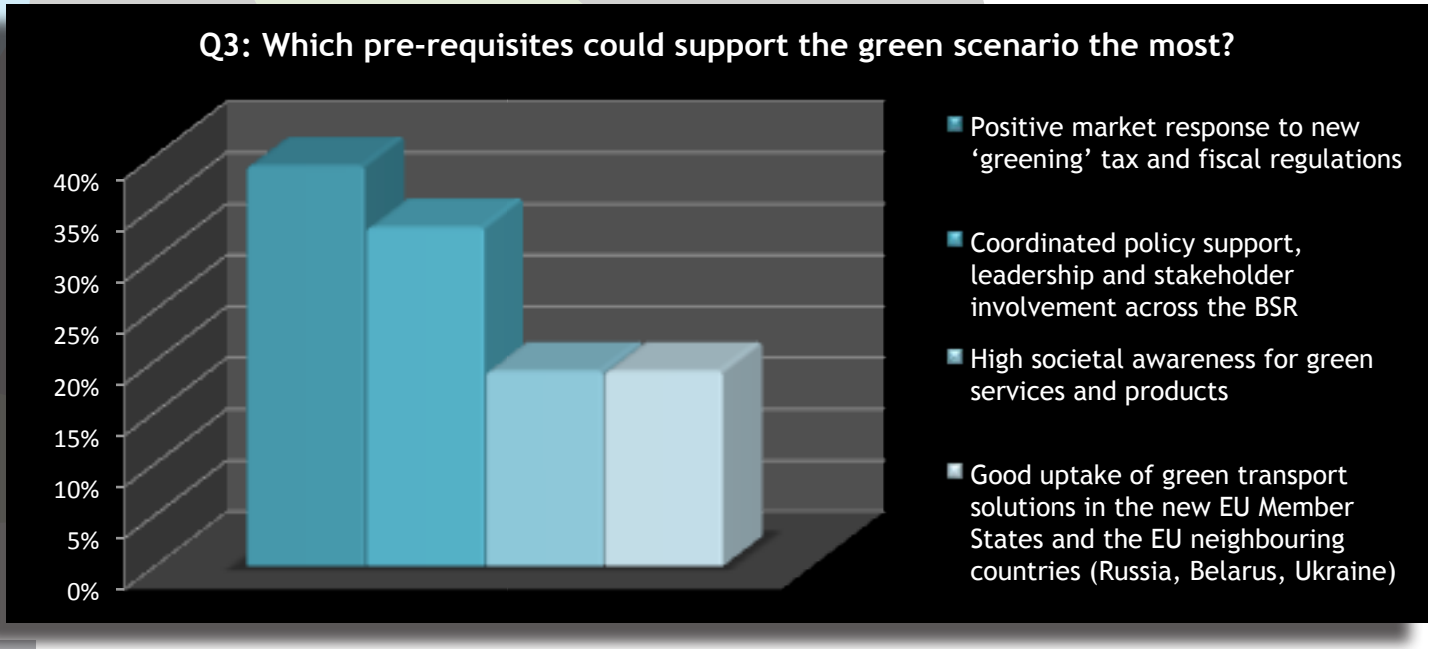
TransBaltic Project Manager

"Inspiration - the Green Scenario"

Representatives from the Commission express that the old monomodal network is outdated. They no longer talk about development of different modes separately but rather show a corridor approach. TransBaltic investigates and examines the possibility of a green scenario. According to the White Paper the Commission wants to achieve investments in green economy sector - innovation technologies and intermodal solutions. We assume that there will be a surge for certain eco-consciousness with high demand from the society on environmental friendly vehicles, locally produced goods and products with low environmental impact.

The green scenario might need certain harmonisation measures between the EU and the neighbouring countries in terms of taxation, certification, product labelling, particular services and terminals, cargo and safety standards. The harmonisation would then need to somehow balance the market demand and the expectations from society. The focus should also be on the last mile infrastructure to strategic nodes like ports and terminals. Looking at the policy ambitions the green scenario might accomplish the ambitions stated in the White Paper. Even the highest standards would be met; green gas emissions reduced by 30% compared by 1990 levels, decreased transport demand and decreased split of modes favouring multimodal transport. For territorial development it would mean that we might see a more balanced growth in rural and urban areas. Some cities in the direct neighbourhood to the metropolitan areas would grow fast as they would be served by efficient public transport networks.

TransBaltic believes it to be important to see a network of green multimodal transport corridors with a mix of hubs - strategic important hubs and smaller hubs serving smaller hinterland and areas being spread over the whole Baltic Sea territory. There is a question of how the Motorways of the Sea should be handled. Are they only projects approved by the Commission or are commercial operators right by claiming to already run a motorway of the sea, which the policy makers should accept? Who should do the labelling for the motorways of the sea - the Commission, national governments, the business or the society? Perhaps there are some complementary MoS needed in the central and northern parts of the Baltic Sea? Altogether, this should create a functional network with TEN-T links, MoS links and nodes in the BSR.



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Ryszard Toczek
It is a realistic and paradigmatic situation with a positive market response to new green technical and fiscal regulations since the market should confirm the political or actual tendencies concerning transport. Port of Gdansk opened today the intercontinental container line Asia-Europe No 10. Huge container ships will be operating on this line with over 30 000 containers. That means that the ship operators already have made a decision in what direction they will perform and we must answer in which way the cargo should be transported, also concerning technologies and hinterland. We have to be more business-oriented.

Wilfried Görmar
It is not a surprise that the market decides and it is very important that everyone looks in the same direction. To include the new member states and Russia is just a matter of time, even China thinks more green, over time this will be adjusted and we will see a change.

Jorma Kämäräinen
The market needs to change the attitude. They should understand that if we really aim at green shipping we need new regulations, but the implementing of those would of course involve new costs. On the other hand, the new regulations will make it possible to introduce new technology, especially in shipping. We have measures in order to reduce harmful NOx and we introduce new fuels, for example LNG. The new regulations and taxes will lead to greener shipping and the increase of costs will be mitigated by introducing new technologies.

Jon Halvard Eide
It is obvious that the regulatory framework and the financial incentives must be adapted to the so called green corridors. Green investments must be easy and affordable. It is important that the external costs of transport are internalised and we can imagine a new distribution scheme where an income from road charges could be redistributed to the most sustainable transport modes. I'm not so concerned about the performance of shipping, I believe that shipping is the key to greener transport and that the MoS should be in the core of the maritime dimension of green transport. Green should also be including accessible since it is supposed to be efficient, it is not enough to be green. It might be a danger of heavy focus on transport that could lead to centralisation and concentration of freight flows in order to make it financial viable to be green - so not green at all cost, there has to be a balance. It is very hard to differentiate and rank those different factors. The green concept has to be developed in interaction between all of them.

Audience: Leonid Limonov - Leontief Centre, Russia
I doubt that the eastern countries will be able to live up to the standards and requirements. They will keep contributing to the pollution no matter what is decided in the EU, which means high costs paid by the European states to improve the environment might be of no use. There is a need of coordination and an agreement for all users of the Baltic Sea. The coordinated policy also needs to be accepted by the market because if not they might reallocate transport flows to, for example, the Mediterranean area.

Audience: Jerker Sjögren, Lindholmen Science Park, Sweden
The triangular model of infrastructure, technology and logistic solutions with regulations and policies in the middle is the reality. It is no matter of one or the other, there has to be a balance between them all. The discussion about an east- western divide must be addressed by a dedicated policy during the next programme period when we have the TEN-T guidelines to give the new member countries the possibility to make the right decisions. Green corridors are still in an early phase but within 20 years it will be common concept.

Audience: Vladas Sturys - CCITL VGTU, Lithuania
The need for feeding the corridors must be highlighted in the discussions. There will be no corridor at all if it is not used by the cargo and it should be dedicated to the cargo.

