



**Report of the 32<sup>nd</sup> Session of the Baltic Assembly,  
19<sup>th</sup> Baltic Council  
28 – 29 November 2013, Riga, Latvia**

**1. Presiding officers of the Session:**

- **Mr. Raimonds Vējonis**, President of the Baltic Assembly
- **Mrs. Laine Randjārv**, Vice President of the Baltic Assembly
- **Mrs. Giedrė Purvaneckienė**, Vice President of the Baltic Assembly

**2. Agenda of the Session:**

- Opening of the 32<sup>nd</sup> Session of the Baltic Assembly;
- 19<sup>th</sup> Baltic Council;
- Development of a joint regional tourism concept;
- Joint projects in health resort sector;
- Proactive and intelligence-led approach towards fight against organised crime;
- Fight against the VAT fraud;
- Baltic cooperation in research and innovation;
- Digital Single Market;
- Adoption of the Final Document of the 32<sup>nd</sup> Session of the Baltic Assembly;
- Election of the President and Vice Presidents of the Baltic Assembly for 2014;
- Election of the chairpersons and vice chairpersons of the committees.

*Annex no.1 Programme of the 32<sup>nd</sup> Session of the Baltic Assembly and the 19<sup>th</sup> Baltic Council*

## Opening of the Session

**Mr. Raimonds Vējonis**, President of the Baltic Assembly, opened the 32<sup>nd</sup> Session of the Baltic Assembly. On 21 November 2013 Latvia experienced the tragedy; 54 people died. He thanked all the countries which have supported Latvia. President of the Baltic Assembly asked everyone to have a moment of silence to commemorate the loss of people in this tragedy.

*A moment of silence was upheld.*

Some of the most important issues to discuss are: firstly, achievements in health-care sector; secondly, cooperation in the area of transport and infrastructure projects with particular focus on Rail Baltica connections; thirdly, possibilities to strengthen cooperation in establishing joint regional tourism space; fourthly, recommendations on possibilities to combat VAT fraud and other crimes; fifthly, formation of joint research and innovation community. The session will also contain strategically significant issues concerning the development of the Baltic digital market.

A couple of months ago Estonian parliamentarians started discussions on the future model of cooperation between the Baltic States. He invited not to forget the achievements that have been fostered by the Baltic Assembly in regard to the cooperation of the Baltic States. As an example he mentioned the initiatives of the Baltic Assembly in regard to the joint health care projects. Due to the initiative of the Baltic Assembly on 21 May 2013, the Ministers on Health care of the Baltic States signed the trilateral declaration in the area of human organ transplant exchange; this means that the Baltic States have agreed on the procedures of human organ exchange. Another positive step is agreement on cross-border emergency help which has been signed by Estonia and Latvia. Currently, negotiations between Latvia and Lithuania on similar agreement are taking place. Such agreements on the cross-border emergency help are beneficial for people living in the border area. Negotiations on the first procurements of medicaments are being held among the Baltic States. According calculations such joint procurement of vaccines state-funded medicaments, medical equipment will decrease costs of expenditures for the health sector as well as prices for medicaments for people.

Critical remarks in regard to the Baltic Assembly for not being able to ensure implementation of many projects have been expressed; the Baltic Assembly has been criticized for inability to ensure implementation of the Rail Baltica project or for the inability to promote economic development

of the Baltic States. Many issues which are on the agenda of the Baltic Assembly could be solved faster if the Baltic Council of Ministers would be more interested and able to solve the issues on the governmental level. Unfortunately, governments are not fulfilling only recommendations by the Baltic Assembly but they are passive also in regard to the implementation of the mutual agreements of the Baltic States.

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

**H.E. Mrs. Solvita Āboltiņa**, Speaker of the Saeima, drew attention to the tragedy and expressed gratitude for the expressed condolences. This year Latvia celebrated the 95<sup>th</sup> anniversary of independence and the 25<sup>th</sup> anniversary of the regaining independence *de facto*. Next year the 10<sup>th</sup> anniversary of the EU and NATO membership will be celebrated. These recent events and anniversaries urge politicians to consider future development plans. Each single country is responsible for shaping of the future. Agenda of the Session of the Baltic Assembly proves that Baltic parliamentarians work for promotion of the competitiveness of the Baltic States. The Baltic States can do much more in order to support each other; not only during crisis and tragedies. The Baltic Assembly and the Baltic Council of Ministers are those institutions which are able to do that. She underlined that statement by the President of the Baltic Assembly on the passive involvement of the Baltic Council of Ministers is an issue which has to be discussed. Government of Latvia has always been open to hear the opinions of the Baltic Assembly. Latvian presidency in the Baltic Assembly was successful as many joint initiatives have been started and many important issues have been raised on the agenda of the Baltic cooperation – tourism, investments, research etc.

From 1 January 2014 two of the Baltic States will be member of the euro-zone. It is not only the tool which facilitates economic development; it also shows that Estonia and Latvia are stable countries. It is also a geopolitical sign which clearly indicates that countries are part of Europe. Latvia and Estonia are looking forward Lithuania's joining the eurozone. It also shows that Estonia and Latvia are focusing and cherishing the values of the entire Europe. Therefore, the decision of Lithuania to join the euro area in the future is welcomed.

**H.E. Mrs. Ene Ergma**, President of the Riigikogu, expressed condolences to the people of Latvia with regards to the recent tragedy. Mutual understanding, common ideals and aims, joint efforts

and mutual support have formed a strong foundation for the cooperation of the Baltic States. The Baltic Assembly as a forum of parliamentary cooperation has been successful, significant and useful to everyone. The Baltic Assembly has served as an example to other regional parliamentary associations. At the same time the Baltic Assembly still has unused potential for passing quick and high-quality decisions in issues that will shape the lives of people already today and tomorrow. She quoted well-known words of the writer Lewis Carroll: „It takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!" This holds true for our three countries to be ready to use the possibilities that are open, that guarantee security and statehood, widen the choices of citizens and improve welfare.

The meaningfulness of organisations and associations is determined by the extent to which they are able to keep up with the times and progressive ideas. Proposals on how to preserve and develop the meaning and authority of the representative body of parliamentary cooperation have been submitted to the Baltic Assembly. They are moderate, even modest proposals. They bring together the opinions and ideas that the representatives of the three Baltic States have been discussing over years in the Presidium, committees and working groups of the Baltic Assembly. This organization is not supposed to become a formal club for spending time, an emeritus organisation who had its glorious moments and meaning in the past, who should be kept for its past services. The Baltic Assembly should continue to have ambitions and potential for not only being heard but also for offering ideas and showing the direction for the governments of the Baltic States. Moreover, it should be a partner that is listened to, has authority and offers an example to other regional parliamentary organizations.

Soon Estonia will take over the presidency of the Baltic Assembly. The list of priorities includes issues that are inevitable for modern development: competitiveness, effectiveness, dynamism, innovation, knowledge-based economy, digital single market, human-centred approach, transport infrastructure. These are spheres, which can move on much faster if the work is made jointly. As an example she mentioned the development of the Digital Single Market. By making use of each other's best experience, the launch of a functioning Baltic digital market would considerably facilitate the work and activities of the people of the Baltic States. There is no need to wait for decisions and directions from somewhere else. The principle "think globally, act locally" can be fully applied here. It should be admitted, that in comparison to the developments in the rest of the

world, the European Union has almost fallen asleep as regards to the Digital Single Market. The Baltic and Nordic region could be and should be the leaders and provide examples in this field. One of the most well known Estonian children's songs is titled "Rongisõit", "The Train Ride". In this song a rather colourful company of animals is going on a train ride and the Duck is the driver. But the joyful ride of the merry company is unfortunately interrupted because the Duck falls asleep and the train is derailed. In Estonia and maybe in Latvia and in Lithuania the railway connections have a symbolic and practical value. The "train ride" of the Baltic States that started 95 years ago and took them in the direction that they had wished and chosen, was interrupted after a journey of 20 years. Strangers came and the engine was violently turned in the opposite direction. The passengers were forced to get into the wagons and the ride started. After the restoration of independence, freedom has already lasted as long as the period of independence before the war. However, looking at existing possibilities of railway connection, both domestic and more distant, then it is seen that the same possibilities and choices that could be used 80 years ago do not exist. In recent years, the Baltic States have stood out globally by providing several advanced information technology solutions and services. In this context, embarrassing lagging behind in railway services is a real anachronism. The Baltic States are separated from the modern railway and the prospects offered by it by almost a century of development. Now possibility to overcome this lagging behind has emerged; greatly thanks to the understanding and the resources of partners from the EU. This opportunity has not fallen from heaven; many people have actively worked for it by explaining and convincing. It would be senseless to let this mental and physical resource go. It would be senseless to give up this possibility. A decision that is strategic and significantly shapes the nearest future of the citizens of Baltic countries should be made. It would be unforgivable to "do the Duck" and fall asleep and lose the possibilities that have been opened. The train drivers are responsible not only for the engine but for the whole train.