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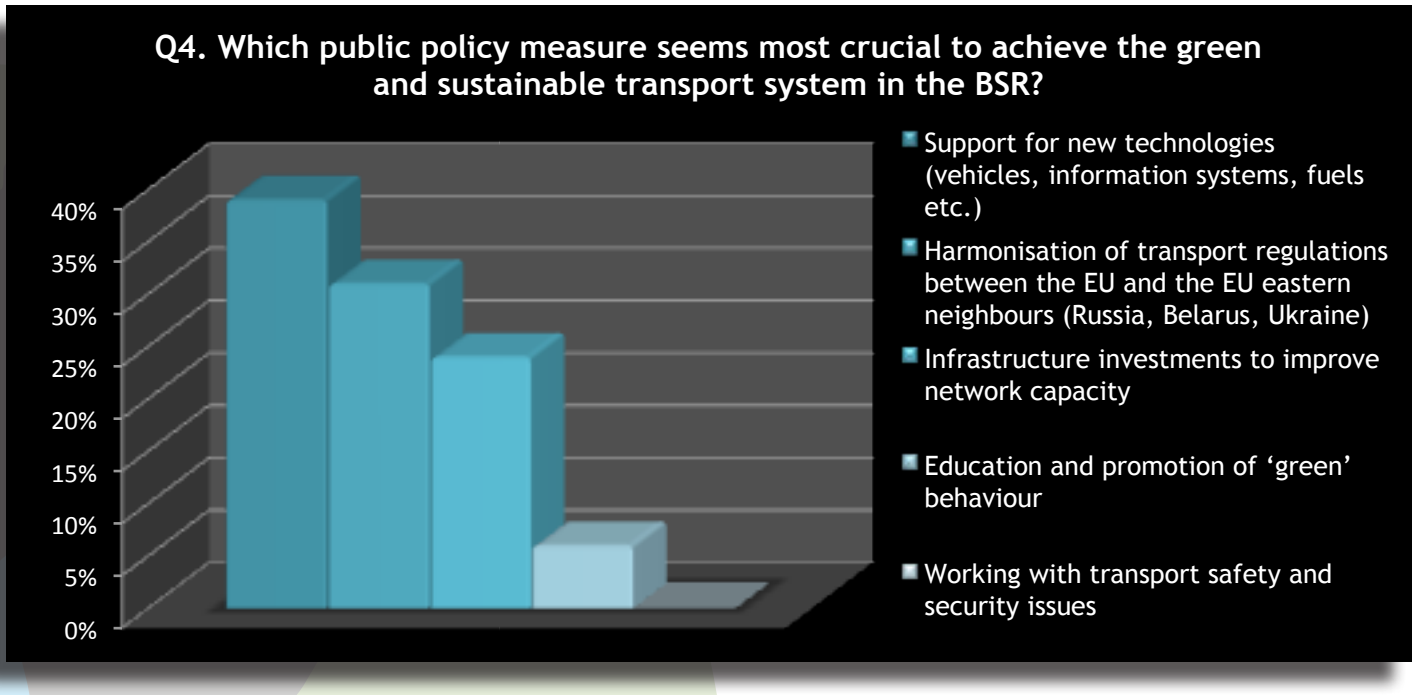

Ryszard Toczek
This would mean a new position with great possibilities for the cities as an operator of green corridors. The cities don't have in the current position legal mandate or technical knowledge but we are trying to implement the idea of polycentricity and functional urban areas in order to prepare them for technology changes.

Jorma Kämäräinen
New technology is the key to green transportation. In the early stage when the technologies are being introduced to the market there might be a need to enhance the application by some for example economical support.

Wilfried Görmar
New technology is what will push the green corridor concept further. The regulations between EU and non-EU states have to some extent to be harmonised but I believe that if the concept is successful it will also be adopted by other countries like Russia.

Jon Halvard Eide
Perhaps we could perceive a green earmarking principle, for example in the funding of transport infrastructure under the Cohesion Fund. According to the TransBaltic Policy Report there is a danger that the new member states will concentrate on building up high capacity conventional infrastructure before entering into the uncertainty of more advanced and green technology investments. Investments in technology are also related to the issue of regulatory framework and in order to succeed the EU must be willing to relay on the state guidelines. In order to take off in this matter the human dimension like education and training is important, there are for instance lots to gain environmentally and financially through eco-driving. There are lots of factors that matter and they are mutually dependent on each other.

Karl Schmude
I would also like to discuss pricing on infrastructure and transport service and also taxation issues. The EU White Paper on transport states pricing as one of the most important issues saying that we should have a totally different framework on pricing of transport. If we would have a different framework the other issues might not be solved automatically but it would be a lot more easer.

Audience: Erik Bergkvist
Technology is the most important factor in the long run but in the short term for fast development we need to look at harmonisation of regulations. Pricing shouldn't be underestimated but it is important to know what to price and how to price.

Audience: Pawel Stelmaszczyk
In the previous White Paper from 2001 there was

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nothing about safety and security in transport, which was very criticised, so in the recently released paper this issue is one of the priorities.
The SuperGreen project aims to find green corridors and to find the right balance of corridors. We have resisted some claims specifically from the railway sector that by default all rail corridors should be considered as green corridors since the efficiency requirement is not always met. The concept must meet economic efficiency as well as environmental performance standards. The corridor approach that we are now implementing based on the White Paper means to streamline and mobilise different policy and funding instruments in order to support services that have an ambition to be greener then standard. The Commission is working on the assumption that any efficiency improvements in transport and logistic services by definition should result in better environmental performance. Whenever you deploy some innovation, new technology or business practices, you improve economic efficiency and also address the reduced CO2 emissions caused by insufficient handling.
Commissioner Kallas is very keen on implementing integrated passenger travel information, which means integrated ticketing for passenger transport across the EU 27. We should treat freight transport in the same manner and technology is the key.
Logistics will be put together with maritime transport in the new administrative organisations of DG Move and this is in the recognition of the fact that most of the cargo enters EU by maritime transport. The challenge is then to find logistic solutions to distribute it across the EU where the goods will be consumed.

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TOWARDS TRANSBALTIC BLUEPRINTS IN GREEN TRANSPORT SOLUTIONS

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HIGHLIGHTS

from a speech by

Jukka Siren

LAKES, TransBaltic task 5.1 manager

"Dry Port development"

We have heard a lot today about making transport more efficient by developing sufficient infrastructure but I'm sure that we all know that is also important to find a concept on how the infrastructure should be used to make the best out of it. It might be that our current structure is quite fine, we just have to be more concerned about how we use it. That is what we are doing in TransBaltic WP 5.1, in for example Finland and Hamburg.

The idea of a dry port is to move port service into hinterland and from a custom point of view it is the same as using the connection via the port or via the dry port. The main purpose with the concept is that it gives us the possibility to develop efficient transport and by that making the transport more cost efficient and increase the possibility for industry in accessing the market. The dry port concept is not invented by us, it has been known for some time. Prof. Kaj Ringsberg from Chalmers University is doing very much research on this and the Port of Gothenburg is one of the customers. I wish that you as the link to policy makers could highlight the dry port concept. I believe that it should play an obvious role in the transport policy. The concept could provide a lot of benefit for the EU, ports, hinterland and transport and logistic companies. Our main goal in WP 5.1 is to get the concept known and accepted by the policy makers.

Tuomo Vallas

Managing director Speed Group Oy, Finland

"Dry Port development"

Speed Group is a 19 years old private company that offers high quality container transport services. We concentrate on container transport by truck and rail and we transport more containers in Finland then any other company. Our clients are shipping companies and big Finnish export, import and forwarding companies. We have employees in Vuosaari hub and in Kotka, which is the second biggest container hub in Finland. We are operating with 70 trucks and almost 150 container chassis.

In Lahti we have 10 hectares of dry port, which is the only dry port we have in Finland so far and this one is in need of much improvements. The dry port doesn't have a railway connection and it is decided that it

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won't be developed either. The area is next to HW12 located 12 km from Tampere and 15 km from Lahti. We had a rough estimation of 1 200 trailers in the depot last year. The new Vuosaari Harbour is a 2 year old harbour developed by City of Helsinki, in which we managed to get our own yard as one of 7 private owned companies in Finland.
We established this depot in Lahti 8 years ago because of its location in the middle of the logistic centre in the southern parts of Finland. It is 100 km from Helsinki, a bit over 100 km from Kotka and Hamina, 100km from Tampere and 200km from Turko. We are really eager to establish a real dry port in the Lahti area with a railway connection and three site options nearby the city. It would be easy if we had some 5-10 million EUR to build those rails and make it functional. So far we operate with trucks and we will continue with that but in the mean time we do all we can to get a dry port to Lahti.

My experiences with TransBaltic have been very good. I've been visiting operating dry port in Falköping, Madrid and Zaragoza discussing with railway operators and port authorities who all have been involved in dry port management, and gained knowledge from their experiences. We entered the project more or less by accident but if I hadn't been here today with all the info and material I have got, the attitude and the negotiations with the Finnish state railways (still monopoly) would have been at totally different state. The traditions are very old and hard for business to break through but it has changed remarkably the last 12 months. I'm quite sure we are going to find a solution with the state owned railways to open up a dry port in Finland perhaps even within 2011.