In the Baltic cooperation, it is necessary to make more responsible and at the same time quicker decisions. In this way, cooperation will remain fresh and efficient. Thereby, all Baltic countries can do more and achieve more.

**H.E. Mrs. Loreta Graužinienė**, Speaker of the Seimas, expressed condolences to the families who lost their relatives in the tragedy.

Visiting Kiev these days, the same unity as in case of the Baltic States could be seen. Ukrainian people seek is only the association and free trade agreement with the European Union, they are

aiming for much more. Efforts and unity of the Ukrainian people reminded of the time when the Baltic States fought for independence and put every effort seeking accession of the European Union. It is symbolic to recall to this as the Baltic States will commemorate the 25<sup>th</sup> anniversary of the Baltic Way next year.

During these days the EU Eastern Partnership Summit is taking place. Lithuania has acquired a lot of experience during a time of the EU presidency and is ready share this experience with Latvia and Estonia.

The Baltic Assembly has just stepped in the third decade of its existence. The Baltic Assembly will be an important instrument for inter-parliamentary cooperation of the Baltic States in the future. There are many very important topics on the agenda of the Baltic Assembly. It has to be noted that some of the issues are topics that are discussed in almost each session of the organisation. Therefore, it should be asked, whether everything is done in order to implement the strategic goals that have been set long ago. Sometimes it seems that there should be done more.

### **19<sup>th</sup> Baltic Council**

**Mr. Raimonds Vējonis**, President of the Baltic Assembly, opened the 19<sup>th</sup> Baltic Council by noting that the task of the Baltic Council is to analyse the cooperation between the Baltic Assembly and the Baltic Council of Ministers. Today in Vilnius the Eastern Partnership Summit is taking place therefore the Baltic Council is not attended by all Ministers of Foreign Affairs of the Baltic States.

In 2013 the Baltic cooperation was focused on the following priorities: firstly, regional competitiveness and improvement of the business environment; secondly, energy, transport and infrastructure; thirdly, strengthening of cooperation with the Nordic countries.

The Baltic Council is a platform for discussions between the Baltic Assembly and the Baltic Council of Ministers. Since 2009 the Baltic States have reached many positive decisions to overcome the serious impact by the economic crisis. Baltic States are able to reach compromises, to promote joint projects; sometimes processes of decision – making and decision-

implementations are too slow. Joint health care projects, joint railway project are in the process of implementation but activities by the governments of the Baltic States have to be faster.

The cooperation between the Baltic Assembly and the Baltic Council of Ministers has to be improved. Governments of the Baltic States face many challenges; each Ministry has its own agenda, but the advice of the Baltic Assembly to the Baltic Council of Ministers is to use this cooperation instrument in a more efficient way. Potential for the cooperation in the framework of the Baltic Council of Ministers is still untapped.

In 2013 the *Business Monitor International* described the Baltic States as *friendly foes*. The Baltic States have to continue development of the cooperation; the Baltic States will always have some kind and level of the competition. Currently, the Baltic Council of Ministers has five successful ministerial committees, namely: 1) Energy Committee; 2) Transportation and Communication Committee; 3) Defence Committee; 4) Environmental Committee; and 5) Committee of Interiors. It would be needed to establish at least a working group on such issues as research and innovation, external economy policy and investments, financial markets, regional competitiveness.

**Mr. Daniels Pavļuts**, Minister of Economics of the Republic of Latvia, noted that this year has been a year of the growth for the Baltic States. According to the forecasts of the European Commission, the GDP of Latvia will increase by 4%, of Estonia by 1.3% and of Lithuania by 3.4%. In the coming years, the Baltic States will be the most rapidly growing economies in the European Union. Upon assuming the presidency of the Baltic Council of Ministers, the focus was put on the following issues: 1) increase of regional competitiveness and improvement of the business environment; 2) strengthening of the cooperation with the Nordic countries; and 3) development of regional energy and transport infrastructure.

Energy has significant a role in the Baltic region. With the opening of Latvia's trade area under Nord Pool Spot energy exchange and within the framework of the Baltic Energy Market Interconnection Plan certain goals have been achieved. Nevertheless, many issues are still on agenda: 1) development of new interconnections with Nordic countries and Poland; 2) need to liberalize electro-power market. On 1 April 2014 electricity market will be opened in Latvia.

All three Prime Ministers of the Baltic States agreed that the work of the BCM Energy Committee has to be more active and has to focus its work on several energy projects of the Baltic States. On

the agenda of the respective Ministers there are such issues as opening of the gas market in the Baltic States, integration of the Baltic energy market into the EU energy market as well as diversification of energy supply. Government of Latvia has made decision to amend the Latvian legislation thus taking the first step towards liberalisation of the gas market.

Prerequisite for deeper integration with other EU countries is the development of infrastructure and transport links. Rail Baltic project will enable the Baltic States to join the EU's railway network and thus ensure the links to the Adriatic railway grid.

On 16 September 2013 in Vilnius the Baltic States, Poland and Finland signed the Joint Declaration; it was agreed that members of the Rail Baltic/Rail Baltica Task Force will coordinate the delivery of the draft Shareholders' Agreement and the draft Statute to be signed by 1 January 2014.

Baltic States have to develop target-oriented cooperation with the Nordic countries; this will lead to the increase of regional competitiveness. The goal of the closer Baltic – Nordic cooperation is to ensure political solidarity of the region, ensure consolidation of resources and closer economic integration. Baltic States have to be more active also within the cooperation of the Baltic Sea region. Regional coordination will enable to achieve more real and efficient solutions in areas in which the regional interests overlap.

Nordic Future Forum was held in February 2013 in Rīga. In May of this year the Baltic Development Forum joined politicians, economists and entrepreneurs. The Baltic Prime Ministers in discussions admitted that the region has endured the economic crisis.

Governments of the Baltic States have clearly stated that there is a need for more cohesion in the region. Ministries of the Baltic States have seriously worked to ensure closer integration of the Baltic States in several areas. Within the Baltic Council of Ministers the process of sharing of experience, development of strategies is taking place.

Next year it will be the 10<sup>th</sup> anniversary since the Baltic States joined the NATO. The Baltic cooperation in the sphere of security and defence is always serving as an example to others, for instance the air-policing operations in the Baltic States is not only the proof of close cooperation, but also a proof of solidarity among the NATO member states. Nevertheless, some issues are still

opened: 1) there is a need to ensure that 2% of the GDP is allocated to defence; 2) at a time when the pace of military operations is slowing down, Baltic armed forces need to have more active and regular training with their NATO colleagues. That is a way how to ensure defence capabilities and inter-operability of our armed forces; 3) there is a need to facilitate the presence of the United States in Europe, because it not only increases the security in the Baltic States, but it is also a clear signal of strong transatlantic ties and solidarity of allies.

In May of this year the Baltic Assembly organised an international conference on the development cooperation. It was concluded that the Baltic States have potential of the cooperation potential in this area. In August of this year three State Presidents of the Baltic States visited the United States of America; during the visit main focus was put on the future practical cooperation within the framework of Joint Cooperation projects.

Discussion format of “3+3” has become an integral part of cooperation among small EU countries therefore Ministers of Foreign Affairs of the Baltic and Benelux countries continue development of cooperation networks.

In regard to the EU eastern Partnership the Baltic States have expressed their wish and readiness to support the Ukraine, Georgia and Moldova in their way to the EU. The Eastern Partnership will also be among the priorities of Latvia’s Presidency in the Council of the European Union. In 2015, the next Eastern Partnership Summit will be held.

On 7-8 November 2013 the Prime Ministers of the Baltic States met in Rīga. During the meeting Prime Ministers agreed to intensify cooperation in the fields of energy, transport and infrastructure, education and research etc.

**Mr. Urmas Paet**, Minister of Foreign Affairs of the Republic of Estonia, expressed the condolences with regard to the tragedy in Latvia.

Currently the Eastern Partnership Summit is taking place in Vilnius. It has been the priority of the Baltic States to support the Eastern European countries in their integration into the EU. During last weeks we have seen that these countries are not allowed to decide freely, to make their choices and cooperate more closely with Europe. The Free Trade Agreement is not signed with Ukraine and Armenia, and it is a common responsibility of all EU member countries.

Latvia has brought several new issues in the agenda of the Baltic Council of Ministers; for example, issues connected with saving of energy and climate change. Next year Estonia will take over the presidency of the Baltic Council of Ministers, therefore clear priorities should be set in the field of cooperation in information technologies, development of region, development of the energy market, development of transport and infrastructure, more effective connecting of different cooperation formats of the Baltic Sea region.