Saskia Zippel

Hamburg Port Authority, TransBaltic Task 5.1 case leader

"PreGate Parking Areas: A measure towards the control of port-approaching traffic"

We are looking to implement a PreGate Parking (PGP) area as a measure to control the approaching traffic to the ports. Main reason for creating a PGP is the specific situation of the Port of Hamburg fully surrounded by the urban area. The limited land capacity prohibits expansion so we have to make the existing road infrastructure more efficient. In this way we can prevent the stop-and-go traffic within the harbour and by that reducing the CO2 emissions. We have done research on heavy traffic conditions in the Port of Hamburg to come up with well suited measures. We analysed involved institutions and actors, logistics and traffic technology systems, regulations, freight traffic volumes, location and accessibility of the port, disturbing sources of the road traffic and the parking possibilities at the harbour and terminals.

The Port Authority, which I represent, can't influence either the terminals or the physical access to the harbour. The only thing we can do is to provide information to the truck drivers and the terminals and try to manage the whole traffic system within the port. The basic idea is a parking space like a service area for truck drivers outside the harbour but within the reach of 50 km where drivers can wait to be called in to the terminal. To be able to detour the

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truck drivers to the PGP area instead of the harbour you have to invent some kind of fast lane for preferred handling.

The topology of the PGP is a conventional set-up, starting at the arrival of the port with the truck driver going the conventional route to the terminal and there waiting for dispatching or handling of containers. The alternative is that the truck driver gets the information that there might be for example a traffic jam so he won't be able to dispatch for some time and therefore is asked to go to the PGP and wait for further information. While waiting he can do the advanced check-in and then go straight to the terminal using the fast lane and be handled before any other trucks. At a later stage in the introduction of PGP, all trucks should use the PGP area, which then would be functioning as a kind of dry port with railway connection. The truck driver could then load or unload the containers there.

Next thing we did was to find out how this could be implemented. We detected three strategies; A) only provide the PGP area as an option for the truck driver B) recommend and enforce the drivers to go to the PGP area in case of constrained traffic C) enforce all trucks in the case of container traffic to go to the PGP terminal and check-in before going to the harbour.

We have detected that the traffic most in need of a PGP would be the traffic going south on the A7 so that is where we will look for a suitable site to implement the system. We will use existing infrastructure and later see if we can implement somewhere to load and unload containers at the PGP. A next step is to develop an operational and financial concept since the Port Authority itself is not the one that could operate the system. Next is to figure out how to implement a booking system and the traffic information system that we are creating. After that we will develop the physical infrastructure. We hope to get the pilot projects started some two years from now.

Inge Brørs

Eastern Norway County Network, TransBaltic task 5.5 leader

"Solutions to increase the rail freight transport"

Our case study is mainly focusing on the western and northern leg of the Nordic Triangle towards Europe. Even though it is a common goal to get more transport by rail and ships we can see that something else is happening. Looking at the southern border between Sweden and Norway we can see that there are daily 2 400 trucks passing on 6 feet trailers. The truck transports are increasing rapidly. To make rail freight transport profitable you need considerable amounts of goods.

We started our task with a survey on transport flows between Norway and the other countries in the BSR and the survey indicated that there is sufficient amount of goods for rail transport to fulfil the demands of fresh food transportation. Rail capacity to and from Norway is limited and we know that considerable investments are needed to increase and upgrade the railways but more has to be done, as portrayed in our intermediate report, which you can download on TransBaltic website.

Inge Brørs

Erling Saether

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Erling Saether
Norwegian Logistics and Freight Association

"Solutions to increase the rail freight transport"

Railway services have to be punctual to attract railway operators and freight owners. I represent the Logistics and Freight Association in Norway, which employs 45 000 people and has 350 member companies.

Over the next 20 years or so, the truck and rail freight volumes worldwide will increase 2% per year or be doubled by 2040, while the market share for short sea shipping will decrease. Rail freight in Norway is relatively big in relation to its size, we are not more the 5 million people and the distance between the southern and northern parts is almost 3 000 km. The reason why the railway transportation is that big is that forwarders begun to locate the terminals along the rail tracks already in 1970-80.

There are 5 daily departures between Oslo and Stavanger in each direction, the corridor has a market share of 50%. The distance between Oslo and Bergen is approx. 500 km with a marker share of 60% and 7 or 8 departures each way. The same is for Oslo and Trondheim, even Oslo and Bodö have 2 daily departures. Consumer goods are transported to the northern parts of Norway from Oslo through Sweden/Halsberg and Kiruna to Narvik with 3 departures each way bringing fresh fish back for transportation to Europe. Most of the Norwegian import is consumer goods, which usually arrive at the port of Oslo. The freight terminal in Oslo is one of the biggest rail freight terminals in Europe handling 600 thousand of the 1 million Norwegian containers. The main corridor for import volumes crosses Svinesund with a market share of 40% by truck.

From 1st Jan 2011, Schenker launched a new service from Oslo to Narvik through Sweden seeing that they had enough customers to fill a trailer on their own. The route from Oslo to Narvik with almost 2 000 km is the longest in Europe. The transit time is 36h and average speed 75km/h. Because of still existing monopoly tendencies we have had big problems with terminal capacity in Oslo and Narvik. CargoNet, the daughter of the national railway company, owned most of the terminals and tracks, making it difficult to introduce competition but Schenker succeeded and I would say that 2011 is the first year with competition on the Norwegian railroads.
We also experienced some problems realising that the rail network owner in Norway, Järnbaneverket, and the Swedish Rail Administration do not cooperate. It seems like there is no corridor thinking and no coordination in planning work along the track so very often trains stands for hours before they open the track again. Alternatives to prevent stops and delays are lacking. Such problems have to be solved to make a shift of mode from truck to rail possible. But we managed and have now along our corridor 3 daily departures; CargoNet has 2 and Schenker has 1 each way carrying approx. 150 000 containers every year. Each departure has 50 containers, which means 150 containers with fresh salmon to Europe.

Almost 2.4 tons are transported from Gothenburg area to Oslo yearly and even more from south Sweden, southern Denmark and northern Germany. That indicates that it is possible to establish a rail service from Oslo through Gothenburg, Malmö, Hamburg and to Verona. On the other hand, volumes to establish a service from Oslo eastwards are not yet big enough.
In shifting the mode from road to rail it is important to make the market players cooperate, meaning the wholesalers, freight owners and forwarders. The forwarders decide what transport mode to be used and we have to make them cooperate with the rail operators and that is a challenge. Nothing is so flexible and efficient as a pallet, a container and a truck. There has to be some incentive introduced by the public authorities to make it happen. We have to in detail investigate from where the cargo comes and to what destination it is going, so researchers and authorities have to act together. Our approach in Norway has shown that it works and I'm sure that the corridor south from Norway down to Europe would be successful.

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HIGHLIGHTS

from a speech by

Leszek Andrzejewski

Institute of Logistics and Warehousing Poznan, TransBaltic task 5.3 leader

"Deployment of ICT toolbox "

We have selected an ICT application for logistics systems called Logit. The software enables the stakeholders to compare transport services and all possible transport solutions within the selected transport corridor across all modes of transport and carriers. The evaluations can be made on criteria like expected expenses of the transport, delivery time and key performance indicators. The software user can create his own custom made supply chain based on the travel timetables and then book the service and monitor the process. The central part of the software is a data base which collects locations, roads, transport service providers including time schedules, tariffs and freights. The software produces a network of alternative transportation solutions in the given corridor according to the given criteria - cheapest or fastest. When registering at the software portal it provides suggestions or the user can chose to build an own supply chain. If the selected route is overbooked the system provides a list with second best solutions.
The software has also an operational part. After making the booking the user can monitor and track the cargo with comprehensive information. The monitoring system is very useful in delay management and makes it easy to reschedule the delivery. The system also generates the invoice.

We think that the software is an important tool whereas transport in many countries is facing difficulties. In situation where urgent delivery is needed there are no alternatives to road or air freight transport. There is a large pressure from the market to reduce logistic expenses and it is sometimes better to use the slower transport then the cheaper one. The market has not yet fully realised the advantages of a system enabling different modes of transportation and as it is now it is difficult for the companies to compare conditions since it is not transparent enough. Taking this into consideration our concept gives the complex information about the market and all possibilities needed to allow the user to compare in an easy way. We target our concept to the transport community, to shippers, transport service providers, carriers, freight owners, sea ports and we want to make them aware of the competitiveness of the different kind of solutions.

We have chosen the corridor between Hamburg and Poland as one of our case studies. We have analysed and compared freight expenses between different transportation modes with analysis from Hamburg to 9 different business centres in Poland to investigate the different modes. Using the system we can see that it is hard to compete with the trucks in eastern parts of Poland, while in the western parts the railways are at an equal level.

To be able to compare is important for the freight owners and the shippers but there are some obstacles in the deployment of the software. Seaway carriers are rather focusing on larger customers and not very interested in small companies. The companies also tend to discuss prices face to face avoiding the competition of internet platforms. Cooperation between carriers operating in the given supply chain is sometimes difficult, mainly due to incompatible IT systems which requires many interfaces.

We have within TransBaltic developed two case studies to demonstrate the different levels of freight rate depending on the model: Hamburg - Poland and Scandinavia - Poland. We are demonstrating the results to the stakeholders to convince them to participate in the deployment phase. During the meetings we gather much information on how to improve the software and how to adjust it to the market requirements. In a next step we will be ready to start developing the software, customise it and implement it in the real business. We have some operators onboard and we are now discussing participation with shippers.

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Jutta Wolff
Hamburg University of Technology, TransBaltic task 5.2 leaders

"Empty container management in the Baltic Sea Region"

Empty Container Management (ECM) is a big issue in the container and shipping industry. The main reason is the trade unbalance between imported and exported containers relevant for whole continents, a region or just a port. The point is that you have to reposition the container from the surplus areas to the deficit areas.

There are three main arguments for investigating the issue especially for the BSR; 1) recent years' increasing containerisation, 2) the strong imbalance of containerised flows with more containers entering then leaving the region, 3) the high share of empty containers in the total container turnover. The share of empty containers between the years of 2007-2008 was a total of 20-25%. The share of empty containers between the Russian and Baltic ports is even higher with 30%.

We have created a report on ECM in the BSR which aims at creating transparency in the issue. Our target audience is all players in the management of the container transport chains. We base our work on a threefold approach on several studies. We have done broad literature review worldwide, analysis of statistical data (mainly based on Eurostat data) and conducted a survey on ECM, for which we asked more then 200 companies and local port authorities about there experiences in the issue. The report provides insight to fact and figures regarding ECM in the BSR, introduces involved players and reflects their background in the region, and furthermore portrays the reasons for the empty containers as well as their impact on economic, environment and sociology. We also provide an overview of potential measures on how to mitigate or overcome negative impacts. The report will soon be published.

The following describes the transport chain of an empty container: The container approaches the harbour on ship and is then unloaded, which may take place in the hinterland of the port. The container is further transported to a depot for empty containers, located either in the hinterland or directly in the vicinity of the terminal in the port area. Then it goes to a terminal where it is loaded on a ship, transported to a port and terminal in for example Asia and then again moved to a depot for empty containers where it once again stands waiting to get loaded on a ship.
The main players in the handling are; shippers and consumers who are producing or trading companies; inland transport operators on road, rail and waterways; depot operators who may be independent but it is very likely that for example the shipping lines or terminal operators own the empty depots; port authorities; terminal operators; stevedoring companies and the shipping lines. The shipping lines are most affected by this problem. They are on one hand operating the containers and on the other the main owner of the containers. 60% of the worldwide container fleet is owned by the shipping lines with increasing tendencies, which makes them the decision makers in the container chain. The port authorities are also affected by the problem in the sense of constrained transport infrastructure and land capacity. In the survey we asked the different actors to evaluate and assess the issues and it showed that we carefully have to consider what measures to implement since the problems are many. Development of ICT systems that make the equipment more visible to the different actors is regarded as something with high potential.

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HIGHLIGHTS

from a speech by

Bernd Jahn

Maritime Competence Centre (Ma-co) Hamburg, TransBaltic task 5.4 leader

"Human resources development and CMS in harbour logistics "

It is very important to develop organisation's systems for transport information and communication. It is also needful to develop human resources, the once that handle the systems.

Ma-co is a non-profit organisation located in the harbour of Hamburg, Bremen, Bremenhaven and Wilhelmshaven - the new deep water harbour. For more then 35 years Ma-co has been offering vocation and educational training in what I will call VET for employees and employers in the maritime and logistic sector; ports, transport and shipping companies. Our activities have annually about 7 500 participants and 680 seminars and trainings.

The Competence Management System (CMS) is a new tool for matching customers with Ma-co assessment of training and also clients offering assessments services: training, evaluation and certification of employers and employees. The CMS structure includes a completely modularised basis for all kinds of port and logistic skills, which can be adapted to competences, competence profiles and qualifications. The CMS structure is compatible with the EQF (European Qualification Framework). The training results are transparent for all involved parties – the employer, employee and trainer and useable as a platform for later qualification steps.
The overall idea is to make CMS applicable and expandable internationally; adaptable and useable for transnational VET cooperation and functioning in the framework for standardisation of VET aims and contents. The final goal is to test selected competence profiles together with TransBaltic projects partners. The current status is that we together with the two other involved partners have identified some competence profiles.

The importance of the task for the BSR is to enhance the port capacity building and human recourses development, employability and competitiveness in the German ports and partner countries. Fostering BSR-wide cooperation is a basis for mobility for employees. The most critical factors that needs special attention is; 1) traditional concentration on my port and my logistics; 2) lack of transnational exchange of info and experiences concerning VET; 3) too dominant national and local VET structures and country specific conditions; 4) unequal PCR interests in countries because of political conditions and economical differences.
What can public administration do to pave the way? It can promote and support transnational exchange, for example between existing VET institutions or national practices of information and experiences, and establish network connections between interesting clusters of port and logistics in the BSR.

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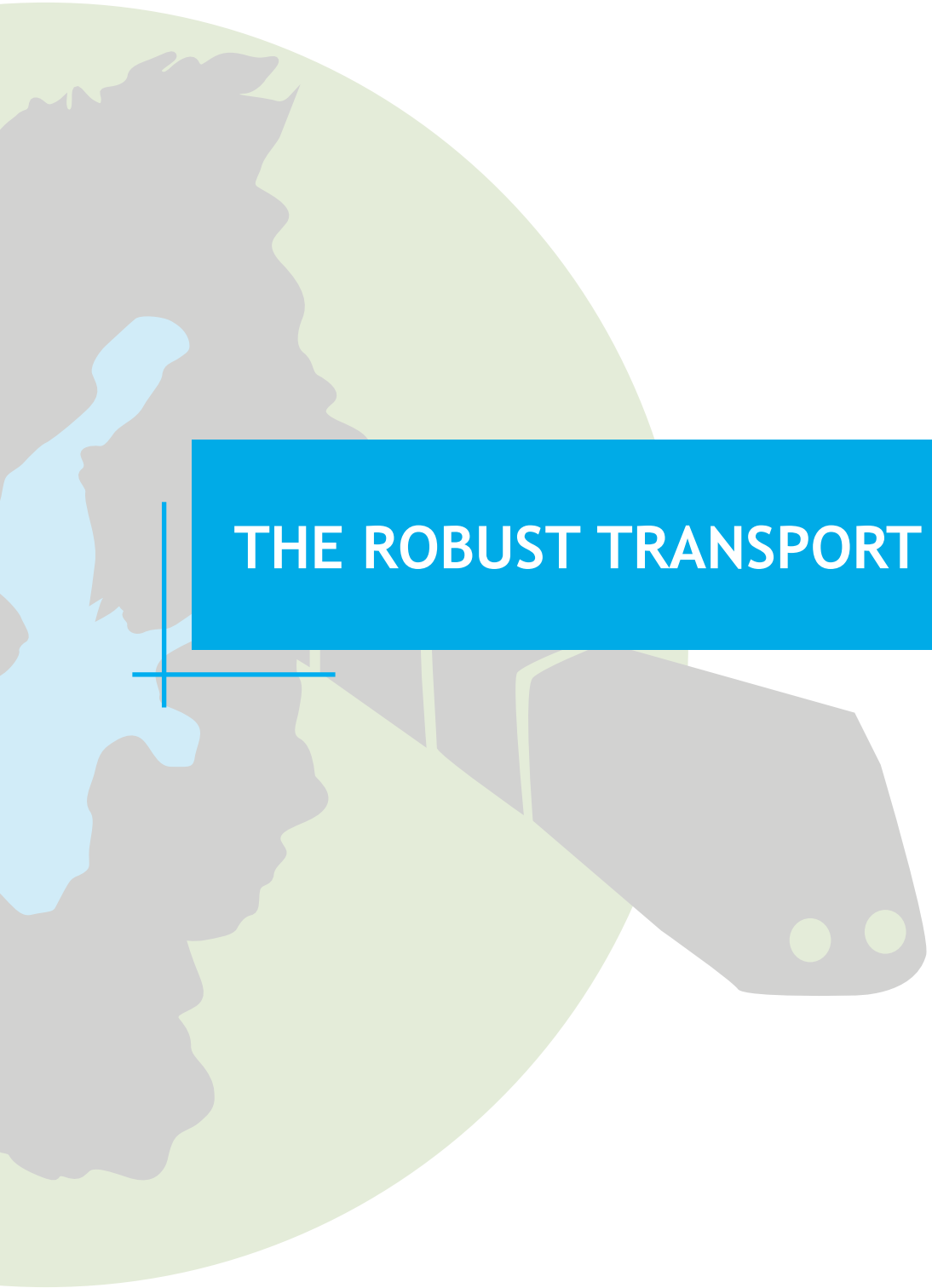

THE ROBUST TRANSPORT SYSTEM

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Stephen Blanks

Co-Chair, North American Transportation Competitiveness Research Council, USA

"Red-yellow lights to green transportation in North America"

I'm particular delighted to be here because we can't do what you are doing. The situation in North America is similar to yours but in a fundamental sense it is not. The structure that the EU provides does not exist in North America.