Next year Estonia will also preside in the NB8 cooperation and the CBSS. The competitiveness of the Baltic Sea region and its economy is very important. Estonia has named the next year as “The year of the Baltic Sea” because cooperation will take place in all forms providing possibility for greater synergy. Estonia will also preside in the HELCOM, focusing on the Gulf of Finland. For years Estonia has paid attention to the development of information technologies. However, there are many unused possibilities in this field of cooperation. The focus of the information technologies should be paid to cross-border use of digital signatures. They are used in all three Baltic States, and we should strive for making them available across the borders. This has become possible due to the data exchange called X-Wave, which allows to hold secure internet-based data exchange between the information systems of the state. In order it would be possible to apply across the borders, we have started the contraction of Estonian and Finnish X Wave that would enable to launch secure data exchange between the agencies of two countries. There is a good level of IT solutions in Europe, but they work only within framework of one state. There are many restrictions for wider cooperation of the Europe countries in the field of digital single market.

Nordic and Baltic countries are examples to other European countries. The EU economy could greatly benefit from the introduction of cross-border secure electronic identification and digital signatures. Therefore, it is necessary to proceed with the EU regulations on digital signatures, digital trust services and regional agreement. In the Joint Statement of 8 November 2013, the Baltic Prime Ministers stressed the importance of the development of the Digital Single Market. It is necessary to agree on joint priorities that would enable smooth cross-border data exchange and increased trust to these services. The need for further cyber cooperation will be a priority for Estonia also in the Nordic and Baltic format. As presiding country in the BCM, Estonia will focus on cooperation with USA on cybersecurity to ensure protection of critical infrastructure.

Regards to the energy market, it is necessary to continue with complete opening of the Baltic electricity market, which would create equal conditions for consumers and producers. The work

for the stabilisation of energy prices and reduction of obstacles influencing the Power Market should be continued. The existing model of the Baltic Energy Market has to be liberalized, because it will be influenced by the completion of Estlink II. It is important to continue looking for measures to balance the price of electricity bought from third countries.

Transport infrastructure of the three Baltic States requires modern solutions. Modern railway network would open many new possibilities for business and people. It is important to establish joint venture of the Rail Baltic project. On the level of Prime Ministers, the decision has been adopted stating that joint venture of this project will be established at the beginning of next year. Joining the euro is the sign of quality to the finance system. Common currency will contribute to strengthening of close economic relations.

**Mr. Neris Germanas**, Vice Minister of Foreign Affairs of the Republic of Lithuania, expressed condolences on the recent tragedy in Latvia.

The Baltic States are actively cooperating in addressing issues which are relevant for the region; trilateral cooperation of the Baltic States is on a regular basis. At the meeting of the Baltic Council of Ministers ways on the implementation of joint energy and transport infrastructure projects, priorities of the EU single market and other issues were discussed. Particular focus was given to the EU strategy for the Baltic Sea Region, the implementation of which is crucial for achieving more rapid economic, social and territorial cohesion. It also contributes in adoption of effective solutions towards environmental problems in the Baltic Sea. Moreover, it could help to eliminate shortcomings of infrastructure, especially in the areas of energy and transport.

Within the next two years significant changes aimed at integrating the Baltic energy sector into the Western energy system should take place. The political will and joint efforts of Baltic experts should be mobilized by seeking agreements on the Rail Baltic. Next year the 10<sup>th</sup> anniversary of the membership of the Baltic States in the EU and NATO will be celebrated. This year Lithuania was the first country from the Baltic States to hold the presidency of the Council of the European Union. The 5-years long period during which all the three Baltic States will assume the EU presidency has started. It gives the great opportunity to remind of the priorities of the Baltic region in the EU as well as to focus attention on the Baltic-Nordic region.

Lithuanian presidency of the Council of the EU is taking place at a politically intense time; economic recovery in the EU is still fragile. The support from Latvia and Estonia is much appreciated because during this time Lithuania is engaging in negotiations and decisions that are crucial for the whole Europe. These are decisions on the multi-annual financial framework for 2014-2020, cohesion policy, and common agricultural policy as well as the budget for 2014. All these decisions make the possibility for the Baltic States to implement investment programs, address youth unemployment problems, and promote entrepreneurship and innovations as of January 2014.

Particularly strong support was felt in preparation for Eastern Partnership Summit. Efforts made in establishing closer relations between the Eastern neighbours and the European Union is a long-term project, implementation of which requires patience.

At the same time over the next two years, Lithuania will be expecting support from Latvia and Estonia in another foreign policy field since Lithuania has become a non-permanent member of the United Nations Security Council. This is an opportunity for Lithuania to engage in addressing global problems.

The idea to establish the Baltic single information area in future where Baltic public broadcasters could exchange efficient informative and cultural programs will become a reality.

In 2014 the Baltic States will mark the 25<sup>th</sup> anniversary of the Baltic Way; the symbol for our joint fight for freedom. Celebration events to mark this event will be organized jointly by the working groups established in Latvia, Lithuania and Estonia. It will be not only an opportunity to refresh the memories as well as to promote skills of our youth.

## Discussions

**Mr. Raimonds Vējonis**, President of the Baltic Assembly, noted that the Baltic Assembly had requested questions to the Baltic Council of Ministers and in September written replies have been submitted by the Baltic Council of Ministers.

**Mr. Atis Lejiņš**, Chairman of the Economics, Energy and Innovation Committee of the Baltic Assembly, asked three questions to the all three ministers:

1. Next meeting of the Economics, Energy and Innovation Committee of the Baltic Assembly will be held in February in Riga, during which the issue of the will be discussed. He asked about the route of the Rail Baltica/Rail Baltic (especially in regard to Lithuania).
2. Trade and economic cooperation revolves around competing businesses of the three Baltic States. He asked about possibilities to ensure that our entrepreneurs can create joint lobby in Brussels.
3. He asked about the situation with the roaming charges (incl.data) in the Baltic States.

**Mr. Daniels Pavļuts**, Minister of Economics of the Republic of Latvia, answered that, as regards the first question about the Rail Baltica/Rail Baltic, at the moment the most crucial issue to be resolved is the harmonisation of these founding documents. As regards closer cooperation on various issues among the Baltic States, opinions are the same both on the governmental and business level. Recently there was a meeting in Tallinn during which these issues were discussed between the trade and commerce chambers and the Ministers of Economics. There is a lot of potential in the cooperation of business organisations, but many issues have to be resolved in regard to the cooperation of business organisations. During meeting the governments have gone much further in their cooperation than the business organisations so far. Nevertheless, there is a need to facilitate closer and further integration, making sure that joint Baltic representation in Brussels is an issue to start with. Regards roaming charges for internet and data, Mr. Daniels Pavļuts noted that he is not competent on this matter, therefore he will answer later.

**Mr. Urmas Paet**, Minister of Foreign Affairs of the Republic of Estonia, answered that regarding Rail Baltica/Rail Baltic, things are not moving as fast as they should. Much time has been wasted therefore more unity in developing Rail Baltica/Rail Baltic should be seen. For example, the discussion of joint venture is going very slowly and joint application should be prepared. The Ministry of Economics has suggested a meeting of Ministers to be organised in December 2013. Domestic planning is something the states have to do themselves. On 16 September 2013 the Baltic States, Finland and Poland signed Joint Declaration which stipulated the foundation of a joint venture; it should be started by 1 January 2014. Concerning joint lobbying activities of business circles, chambers of commerce are members it can be noted that this cooperation is in progress.

**Mr. Neris Germanas**, Vice Minister of Foreign Affairs of the Republic of Lithuania, added that Rail Baltica/Rail Baltic, which would lay the railway from Kaunas to Poland, would be completed by 2015. This will allow the passenger and freight trains to reach 120 km/h. During the last meeting of ministers, the declaration on establishing joint venture was signed. The only change was the change of tracks, that it should go through the Vilnius in order to connect all three Baltic States.

**Mr. Jānis Ādamsons**, Chairman of the Legal Affairs and Security Committee of the Baltic Assembly, asked about Rail Baltica/Rail Baltic project. Initially it was planned that the railway would go around Riga and it would not be in the interests of Latvia. The construction of Visaginas nuclear power station is planned rather close to Latvian border and the safety zone also goes into Latgale region and the city of Daugavpils. Is there any civil safety procedures planned in these regions? Will there be any educational materials offered to people?

**Mr. Daniels Pavļuts**, Minister of Economics of the Republic of Latvia, answered that regarding the Rail Baltica/Rail Baltic, he is not the minister of Transport and cannot comment on all details, but the position of the Latvian government is that Rail Baltica/Rail Baltic should connect important transport knots; therefore it must include Riga airport and port as well. However, final decisions have not been taken on many parts of the railway yet.

Regarding the Visaginas nuclear power plant, the issues regarding civil security and responsibility for safety are issues that have been looked at within the framework of the project however the question goes ahead of the actual situation. At the moment, there is no final decision between Lithuanian government and Hitachi Corporation on the construction of the plant.