For the development of firms in the industry at national levels we might say that these are green, and, as in Europe, I'm sure there is a big green bandwagon, every firm wants to be green or at least to appear to be green. Green trucks are for example a big issue in the United States and Canada but much of the enthusiasm for green is simply to lose weight. If you reduce weight you could reduce fuel and you would reduce emissions, it's a win-win situation. This is a really interesting push for greater road efficiency. Only a few firms understand that setting the bar higher stimulates innovation. The impact of the recession pushed back efforts to be innovative.

Interestingly, the last couple of years have also shown much activity at the regional level, yet one has to realise that much that has been done in the states at a regional level is a ploy to push the Federal Government to do more. Since autumn, with the takeover of many statehouses by the Republicans, it is not clear whether any of these structures will remain. There is also a danger in a bottom-up approach when organising regulatory environment. If every region or state puts its own regulations into effect, it makes it close to impossible to uphold an efficient system.

What was slow moving has come to a dead stop at the national level. North America is a single environmental entity, the climate change doesn't stop at the national borders and that's sometimes hard to see for our leaders. In the 1980s US companies rationalised their Canadian and often Mexican branch plants into single North American entities. By the end of the 1980s we can talk about a North American economic system composed primarily of extended supply chains crossing national borders, which means that in the 1980-90s we had remarkable efficient freight transportation system. Looking ahead, now we run into the wall with trying to devise solutions to what has to be done. To begin with we had a system with deep integration in North America. The substructure of the North American economy is far more integrated then the substructure of the European economy but what is remarkable different is the lack of a superstructure of institutions and elements that provide a governance of that. Our system was driven by corporate strategies and structures incapable of creating a broader policy vision.

The counterpoint to NAFTA 1994 was the EU 1992 and the anti-globalisation pressure in the USA and Canada meant that we would never be a North American union. There was never a vision of something beyond three individual countries signing a free trade agreement. North America is institution-light, which means we only have three institutions, out of only one that has been successful - the Commission for Environmental Cooperation. There have been some different environmental initiatives , like the Energy working group and Security and Prospect working group that have included something on environment. Important to say is that what happened 2007 in the EU and which wouldn't happen in North America is the merge of transport and energy. At CEC level, there is a new report on green trucking but at the national levels with the Environment Protection Agency and the Department of Transport there are hardly any connections at a policy level. The work of NAFTA after 1994 was derailed by anti-globalisation sentiments and the determination that we wouldn't be

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like Europe so now there is no voice at the governmental levels that has the role to act in a coherent manner. We have never thought of a common North American vision and in the end of the 1990s when it became clear that it would be a crisis in freight transportation because of congestion, growing concerns of emissions and climate change, there was no agency or authority to suggest what the problems were and to suggest alternative solutions.

There is not one centre study in North America for the freight transportation, we have huge transportation institutions but not one of them is focused on North America and neither any centre for North American rail. 80% of Canadian exports go to the USA, most of the Canadian manufacture industries are highly integrated into these cross-border supply chains. The system for energy is highly integrated but there is not one single university in Canada that has a centre for the North American business. One reason in particular is the failure of the US policy. There is no map like the TEN-T map looking at North American transport corridors, it would be considered political inappropriate. Why? Partly because governance is far more decentralised then many Europeans understand. For example our Department of Transportation has no strategic capacity except for the building of interstate highways. Since the 1950/60s all road building and planning is done at the state and local levels with the federal DOT providing the money. That has increased since 1991 when the latest round of highway legislation came into existence and we moved from about 10% of the money being determined by congressional earmarks to about 40%. Most of the money now for highway road building is determined by individual congressmen to benefit their own district rather then supporting any sense of coherent system.

Climate change has become enormously politicised in USA as well as Canada. There is a strong view that getting rid of the government would solve many of those problems and the DOT is one of those departments that they especially would like to get rid of. The scepticism on global warming is increasing among the congressmen, in particular among the Republicans but also Democrats. Nonetheless, we ended up with an ECA (emissions control area) in North America.
If you want to focus on greening trucks you will have to prepare for also more highways. Similar, there is an enthusiasm for electrified vehicles but in USA where 80% of the electricity comes from coal, more electricity means more coal. You have to be very careful in comparing the different options and it is a very complex matter. My concern is that our system doesn't encourage us in thinking about externalities; it encourages us to apply incrementalism, which means a danger.

The coastal shipping industry was destroyed in the 1940s and was never recreated, specially not after the economy became nationalised. Our riverine system is great for moving grains and bulk commodities but it is not very helpful in terms of the manufacture industry. Short sea shipping has been on the agenda but not much has been done. The USA has over the last 20 years tendencies to defer infrastructure maintenance and we are now close to collapse on the basic infrastructure and our barge traffic.
The big issue for rail and freight has been Chinese trade, coming into the Port of St Pedro, Vancouver and the landbridge to the major centres of manufacturing. With the Panama Canal widening and deepening (2015) so that any ships will be able to go through the whole configuration of competition among ports and freight transportation in the USA might change. We think we will see much more North-South trade from the Latin America on both the Pacific and the Atlantic. Brazil and Argentina are going to be major source of export and we will see a migration of manufacturers from China to Mexico.
Within the next 20 years the traditional port inside the city will disappear since the land is precious for the growing population. We will see more remote ports, perhaps more super ports in the Caribbean where big container ships will do shuttles, offload and then smaller ships from there to the final destination.

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HIGHLIGHTS

from a speech by

Prabir De

Fellow, Research and Information System for Developing Countries (RIS), New Delhi, India

"BSR-India trade exchange and connectivity – a myth or reality?"

RIS is a think tank organisation specialising in international trade and is also an office of the Ministry of Foreign Affairs. We work very closely with for example the EU Commission and other global bodies for developing projects and international relations.
The title of my presentation is "myth or reality" and it is still quite hard to decide, which one of them it is. Looking at the recently opened 10 000 km-long land connection between Belgium and China I would say what used to be a myth has now become reality. The potential of cooperation between India and EU and the BSR specifically is huge. The BSR stands for roughly half of the EU's GDP, having less then 1% of its population and close to 1% of the area. Comparing India and the BSR (including Russia) the GDP per capita differs significantly by the factor of 34. The EU is one of India's largest trading partners and India the 10th most important trading partner of the EU. There is an unfavourable balance in import/export between the two with India exporting more to EU than what they import. Top export destinations from India are Germany followed by UK and Belgium. The growth rate of exported goods is increasing but much of the trade potential is still unrealised. The Foreign Trade Agreement between the EU and India will help the process but it is still at a negotiation stage.

The success of trade between India and EU may depend on how India will be able to access the European market and vice versa. India is opening up but it needs help from the EU not only by greater investments but to also to help them attain higher trade capacity.

The estimated future India-BSR trade potential for 2030 is that the trade will have increased by 7% to 231.11 billion dollars since 2009. Driver for this increase is single countries like Germany. All this indicates that India's market size is very important for the BSR since the BSR has a saturated market with aging population while India has a raising market with higher consumption power. India's market size will drive the EU-India trade.

For political reasons it is difficult to create overland connections between India and the EU so in short term the trade needs to be handled by shipping. Overall, India needs to improve the connectivity with the global network. Another barrier is the customs tariffs with huge gaps between India and the EU27. High transport costs are also impairing the trade. Compared to customs tariffs that are more of a policy matter, transport costs can be adjusted by hard- and software measures improving the connectivity. That might take long time to change but the costs have decreased the last decade.

Transport, trade facilitation, globalisation and distance play all an important role in addressing better connectivity. The connectivity between India and BSR is today very poor. There are only 2 cargo airlines operating India - BSR, 4 shipping lines and very few passenger air services. India is, however, ahead of the BSR with almost three times higher global maritime connectivity. Indian ports are expecting a huge growth in the containerised trade within the next 5 years, double the growth rate then for the BSR. Important ports for India to look at in the BSR are Hamburg, Bremen/Bremenhaven, St Petersburg and Gothenburg.