**Mr. Valerijus Simulik** asked to clarify whether Latvian government has adopted the decision on the point where Rail Baltica/Rail Baltic should cross the Lithuanian - Latvian border? On 23 July 2013 in Tallinn trilateral meeting on promotion of internationalisation of higher education was organized. He asked about conclusions of this meeting.

**Mr. Daniels Pavļuts** answered that regarding the border crossing point it has not been decided yet. Relevant studies will be completed. Regarding the meeting on 23 July no comments can be made on that. Regarding internationalisation of higher education, it is an issue at the focal point of the Latvian government because reforms in education are high on agenda.

**Mr. Jānis Vucāns**, Chairman of the Education, Science and Culture Committee of the Baltic Assembly, noted that last year the Committee asked the Baltic Council of Ministers to establish a task force on innovations in order to attract funding from Horizon 2020. In November of 2012 the Memorandum of Understanding between the Ministries of Education and Science of the Baltic States was signed. Several meetings between representatives of the line ministries have taken place. Do these meetings have tangible results? Within committee we can see that there should be cooperation in ensuring the list of research objects; there should be clear programs for cooperation between the faculties of universities, however we have not received any answer from the ministries on tangible results of their meetings.

**Mr. Daniels Pavļuts**, Minister of Economics of the Republic of Latvia, noted that no answer in detail will be given, but he can outline the cooperation potential and the current cooperation in the area of innovation. This cooperation should be ensured not only on the governmental level, but also on the entrepreneurial level and on the level of private sector. The instruments used will be those provided by the research infrastructure and funding that can be obtained from the EU. At this moment on the Baltic level the focus is put on the Baltic Innovation Fund, which could provide financial support up to 200 million which has been aimed to be allocated for innovative companies. The Baltic Innovation Fund would be funded through the guarantee agencies by national governments, including also the European Investment Bank. The development of cooperation between private enterprises with particular emphasis on new start-ups is moving forward because these new start-ups are cooperating within the Baltic region closely. Every year there is a special event devoted only to start-ups in the Baltic States, which enables these companies to cooperate among themselves and thus to create this one ecosystem of new start-ups in the Baltic region.

**Mr. Kārlis Enģelis** made a remark about the Third Energy Package and the electricity market liberalisation, where the focus is on development of infrastructure. In Latvia there is the only natural gas storage facility, which is sizeable enough to provide gas to the entire Latvia and partly to neighbouring countries. By taking into account the market liberalisation and the EU competitiveness' rights, what could be the regime of future functioning of this facility in order to ensure that Latvia gains the most from having this facility and so that the use of this facility would comply with the requirements for competition set by the European Union? What could be the future operation of this facility?

**Mr. Daniels Pavļuts**, Minister of Economics of the Republic of Latvia, noted that Mr. Engēlis partly answered to the question by himself. The greatest added value to this gas storage is that it can store gas when market is more favourable for purchase and then to use it when there is greatest demand for it. This is the role of this storage facility as it increases stability. Practically at this moment gas is purchased in summer and during the winter time it is channelled to local consumers, to Estonian consumers as well as to some Russian regions and less to Lithuania. In the current situation when there is a monopoly of gas sector in Latvia consumers do not have any benefits from setting of prices, because prices are set by the gas suppliers. With regards to the future intentions the government has made decision to amend the legislation which is regulating the liberalisation of gas market thus ensuring accessibility of market for third suppliers and giving them opportunity to store their gas in Latvia's facility storage. In 1997 Latvijas Gāze signed the contract to have exclusive rights to the storage facility but this agreement will come to an end in 2017.

**Mr. Juris Viļums** noted that Visaginas nuclear power plant was mentioned. Have the Baltic ministers and governments at large studied the information with regards Kaliningrad and Belarus nuclear power stations, which are under construction and planned to be launched in 2018?

**Mr. Daniels Pavļuts**, Minister of Economics of the Republic of Latvia, noted that Baltic governments are following these issues and developments. Construction of the Kaliningrad NPP is in the process. With regards to Belarusian NPP the President has signed the document on the construction of this plant. Baltic NPP is an issue, which is closely followed not only by the Baltic States but by the EU. Nuclear safety in the border areas is very significant.

**Mrs. Giedrė Purvaneckienė**, Vice President of the Baltic Assembly, noted that members of the parliaments are not satisfied with the efficiency of the work of the Baltic Council of Ministers as sometimes decisions get stuck from being finally adopted. What could be done to improve the situation? Previously at the Baltic council the governments of the Baltic States were represented by the Prime Ministers, now governments are represented by the Ministers of Foreign Affairs. She asked if the previous reforms of the Baltic cooperation model can be assessed as efficient and such which have improved the work and cooperation. Why civil officials from ministries are not so devoted to closer cooperation with the Baltic Assembly? Is there a feeling of a single family or not?

**Mr. Urmas Paet**, Minister of Foreign Affairs of the Republic of Estonia, answered that he has no objection to invite Prime Ministers instead of Foreign Affairs Ministers to the Baltic Council. It is the right of parliamentarians to decide. Concerning the cooperation between officials, it is logical that agreements are not always met, issues are dealt within three different countries and each of the country has its own interests. Good will and speed is important, but currently existing cooperation and closeness is unique, therefore there should be no reason for depression with this respect.

**Mr. Neris Germanas**, Vice Minister of Foreign Affairs of the Republic of Lithuania, noted that speaking about involvement of Prime Ministers, first the emphasis should be put on coordination of events. Due to Eastern Partnership Summit Prime Ministers were not able to participate in the Baltic Council.

**Mr. Daniels Pavļuts**, Minister of Economics of the Republic of Latvia, agreed with Estonian colleague and added that the most rhetorical question was whether there is a motion of a one family. The Baltic States are three separate countries, which work closely together on various levels.

**At the end of the 19<sup>th</sup> Baltic Council the Joint Statement was signed by the President of the Baltic Assembly Raimonds Vējonis and Minister of Economics of the Republic of Latvia Daniels Pavļuts.**

*Annex no. 2: Joint Statement of the 19<sup>th</sup> Baltic Council*

**Continuation of the 32<sup>nd</sup> Session of the Baltic Assembly**  
**Development of a joint regional tourism concept**  
**Joint projects in health resort sector and joint health care projects**

**Mr. Aivar Riisalu**, Vice Chairman of the Estonian Delegation of the Baltic Assembly, underlined that the session on joint regional tourism concept and joint health care projects covers a broad spectrum of issues that were on the agenda of two committees in the Baltic Assembly. Development of a joint regional tourism concept was discussed by the BA Economics, Energy

and Innovation Committee, whereas issues about joint projects in health resort sector and joint health care projects were discussed by the BA Welfare Committee.

**Mr. Atis Lejinš**, Chairman of the Economics, Energy and Innovation Committee noted that this year committee examined the issue on the joint regional tourism concept, which is important not only for the region as a whole, but also for each country individually. Joint regional tourism is extremely important not only for the region as a whole, but for each country individually as well. The Baltic States should have resolved questions on ways to jointly develop regional tourism, promote investment projects in the tourism sector and attract tourists to the region at least twenty years ago. Of course, similarly structured economies, mutual competition and desire to tend one's own garden hindered the Baltic States from sitting around one table and talking about a common tourism concept and business space. While fiercely competing among ourselves to attract more tourists and to get more investments, the Baltic States have lost many golden opportunities during these years.

Each country is and will continue doing its best to attract more tourists, but it is impossible to deny that by developing joint tourism products the Baltic States would be able to attract more tourists together. On a global scale the Baltic States are still regarded as one. Whether the Baltic States like it or not, the world sees Estonia, Latvia and Lithuania as one unified region and as single regional tourism destination. It is unlikely that tourists from Japan or China would come to visit only Estonia or Lithuania. There are, of course, some exceptions, for example, the Robbie Williams concert in Tallinn, which was attended by many fans who came only to Tallinn to see the concert. But these are merely exceptions.

Tourism is one of the world's largest industries and one of the fastest growing economic sectors. Many countries see tourism as the main driving force of regional development, as it stimulates new economic activities. Baltic representatives go to various tourism forums together. The Baltic States have implemented joint campaign, for example, the Great Baltic Travel. However, there are still many opportunities, that have not been used and there are many possibilities to strengthen the cooperation. Nevertheless, there are some challenges to overcome, for example, legal basis and practical measures. Experts believe that governments lack an understanding about joint tourism projects. However, there are also some positive developments in regard to the cooperation in tourism sector. On 17 October 2013 governments of the Baltic States agreed on several joint activities in the tourism sector: firstly, joint tourism offices will be set up in

order to promote the Baltic States in the third countries; secondly, the countries must cooperate financially and non- financially in order to promote Baltic region as a tourism destination; thirdly, Baltic tourism brand should be developed to improve tourism infrastructure and remove various administrative obstacles. The BA Economics, Energy and Innovation Committee will follow how these steps will be realised.