The Euro-Asian Transport Linkages is a joint UNECE and UNESCAP initiative on how to integrate Europe and Asia through transport corridors. Some plans have been already executed, example of that is the Trans-Asian railway connecting China with Germany and Belgium. Some studies have also been initiated on a potential landbridge connection from India to BSR via two alternative land routes (destination Riga and Gdansk) but they are still in a preparatory stage.

For a better India-BSR connectivity India needs ac-

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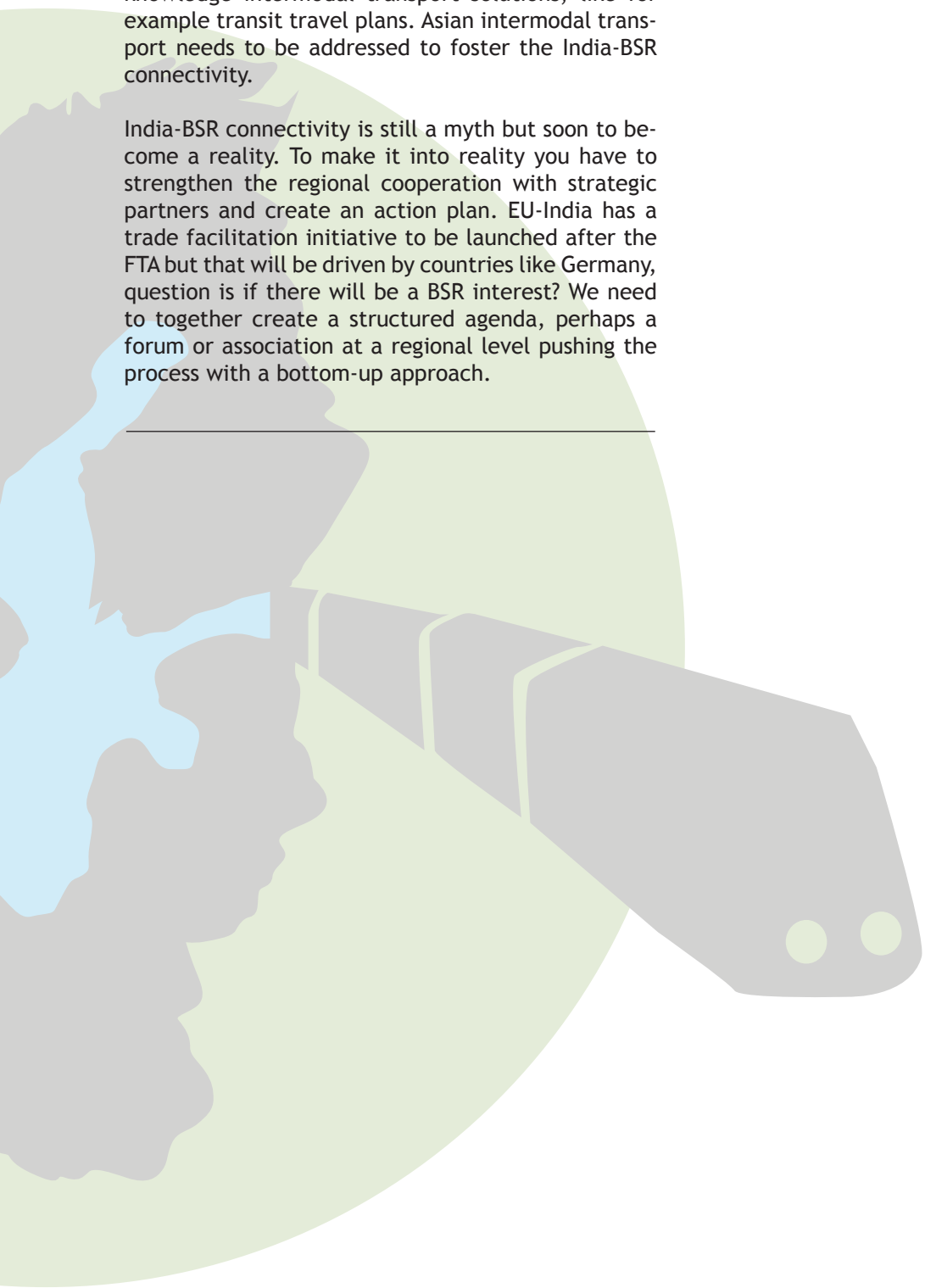
cess to the international conventions and also acknowledge intermodal transport solutions, like for example transit travel plans. Asian intermodal transport needs to be addressed to foster the India-BSR connectivity.

India-BSR connectivity is still a myth but soon to become a reality. To make it into reality you have to strengthen the regional cooperation with strategic partners and create an action plan. EU-India has a trade facilitation initiative to be launched after the FTA but that will be driven by countries like Germany, question is if there will be a BSR interest? We need to together create a structured agenda, perhaps a forum or association at a regional level pushing the process with a bottom-up approach.



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PANEL DEBATE

of TransBaltic stakeholders

"Recommendations to the project halfway through the lifetime"

Introduction of the panellists

Stefan Jon Fridriksson - National Investment Bank (NIB)
The National Investment Bank is located in Helsinki and has been functional since 1975. We operate very much in the Nordic area and are owned by the five Nordic states as well as the three Baltic States. We specialise in investments, environmental projects in particular, and focus more and more on transport and infrastructure. The NIB is the host institution to the newly established secretariat of the Northern Dimension Transport and Logistics Partnership.

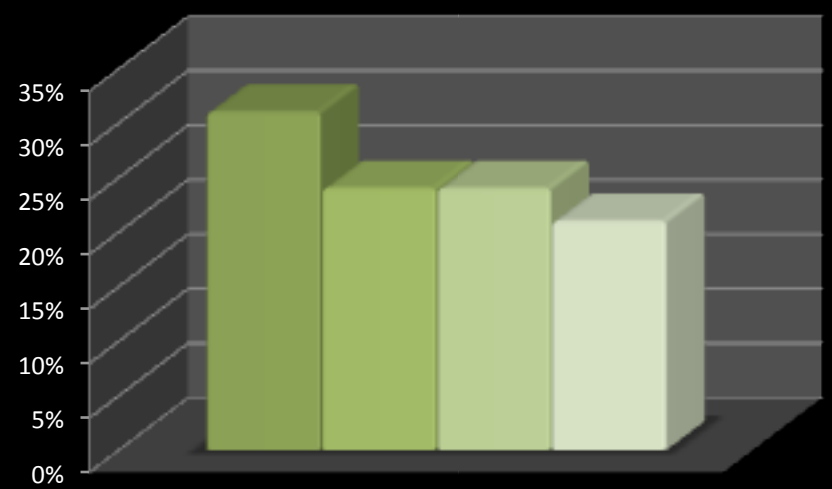
Pawel Stelmaszczyk - Head of Unit, European Commission - Directorate General for Transport & Mobility (DG Move)
DG Move works with transportation, co-modality, MoS, Marco Polo and other funding programmes for so called modal shifts. I'm following two specific areas very closely, one being e-freight and the other green corridors.

Jerker Sjögren - Programme Manager, Lindholmen Science Park AB
Lindholmen Science Park is a new body located in Gothenburg. My task is to build up the organisation by tackling three challenges; 1) research in the transport area is too fragmented, 2) the industry is coming in at a too late stage leading to concrete results being insufficient, 3) Sweden is lead partner in too few European complex projects.

Anders Lindholm - Programme Officer, European Commission - Directorate General for Regional Policy (DG Regio)
I'm part of a small team within DG Regio responsible for coordinating and implementing the EU Baltic Sea Strategy. I'm not so much an expert in transport but more of a general expert on cooperation in the region.

Kirsi-Maarit Poljatschenko - General Manager, Hyundai Merchant Marine Scandinavia, Finland
The container carrier company I work for is part of the big Korean Hyundai company, which might be more known as manufacturer of cars but is also one of the largest ship building companies in the world. My special interest is containerised flows across the Baltic Sea to the east.

Q1. How should TransBaltic complement the Baltic Transport Outlook study?