The Baltic Assembly has facilitated the signing of the Memorandum of Understanding signed between Lithuanian medical tourism cluster, the Lithuanian resort association, Latvian health tourism cluster and Estonian health tourism cluster. The objective of this Memorandum is to facilitate the health tourism development in the Baltic States and improve its global competitiveness.

**Mr. Vitālijs Orlovs**, Chairman of the Welfare Committee emphasized, that the Baltic cooperation in the joint health care sector can become one of the most successful examples if the governments of the Baltic States will solve the existing obstacles which hinder start of the first joint procurement. Every European country tries to keep the balance of the funding which has been allocated for the health care system. Almost all European countries are facing the same challenges for the health care sector which are - aging of population, demographical decline; new diseases etc. Countries need to think about pooling their resources as well as about innovative solutions in the health care area.

Baltic cooperation in the health care sector slowly and determinately moves forward. Parliamentarians believe that activity of the executive branch could be more active. He introduced to the activities which have been performed during the Latvian presidency in the field of joint procurement. First of all, effective organ transplantation system of the Baltic States has been established. On the 23 May 2013 the Baltic States signed the Cooperation Declaration on the organ exchange for the transplantation, which means that the Baltic States have established the legal framework for the exchange of human organs. Annually in Lithuania the following transplantation operations have been conducted: 15 cardio operations, 15 liver operations, 90 kidney operations. In Latvia only 3 heart transplant operations have been conducted. In order to understand, how many soft tissue and organ transplant operations surgeries were conducted in Baltic States closer analysis should be taken. Firstly, there is a need to analyse specialisation in particular areas of transplantation. Secondly, it is important to highlight the Baltic States' partnership on joint procurements of medical products and medical

devices. Governments are now preparing necessary documentation to continue the process of joint procurements. To avoid the problem of the language in the agreements of procurement members of the Latvian delegation have initiated to amend the Latvian public procurement law. On the 6 November 2013 the Baltic Affairs Subcommittee of the Foreign Affairs Committee of the Saeima, which contains also members of the BA Latvian delegation, heard the opinion by the Latvian Ministry of Health on the issue of language that hinders the procurement procedure. Therefore Latvian delegation submitted a request to the State Chancellery to explain whether the current wording of public procurement law allows drafting of agreements and other procurement documents in foreign language. In the answer which we have already received, the State Chancellery indicated that according to Article 51.1. of the Public Procurement law, it is possible to draft public procurement documentations in English and in case of disagreements, the version in English should be considered as the primary source of reference. Tenderers should submit their tenders in both languages by putting their signatures on each of them, thus it would prevent the situation when Lithuanians and Estonians would be discriminated and Latvian representatives delegated to the Committee would be able to consider documents submitted only in Latvian. The draft framework agreement can be drafted both in Latvian and in English, which would be regarded as equally authentic and in case of the disagreements; the leading text would be the text in English language. Taking into account, the above mentioned, the working on joint procurement could be continued, because it would comply with Latvian language law and Latvian Public Procurement law.

With regards to establishment of specialized medical centres Welfare Committee is not satisfied with the answer provided by the executive branch. Since 19 September 2012 this issue has been left unconsidered.

The Baltic States have also managed to ensure that emergency aid teams are providing emergency aid to people living in border areas of Latvian and Estonian border. Already in 2010 Latvia and Estonia concluded a Joint Agreement on mutual assistance in case of emergencies; hopefully similar agreement will be concluded by Latvia and Lithuania in the nearest future.

**Mr. Erikas Mačiūnas**, Vice Minister of Health of the Republic of Lithuania, stated that Baltic States are rather small countries from a global perspective in medical tourism. In terms of health rehabilitation and strengthening, they can be even called quite small with having minor resources. For the Baltic States there are only two alternatives, either to fight individually for

their survival or to cooperate and launch common projects. If they choose the first alternative in the field of health rehabilitation or medical tourism, countries will face the problems regarding separate and expensive marketing. If countries will choose the second alternative they will save some additional funds for joint marketing, joint trading, logistics and other services. As a result the profit by cooperative approach would grow, because there would be no need to compete with neighbours. The second alternative on joint cooperation is more beneficial.

There are four levels that comprise health tourism: 1) treatment and medical rehabilitation; 2) spa centres and wellness - these are services that are related with prevention of deceases. In order to receive these services people do not need to be directed by their family doctor, these services are meant for rather healthy people; 3) non- traditional medicine which is quite new and there is a need to do lot to create a legal framework and system of licensing for these particular services; 4) entertainment related to health. Tourism sector seeks to increase the flows of tourists, increase the export of services, to compensate season fluctuations as well as to develop sector of services. For tourists it is important to receive wide range of services, including specific; affordable prices; service confidentiality; reimbursement by health insurance; convenient transport system; medical visas; lack of language barriers etc. Sophisticated health check-ups, high quality surgery and rehabilitation services, advance therapy, packages of services are important for patients. On the public level the Baltic States can offer cardio surgery, periatrics, world level onko-hemothology, urology, medical rehabilitation. On the private sector the Baltic States can offer odontology, plastic reconstructive surgery, cardio surgery, prosthetics, health check-ups and medical rehabilitation.

The Baltic States have other advantages, for example, highly educated medical personnel, wide range of services, good price, quality of services, lack of language barriers etc.

In regard to the further steps Mr. Mačiūnas mentioned the following to be taken: 1) there is a need to identify the possibilities and to launch economic analysis of the market; to define target regions and conclude agreements with foreign insurance agencies; start joint marketing of services; 2) there is a need to establish protective insurance for medical staff because in case of professional failure the specialist as well as the institution might have a very big blow.

Regarding cooperation of the Baltic States in the field of tourism, general weaknesses have to be abolished; these weaknesses are the following: 1) lack of information; 2) difficulty to compete

with larger countries; 3) lack of exclusiveness of medical services; 3) expensive marketing. If the Baltic States would cooperate more intense then it would be possible to organise joint marketing activities and joint trainings of specialists; it would be possible to ensure general transportation and logistics system; it would be possible to introduce common quality standards etc.

**Proactive and intelligence-led approach towards fight against organised crime**

**Fight against the VAT fraud**

**Mr. Jānis Vucāns**, Chairman of the Education, Science and Culture Committee of the Baltic Assembly noted that the global economic crisis not only created fertile ground for various illegal activities but also promoted the development of various complicate crimes; especially in regard to the VAT fraud, human trafficking etc. Organized crime, fraud and legalization of illegal funds are threat to countries. Every year the VAT fraud creates a gap of 200 million euro in the EU. Tax fraud undermines the social trust in the tax policy and fiscal system.

**Mr. Jānis Ādamsons**, Chairman of the Legal Affairs and Security Committee of the Baltic Assembly noted that the increase of international trade, globalization, development of global transport infrastructure, development of information technologies and mobile communications have facilitated greater opportunities for organised crime. Proactive and intelligence led approach towards the fight against the organised crime is directly connected with the strategic and tactical planning of the police work. Mobility of organised crime is increasing as the mobility within the European Union is increasing. This is one of the arguments why the previous forms and tools of the fight against the organised crime have been changed to proactive and intelligence led approach. Criminals are using the same tools and techniques as the business; the only difference is that criminals are dealing in a shadow. Criminals organise illegal trade of goods and services, high technologies. Facilitated illegal immigration, trafficking in human beings, synthetic drugs and poly-drug trafficking, Missing Trader Intra-Community (MTIC) fraud, the production and distribution of counterfeited goods, cybercrime and money laundering are the particular crime areas listed in this category. In each of these areas, and more generally, in the field of serious and organised crime activity, the need to focus operational effort on identifying and disrupting the most significant criminal groups, rather than on conducting more generalised law enforcement activity, remains a critical factor in the EU's response.

The black organised market is expanding; criminals aim to minimise the risks and maximise the profit. There are an estimated 3600 organised crime groups active in the European Union. These groups are becoming increasingly networked in their organisation and behaviours characterised by a group of leadership approach and flexible hierarchies.

During Latvian presidency, focus was put on the ways to fight against organized crime, especially in the area of the VAT fraud. Tax fraud affects the economy and finance of every country, so it is a problem for the entire European Union. As a result of tax fraud and tax evasion, every year the EU loses at least 200 billion euros. According to estimates, proceeds of tax evasion amount from 2% to 2.5% of the wealth of the EU and a half of the EU's budget. The EU institutions are determined to combat tax fraud and tax evasion for several important reasons. First, fraud reduces national budget expenditures for health care, education and research. Second, allowing tax fraud is unfair to citizens and businesses that honestly fulfil their commitments. Third, fraud and tax evasion distort competition and thus lead to market dysfunctions. Taxes are not an aim in themselves but rather a public tool for achieving politically approved goals, such as bridging the income gap, taxing hazardous activities, and establishing an economic framework for social assistance services. A good tax system relies on a fair and broad tax base and reasonable tax rates. Tax evasion and tax fraud undermine the tax base and make honest citizens and businesses pay the taxes avoided by frauds. It has been proved that the higher the tax rates, the more tax payers will try to find a way to avoid honouring their commitments. Tax evasion is also often explained by unpredictable and complicated tax systems. Statistical data and results of studies show that VAT collection is hindered by ambiguous explanations and various tax exemptions. Baltic Assembly jointly with the Benelux Parliament have suggested the following recommendations: 1) to organise regular mutual consultations on VAT and to facilitate harmonisation of the VAT policy in the Baltic States; 2) to improve measures used in the fight against tax frauds, as well as to ensure effective exchange of information and coordination of activities among various law enforcement agencies in order to develop an efficient mechanism to be applied on the European level; 3) to elaborate concrete proposals for improving the fight against tax evasion and tax fraud involving third countries as soon as possible; 4) to continue looking for the most appropriate ways to combine efforts at the national, European Union and global level in the fight against tax fraud and tax evasion; 5) to consider the possibility of implementing the split payment model as a tool to fight against VAT fraud.

Organized crime is developing; therefore clear signals to harmonize legislation, coordinate information exchange of law enforcement agencies as well as development of joint preventive measures to fight any expression of organized crime are needed. The fight against crime should be organized in a complex and multilevel system including recent trends and developments in cybercrime. Fight against crime should be dealt on national level, regional and European level.

**Mr. Andris Vilks**, Minister of Finance of the Republic of Latvia, informed that in recent years European countries faced rather negative economic situation. It is predicted that due various economic problems in further year that economic development will be slow. Fight against the VAT fraud could facilitate additional funding to the state budgets. In Latvia the situation in regard to the fight against the VAT fraud is gradually improving. Many important structural decisions and reforms were implemented; many measures were taken to improve the work of State Revenue Service and other related institutions. Latvian Financial police has several tasks which are directed to fight against the VAT fraud: 1) tax evasion; 2) VAT fraud; 3) legalization of illegally obtained funds; 4) and combating corruption. There has been an increase in criminal proceedings; positive trend is that there is an increase of societal participation.

Development of new technologies, globalisation of entrepreneurship and digitalization requests from the tax administrations more understanding, quick reaction and immediate action in the process of the fight against the VAT fraud. Analysis of the information on the registered VAT payers as well as analysis of the officials of the companies is an important action to prevent the VAT system. The register of counterfeit enterprises or so called “black list” is an important source in the fight against the VAT fraud. To identify the international VAT fraud cooperation among tax administrations of different countries is important. EUROFISC information on the risky tax payers of other countries is an important source in the fight against the VAT fraud.

Criminal groups have developed new methods involving lawyers, IT specialist, accountants and unfortunately former employees of the Financial police and State Revenue service. Money flow schemes are becoming more complex, using modern means of communication. The Financial Police will focus its activities on the following: firstly, organized crime groups’ clients and establishments of true beneficiaries; secondly, keeping coordination of information among investigators, court and CIS countries; thirdly, strengthen cooperation and information exchange with other EU member states; fourthly, ensure possibility of constant skill development for investigators and analysts taking into account best practices from other countries; fifthly,

informing society about the VAT fraud. In order to motivate the staff of State Revenue Service and Financial police as part of system of combating against organized crime money bonuses will be paid. Finally, additional focus should be put on the cooperation of the prosecutor's office and the courts by taking various training procedures. Currently, officials are participating in European Commissions training sessions. There is a need for constructive changes in the court system. The combating of shadow economy is a complex process. People working in public institutions need to be motivated on every day basis. Investigations should be made accurately and processing of these cases should be efficient and timely.

## Discussions

**Mr. Jānis Ādamsons**, Chairman of the Legal Affairs and Security Committee of the Baltic Assembly noted that the Ministry of Finance is not allocating enough funds to fight against the organized crime. Concerning economic trends and fight against the VAT fraud, the achieved results are promising. It is impossible to fight economic crimes only by the means of police. The efficient way to combat the tax fraud is compound of work of law enforcement agencies as well as balanced and sound tax policy. When adopting decisions with regards to tax rates, the Baltic Council of Ministers should consider whether they could be harmonized on the Baltic level. As soon as one country changes tax rate, enterprises and people will move their activities to other two Baltic States. For example, now, after Latvia have increased the tax for luxury vehicles, Latvians are buying and registering cars in Estonia. Concerning fight against organized crime, often the routes are stemming from the east. Therefore the Baltic States should invite representatives from Russia and Belarus to take part in Committee' meetings. Russia and Belarus are closely linked to all security matters which are dealt within the Baltic Assembly.

## Baltic cooperation in research and innovation

**Mr. Rytas Kupčinskas**, Vice Chairman of the Lithuanian delegation to the Baltic Assembly noted in regard to the cooperation of the Baltic States in research and innovation a lot of work has been done this year. In the field of science and innovation some matters should be acknowledged, namely, that organizational and structural problems have to be resolved; model provisions and values have to be respected and prioritized in particular field of the Baltic Assembly.

**Mr. Jānis Vucāns**, Chairman of the Education, Science and Culture Committee of the Baltic Assembly noted that his observations will not be as optimistic as of Mr. Rytas Kupčinskas. The power of Baltic States lies in the possibility to open the door, not to close them. In order to ensure the welfare of people as well as sustainable existence of the Baltic States, economy should be developed on the grounds of research and innovation. It has been proved that research as well as attitude of research organizations and research administrations is rather distanced. The question is why? There are several answers which hinder possibility to take cooperation. Firstly, researchers develop their own policies independently without overall coordination on the regional cooperation. Secondly, after joining the European Union researcher associations are used to fight for their own funding from the EU resources. Therefore, each association, organization of researchers regarded their counterparts from neighbouring countries as competitors, not their cooperation partners. However, this is not a matter of each country separately, but about overall regions' competitiveness. Thirdly, each of the Baltic States has developed its own research infrastructure and each of them has something to be proud of in this area.

The Baltic States are small; this is why the Baltic States have to orientate themselves towards effective use of resources. By pooling resources in smart way there is a possibility to determinate path towards more competitive research and science area that will increase ability to create innovative products and will lead of having more products with higher added value in national and regional economies. Therefore, joint Baltic projects of research and innovation centres should be facilitated. As a result, that will have a positive impact on each and every individual of the Baltic States.

In November of 2012 Ministers for Education and Science of the Baltic States signed the Memorandum of Understanding on closer cooperation on higher education, research and innovation. The goal of the Memorandum is to strengthen the cooperation between the Baltic States by coordinating research development and innovation policy (according to the oriented EU 2020 strategy). The commitment of Memorandum is to strengthen cooperation between universities, research agencies, innovative industries and investors as well as other shareholders. Inter alia, Memorandum envisages that Ministries of the Baltic States undertake support measures which are aimed at ensuring the framework of constant information exchange in technology, smart sciences and innovative industry. As actual situation shows, every stakeholder

is talking only from their own perspective without trying to understand other stakeholders. Therefore it is important to think outside small boats and to come aboard of larger stable Baltic ship. It is possible to talk about the success if the Baltic States will be able to fulfil commitments in the area of research and innovation.

With regards to the BIRTI project, it is an issue on which no joint agreement has been reached. However, it does not mean that attempts should be stopped. BIRTI project is a sensitive issue, which opened up opportunities for joint cooperation. Latvia will continue implementing this project on the national level.

The Education, Science and Culture Committee of the Baltic Assembly believes that joint and targeted investments in research technologies and innovation will enable development of products that would be mainly beneficial for the economies of the Baltic States. The Baltic Council of Ministers should develop smart specialization strategy to strengthen and use more efficiently the Baltic regions' infrastructure and research potential. It is essential to establish the Baltic Bonus System that would increase the chances of the Baltic States to receive the funding from the EU 2020 framework. The Baltic States should develop joint research infrastructure object list as well agree on cooperation for further development of infrastructure and on cooperation between the doctoral studies programmes.

**Mr. Toivo Rääm**, Minister of Education and Research of the Republic of Estonia, noted that the current situation is not so pleasant when comparing the situation in the Baltic States to other European countries. During last years the Baltic States have had big increase in funding of research; comparing the general indicators such as gross domestic expenditure on R&D per capita, European Innovation Index, Research Excellence Index, ERC Grants per million people it can be concluded that the Baltic States are at the end of the list of the EU member countries. Last year the Ministers of Education and Science of the Baltic States signed the Memorandum of Understanding. Ministers agreed to exchange information on national priorities and National Development Plans, National Reform Programs and programming activities for the European Union structural funds; exchange of information about participation in research and higher education on national and the European Unions funded R&D development activities; exchange of information on external and national evaluation of R&D systems; to coordinate R&D infrastructure development plans as well as to promote the mobility of researchers, doctoral and postgraduate students between the countries.