- Continue work on the green scenario and its consequences for policy-making
- Examine implications of the transport flow patterns predicted by the BTO for sustainable regional growth
- Analyze transport links and nodes additional to the ones included in the BTO study but felt important for the whole BSR
- Further investigate intercontinental trade exchange patterns (to/from North America, Central Asia, Far East)

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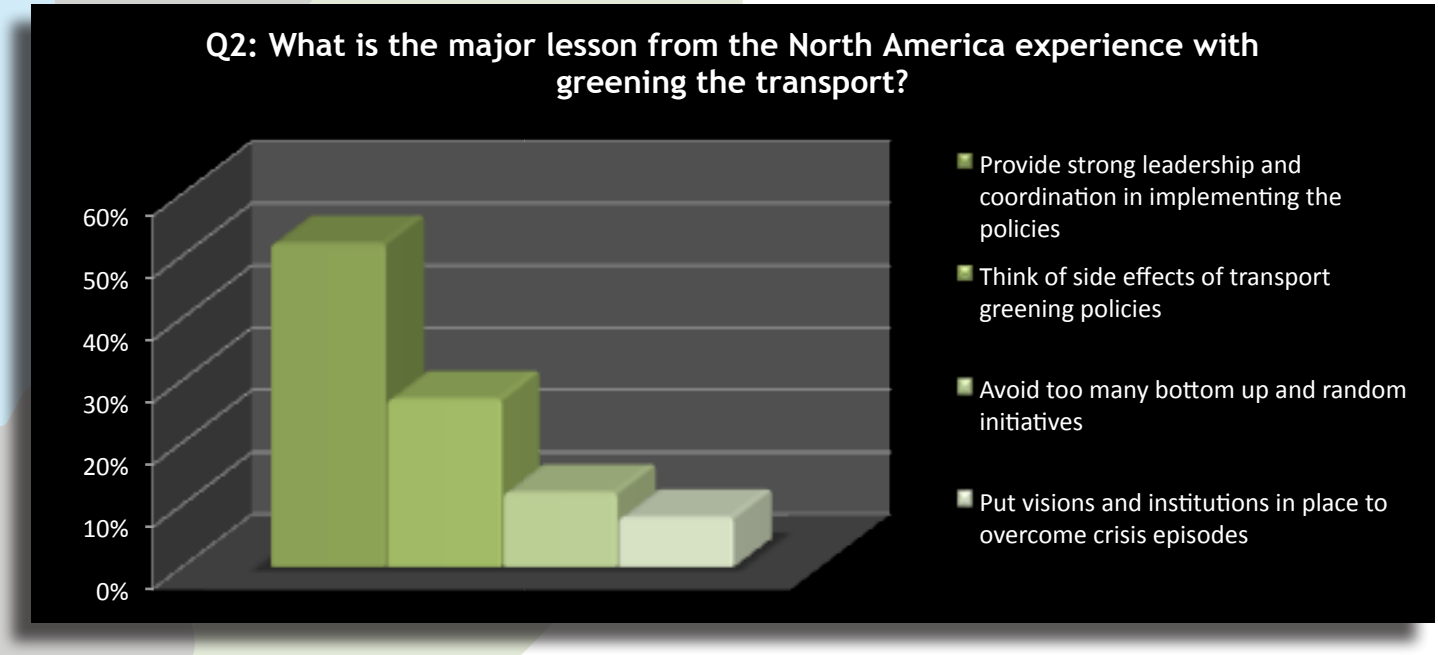
Anders Lindholm
It is important that transport and the transport infrastructure for the future are put into a context, what does it mean and what does it imply for the business, community etc. Transport issues needs to consider everything that is going on, not being treated as a separate issue. Transport projects are important for highlighting this issue and to see what it means for our future development in the bigger picture.

Kirsi-Maarit Poljatschenko
It is important to focus on trade patterns and trade lines. From a business point of view you need to look at what your product is, who is going to buy it and who is your competition. Who is the competitor of the BSR? With the possibilities of the Indian – Europe trade the Black Sea should be kept in mind also because of the increasing volumes. At the moment, half of the entire Russian volumes enter Russia via the Baltic Sea ports. Asian producers are now looking forward to the development of the railway connection via the landbridge. What happens in Asia will set the directions.

Pawel Stelmaszczyk
In the White Paper there is only one binding commitment, which is to reduce the level of emissions from transport with 60% by 2050. That is in the recognition of the fact that transport is the only sector in the EU where the trend of emissions from economic activity in this case from transport and logistic services has kept increasing and has been pointed out as the biggest contributor to the growth of greenhouse gas emissions.

Stefan Jon Fridriksson
We have had and have numerous initiatives regarding transport in the BSR. TransBaltic has and should concentrate on green transport, which I think is and will be important. This focus is needed since we can't disperse the consultation over the whole spectrums.



Pawel Stelmaszczyk
Leadership is of course important but I insist that in order to avoid the random and sometimes conflicting policy initiatives taken by the Member States and even regions, we need a strong Commission. We need the strong leadership from an institution that is well established and has an expertise. That and avoiding too many bottom-up initiatives which is complementary is vital.

Anders Lindholm
It is important to be better at coordinating, having the right people discussing the right tings at the right time not only talking about issues but also able to put them into actions. Too many bottom-up initiatives will lead us to a dead end. We need to combine good ideas coming from the bottom with a structure taking care and realising them at a top level.

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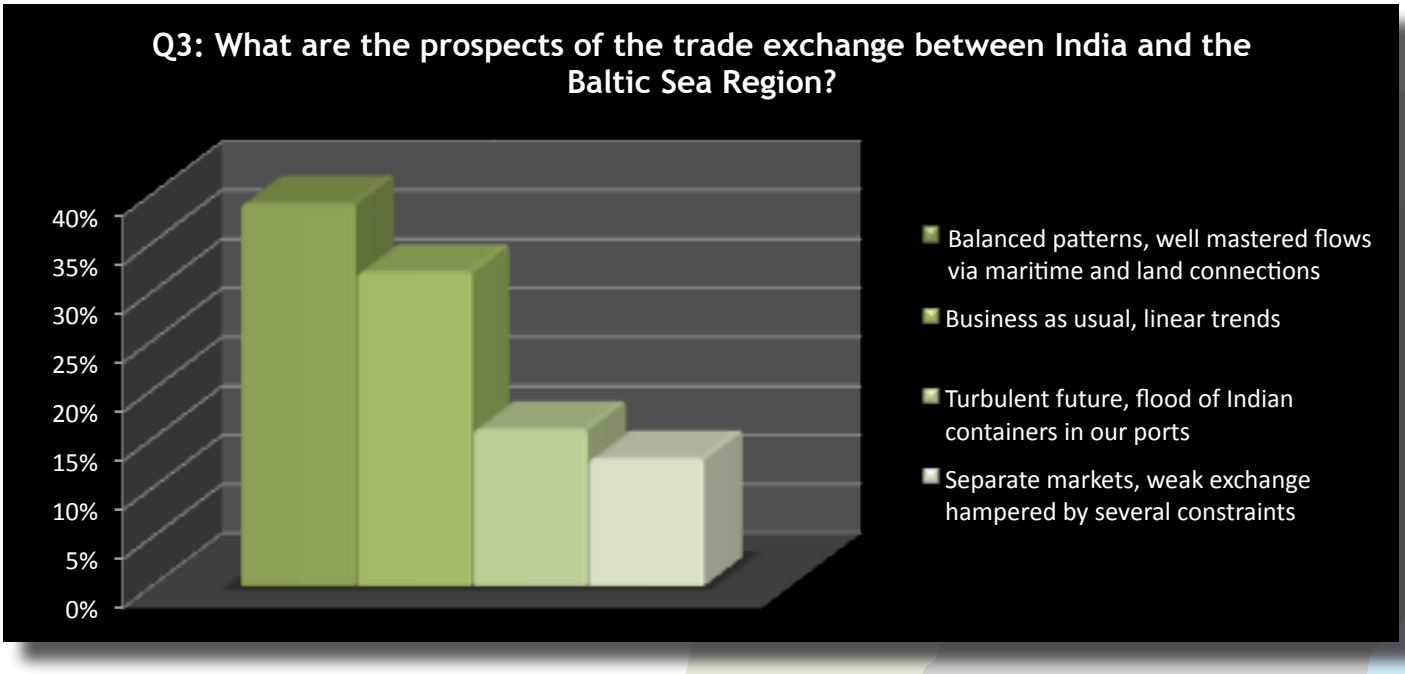
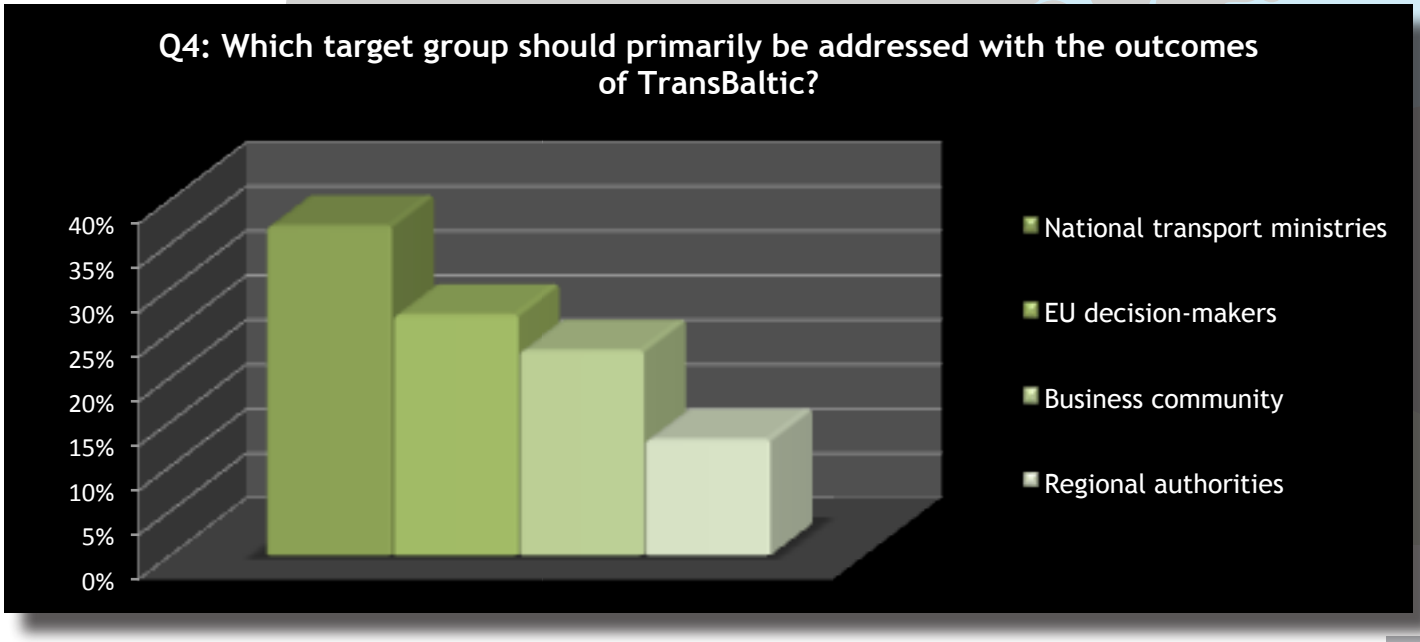