On 18 April 2013 the meeting of the Working Group of the Baltic States took place during which the following decisions have been made: firstly, each country will nominate two persons to the joint Ministerial Working Group. At least one delegate should represent the Ministry but the second person could represent Research Council or other institution which is responsible for research policy; secondly, the joint Ministerial Working Group will work as a coordinating body for exchange of information and coordination of the execution of the tasks defined in the Memorandum of Understanding; thirdly, the meetings of the joint Ministerial Working Group will be organized on an *ad hoc* basis; and fourthly, the initiative to organize the joint Ministerial Working Group meeting should be supported by all parties. Agreement was reached also in regard to the establishment of an expert group for mapping research infrastructures in the Baltic States. The aim of the expert group is to prepare a comprehensive inventory of research infrastructures in each of the Baltic States. The list of research infrastructures should be updated regularly and be accessible to the public.

Ministers of Education and Research of the Baltic States have reached several important agreements which will facilitate joint coordination of the activities: firstly, to appoint a coordinator for internationalisation in higher education and research on Vice-Minister's level; secondly, information on smart specialization areas will be shared; thirdly, co-financing instruments for supporting preparation of joint research projects within Horizon 2020 will be explored; fourthly, possible cooperation possibilities and national challenges on rare and costly higher education study programmes will be mapped.

On 24 July 2013 Ministers of Education and Research of the Baltic States met in Vilnius and discussed problems of smart specialisation as well as possible fields of cooperation.

On 29 August 2013 in Rīga the Workshop on Smart Specialisation was organised. During the meeting the Baltic States presented their process of smart specialisation.

In addition to the smart specialisation the Estonian R&D Strategy for 2014-2020 is in the process of preparation. Specific goals of R&D in Estonia are the following: 1) to achieve research excellence and versatility; 2) to increase the socio-economic impact of R&D; 3) to support the change of the economic structure; 4) to increase internationalisation in R&D sphere.

On 2 October 2013 in Brussels the European Parliament's Hearing of the EPP Group took place; this meeting was organised within framework of the Horizon 2020. At this meeting the Baltic States have presented "*The Baltic example*". Both Horizon 2020 and Structural Funds should address research excellence as well as capacity building.

Towards smart specialisation in Estonia, Estonian Development Fund using OECD/EC Smart Specialisation methodology has selected the growth areas. The economic and research profile quantitative analysis was made by the Estonian Development Fund, Estonian Research Council and leading economists. Selected growth areas will have to be dedicated for research and support programmes, networking activities, higher education support and demand side activities. In addition, the growth areas will be supported by other policies and strategies. In Estonia, there are three main sectors with greatest growth potential: firstly, ICT; secondly, health care with a focus on Biotechnology and E-health; thirdly, resources like material sciences, functional food and chemical industry.

During the meeting of Prime Ministers which took place on 8 November 2013 in Rīga the Joint Statement was made. Prime Ministers agreed to introduce the Baltic Bonus instrument and to continue cooperation and coordination of research and innovation policies, smart specialisation strategies as well as to map research infrastructure in the Baltic States.

Baltic Bonus is aimed to support preparation of Baltic projects in Horizon 2020 to achieve excellence in science and encourage cooperation between Baltic researchers. However, there are problems which need to have diligent attention.

The common scientific and infrastructural potential of the Baltic States is not completely contributed to achieve good results in competition for foreign projects. Unfortunately, the Baltic States are not successful to win the competition on projects therefore the next step should be the implementation of coordinated work in order establish Baltic Bonus in all of the Baltic States.

### Digital Single Market

President of the Baltic Assembly **Mr. Raimonds Vējonis** noted that the digital revolution has already changed the world; however the totality of changes that information technology will

bring cannot be assessed. The current situation is presented by the following quote: “These inventions will use the forgetfulness in the minds of those who learned to use it because they will not practice their memories. You offer the appearance of wisdom rather than true wisdom.” This quote is made by Plato, who commented the introduction of the alphabet approximately 317 before Christ.

Opportunities that the digital environment offers are limitless. Development of digital economy has already started and will continue to create new jobs, offer the opportunity to work away from the actual work place; it will allow to combine hobbies and work in order to improve income, opening possibilities for trade and economy, both for consumers and businesses. It will help to decrease environmental pollution because many people will no longer need to drive to work every day. However, the opportunities supplied by technology alone do not lead to the development of digital economy. There is a growing demand of people that are capable and willing to work in this environment. Therefore, proper regulation should be made.

EU has set an ambitious goal “Digital Europe” which is based on 7 pillars. At the moment, work with the first pillar, namely, the creation of the Digital Single Market is being done. State borders do not bind digital economics but it is related with intellectual property rights, copyrights, etc. The development of the digital single market in the Baltic region is both a good instrument to improve competitiveness as well as a challenge.

**Dr. Signe Bāliņa**, President of the Latvian Information and Communications Technology Association, noted that the Latvian Information and Communications Technology Association has always promoted the development of digital single market as well as the development of the information and communication sector in Latvia.

In 2010 the European Union defined several areas on which member states should focus their efforts to increase the GDP of the EU by amount of 5%. In 2010 the European Commission came up with the Digital Agenda for Europe. This Agenda involves 7 pillars on 7 areas, which should ensure the development so that Europe can use all the potential offered by the ICTs. Digital single market brings up such issues as trust and security, fast and ultra-fast internet access, inters ability and standards in hosting the digital literacy skills and inclusion, research and innovation. Digital Agenda includes several goals which countries have to meet. Firstly, the aim is to ensure 100% of broadband coverage to Europe to all European citizens. At the end

of 201, when the recent statistical data was gathered, this goal was achieved by the 95%. Latvia's indicator was 82, 9 %, Estonia's - 87, 8 % and Lithuania's - 96,8 %. Secondly, the aim is to ensure access to ultra-fast broadband (to develop internet connection with more than 100mb per second). Latvia and Lithuania is among leaders in EU by ensuring it to 20 % and 10 % respectively for its citizens. Thirdly, the aim is to ensure the difference between roaming and national tariffs approach to 0 by 2015. Currently the differences are still 33 %.

European electronic communications network is divided by the borders of the countries and is more characterized as national and not European. National countries are not dealing with increasing problems by global competitiveness and increase of the role of internet. The Baltic States should make changes in their legislations in order to improve current status. Europe has lost its leader position and is behind the USA and Asian countries. Europe's investments in the electronic communications are insufficient and lack behind the investments made in the relevant sector in China. The European Commission has drafted regulations which state that European countries are not using the full potential of the use of electronic communication's sector. However, the main problem is that not all the incentives will create the momentum which is needed in achievement of the goals set by the Digital Agenda. Unfortunately there are too many regulations and restrictions ruling over industry. This leads to the conclusion that either the laws and regulations should be revised or their number should be reduced in order to simplify activity. Another conclusion is that there is a need for a new regulation model that would encourage entrepreneurs to increase their activity and make more investments.

Another aspect is the efficiency of investments. It is essential to ensure that investments return to the European market and thus strengthen the development of the whole sector. Digital Single Market should be well-functioning and should offer choices to consumers and operators. Looking at the new regulations it is seen that the Europe is fragmented. This fragmentation has given benefits to consumers by providing low prices and wide choice of operators. However, it is not a long-term thinking because it reduces the innovation potential and development of sector as such.

With the proposal of regulation the European Commission would achieve the American model by having only supranational telecommunication services providers working through the entire EU and only some local mobile services providers. The issuance of single permit to mobile service providers or development of several service providers should be closely envisaged.

During the discussions on the subject all procedures should be defined without creating additional bureaucratic burdens. There are countries, which offer numerous alternative infrastructures, like Latvia. Operators in Latvia have invested in infrastructure by giving competitive edge in comparison with those who have not made these investments.

Several initiatives should be supported: 1) frequencies in radio transmission system; 2) the general accessibility of services; 3) it is necessary to ensure that internet is open to everyone and accessible to everyone; 4) operators should be able of satisfying the client's needs; 5) protection of consumers and protection of the rights of consumers throughout the EU should be followed. One of the main problems hindering the Digital Single Market is the lack of trust. It is important to encourage people who are not using all provided possibilities by the internet.

According to the Digital Agenda 2015 it is necessary to ensure that 50 % of the EU population are buying online. Currently, this level is 45 %. In Latvia only 27 % of inhabitants are buying online, in Estonia - 23 % and Lithuania - 20 %. In the EU only 11 % of citizens are buying goods online from abroad, in Latvia this indicator is 13 %, in Estonia - 18 %, in Lithuania only 6 %.