Kirsi-Maarit Poljatschenko
I don't expect any remarkable change. A flood of Indian containers can't happen because first of all boxes don't have a nationality, they are global and shipping lines are able to manage and collect empty containers onboard their own ships. I believe global shipping lines are very experienced in handling markets that suddenly grow tremendously. Russia is very dominant and the situation will be determined by how much Russia will purchase from India.

Stefan Jon Fridriksson
A lot needs to be done if we would like to see a well balanced flow pattern, not the least to have the trading flows to and from Russia, India and the BSR open to more extent. The question is whether this will come into reality or not.



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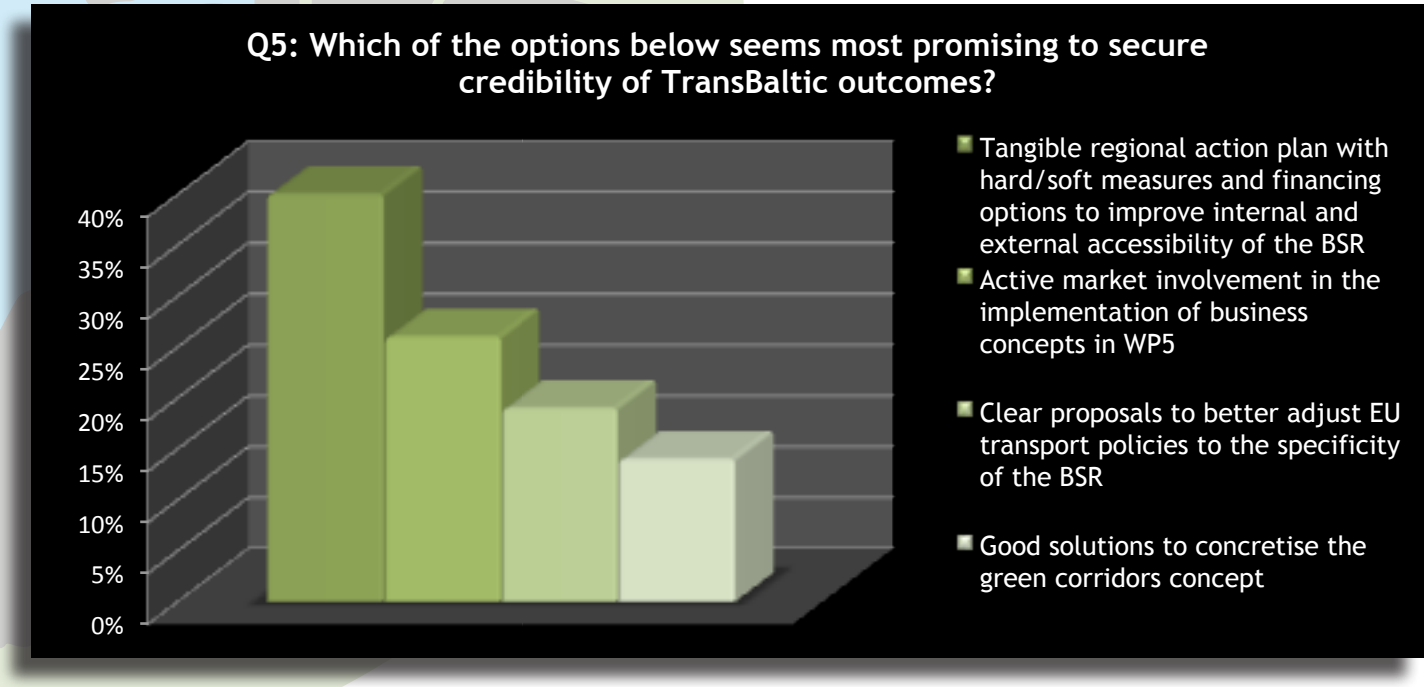
Jerker Sjögren
All mentioned target groups are important but the business community is the most important one. To make the green corridor concept something concrete you have to look at four areas: infrastructure, technology, logistic and business solutions and policy and regulations. Those cornerstones are addressing different actors at local, regional and European level. It is important for TransBaltic to produce concrete recommendations, not only concrete solutions. It is important that this work is coordinated with the other ongoing transport projects and results promoted together. The same message should be delivered to the authorities at the regional level as to the businesses. I don't think that it is the national ministries that are the main target group but of course they are important.

Kirsi-Maarit Poljatschenko
You can't accomplish concrete results in the cargo sector if you don't target the ones that are actually carrying the cargo. It has to be remembered that when the industry develops corridors they make it reality.

Pawel Stelmaszczyk
Transport policy area is a shared responsibility between the Commission and Member States. The same messages should be submitted simultaneously to both national governments and EU policy makers because when we put something on the table we have to go through a procedure, which is discussed either with representatives of the Member States or experts coming from the Member States.

Audience: Pontus Lindberg
The business community is already living the Baltic dream; it has never before been so much exchange in the Baltic Sea area between different companies as now. The business sector is of the opinion that what we actually need is a new vision for the next step in the BSR. The business community is of course looking at costs so it should in some aspects be global competitiveness that sets the standard, otherwise the business will go elsewhere.



Wiktor Szydarowski
I'm very pleased with this result since all options are expected to be delivered by TransBaltic and we wanted by this question to know what to focus upon. Indeed, the tangible regional action plan should accommodate the findings and results of the whole project also including concrete solutions for the green corridor concept. Active market involvement is very much redundant due to certain constraints in funding of business sector in Interreg programmes.

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Pawel Stelmaszczyk
I participated in the discussions on the implementation of the Danube regional strategy, which was largely modelled after the Baltic Sea Strategy. Two specific requirements kept coming up; no new institutions and no new budgets. We made a proposal that has added value, is realistic and can be implemented and we also have to indicate some possible funding sources.

Anders Lindholm
We are now coming closer to the next programme period and I hope TransBaltic can contribute to also that discussion. When working with the strategy and the complex financing situation that we have at the moment, we realise that it is time to focus more on the results we would like to achieve. By that we acknowledge that the funding schemes need to be further looked at.

Jerker Sjögren
2014 starts a new era with a seven-year time horizon and a lot of challenges to tackle within the EU. Now is the right time for TransBaltic to really streamline the message with the two sister projects EWTC and Scandria as well as the BTO - in order to give them concrete proposals, including financial issues, to decision makers what should be done.

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