Another issue is E-Governance. The EU has set the goal of 50 % usage by 2015. In Latvia it is 47 %, while in Estonia - 55% and in Lithuania about 30 %. In Lithuania a conference devoted to the E-Governance "Where we are and where are we going?" was held. By the latest forecast in 2013, there will be a lack of 900 000 ICT specialists. It is seen that people will need E- Skills and will have to be digitally literate because digital literacy will enable people to communicate with the state and local governments. To promote the use of internet in Latvia, E-Skills week will be organized; during this week society will be introduced to the opportunities provided by ICTs. During this week, enterprises will also inform society about the services, which are available digitally. Latvian company "Lattelecom" made a private initiative providing a training programme "Get connected Latvia"; aim of this training programme is to increase public awareness on E-Services. Latvian Development Agency is currently working on a project, which is focused on increase of capability of small and micro-enterprises in using electronic services. This project is expected to facilitate further development.

Before opening of the Digital Single Market there is a need to raise some questions. Who will be the ones who will look after the content in this digital area? We know that the language barrier

is one of the significant barriers in the EU, thus the question - Who will eliminate this barriers on the European level – should be raised?

**Mait Heidelberg**, Adviser of the Ministry of Economic Affairs and Communication of the Republic of Estonia, noted that in the digital world all barriers and obstacles are becoming more visible. The problems in the Digital Single Market are mostly not those of technological character but those coming from other areas, making life in internet economy more difficult. Digital Market is a complex system and there are no easy solutions. Problems in several infrastructural areas should be solved. In order to complete Digital Market by 2015 current efforts should be put on improvements and functioning in national infrastructures.

The Baltic States are dealing with many infrastructural challenges. As one of them is the plan to deliver high-speed internet access to all citizens of region.

Estonia supports the initiatives of the European Commission on telecommunication environment which is aimed to connect the continent. Nevertheless, Estonia shares a fear that integration of the European telecommunication market will have some impact on the competition in the Baltic region.

This summer Estonia successfully introduced 800 MHz frequency rate for high-speed connections and at least one operator has covered 95 % of population offering the service. Estonia cannot introduce full coverage in south of its territory due to the fact that Latvia is still using these frequencies for television. It would be appreciated if Latvia would release these frequencies at least part of them as it is agreed in Europe.

With regards to international connections in businesses the Baltic States are open for new connections.

In the scope of Connecting Europe Facility the Baltic States have provided project on introducing land high-speed internet cables; this project was not approved by the EU. There is a high interest in new proposals, new international communication possibilities and investments. New connections would help to reduce some redundancy reducing dependency from other international routes of data transmission.

It is seen that the one of the most important elements for the Digital Single Market and cross border services are electronic entities and digital signatures. In the EU the initiative for possible regulation on electronic identity and digital trust services has been started. However there are several challenges on the grounds of different understandings among member states; this creates difficulties for implementation of common solutions. In this matter the Baltic States should have common voice to reach practical and reasonable solutions. The Baltic States can act already today by providing practical examples for cooperation without waiting for European regulations. Estonia has introduced several electronic services. Estonia is ready for projects initiated by Latvian and Lithuanian enterprises; these projects could be focused on electronic ideas on how to use digital signatures in regional services.

Electronic identities and signatures are connected with secondary cross-border economic services. Regarding cross-border economic services there are European cooperation formats, for example, E-Services which are dedicated to develop cross-border services for business establishment, E-Health, E-Justice and E-Procurement. Unfortunately, Latvia and Lithuania are not participating in this project. However, there is a hope that they will participate in future because solutions coming from this cooperation could be piloted in the region.

**Mr. Valentinas Kvietkus**, Head of Knowledge Society division in Innovation and Knowledge Society Department of the Ministry of Economy of the Republic of Lithuania noted in order to build Digital Single Market single understanding of that should exist among all EU member countries. However, it is not easy because to understand technology there is a need to understand business and create legal framework. There is no single understanding of the concept of the Digital Single Market in Lithuania and there is even the problem of ownership. Digital Single Market is not only a policy; there is also a legal basis stipulated in the Treaty and in the EU Agenda 2020.

Digital Single Market is developing as an artificial market place and it should be maintained on a regular basis. By the opening of Digital Single Market preparation should be done: 1) there is a need to sort out the components of the Digital Single Market; 2) there is a need to have translations from technical, business and legal specialists; thirdly, there is a need to define actors acting in this market and providing identifications.

Recently Lithuania got proposal on the Connected Continent package which is providing not only legal but also soft initiative “European Clout Partnership.” Lithuania has also almost completed regulation on “Connecting Europe Facility” which is intended to finance soft infrastructures.

There is a need to make many identifications in order to develop balanced approach and make a choice. It is important to have both options by making separation of physical and legal persons. “Proposal for a Regulation of the European Parliament and of the Council on electronic identification and trust services for electronic transactions in the internal market” includes several issues, namely, mutual recognition versus search path insurance, differentiated insurance models, identification for certification confirming about the identity of truth websites. However, this legal issue is quite new and currently there is no legislation on electronic identification.

With regards to tradable data Lithuania is using Galaxy of IT rights. In regard to the intellectual property Lithuania has an agreement with the United Patent Corporation which is under implementation of proposal for collective rights management and is almost agreed on the parliamentary level.

Lithuania has involved in several activities: firstly, Lithuania is a partner in the EU Information and Communication Technologies Policy (ICT) and thus supports the project for shared standards for open data and public sector information; secondly, Lithuania is making proposal for individuals concerning procession of personal data, which was intended and leaded by the “Regulation on free movement of digital data”, where this regulation will be replaced with Directive.

This is tendency, which is now seen in information society. Regulations are replaced with directives. Spying Directive in Court, Access to personal data - those will be the new initiatives for proposal for Directives.

Digital Single Market is not about placing traditional markets; it is an addition to the traditional market. Digital Single Market is not only about digital products and services; it is about a new space - cyberspace. Digital Single Market is about data in general, for information and knowledge management with an aim to grasp the added value of new possibilities.

## Addresses by foreign delegations and guests

**Ms. Marit Nybakk**, President of the Nordic Council noted that Norwegian presidency in the Nordic Council put the cooperation with the Baltic Assembly high on the agenda. There are many things that Baltic and Nordic countries can learn from each other. The priority areas of the Norwegian presidency are the following: 1) an efficient Nordic region; 2) a robust and sustainable welfare state.

The Nordic countries are willing to secure the Nordic welfare model; this is a hard task in the circumstances of economic and financial crisis. Last spring, some suburbs in Stockholm experienced riots and manifestations with an intensity and violence. Leading Swedish social scientists urged to fight against poverty and unemployment among vulnerable groups.

In May of this year the Nordic governments arranged a seminar on the unemployment in the Nordic Region; this seminar was attended by all Nordic Prime Ministers. The issue on the unemployment was also the main theme for the Session of the Nordic Council. During the Session Nordic parliamentarians have asked the Prime Ministers to come up with measures to decrease the level of youth unemployment in the Nordic Region. Currently there is a tendency of labour movement from Sweden to Norway and Denmark; 25 years ago it was the opposite.

The Nordic welfare model is sustainable and based on such values universal human rights, high employment, gender equality.

Nordic Council has worked together with the Baltic Sea Parliamentary Conference to bring forward political recommendations to combat human trafficking and international organized crime. These issues are extremely important and difficult to fight against. In order to decrease organised crime and human trafficking in the region there is a need for multilateral cooperation. Recently foreign security and defence policies have been included in the agenda of the Nordic cooperation. Cooperation on coordination of the Nordic interests on the EU level has started in 2011. These issues should be also reflected on the cooperation agenda between the Baltic Assembly and Nordic Council.

**Mr. Jānis Zulkis**, Member of the 3<sup>rd</sup> Latvian Youth Parliament noted that Latvian youth is gathering for the Youth Parliament for the third year. This enables young people to understand the parliamentary democracy and political processes in Latvia. The Youth Parliament just like the real Parliament considers draft laws, proposals as well as holds committee meetings. All draft laws are prepared by the youth and adopted by the Youth Parliament. Young people are expressing ideas on the future development of the State. The Youth Parliament has addressed several problems which have to be solved jointly by the Baltic States. Environmental sector, education and infrastructure are main sectors which need closer coordination of activities among the Baltic States.

**Mr. Marcel Oberweis**, President of the Benelux Parliament, informed that cooperation and innovation are supposed to become a key element of the European society at the edge of European Strategy called Horizon 2020. Without doubts, innovation, research, development, high education skills are the main drivers of the sustainable and intelligent growth and contribute to the competitiveness of the European Union. Indeed, innovation brings together professions, disciplines, people of all ages to develop new ideas and visions in the close cooperation. In the global market policies and investments should therefore focus on research and higher education. These investments allow developing smart technologies by using the outcomes and fundamental and reapplied research. All these new intelligent technologies shall build the bridges between the academia world and business world and the politics. Investments in education and innovation represent the best way to bring together the business, politics and sciences.

In the last decade more that 3 million jobs have been created. The intelligent eco-technologies are the most prosperous branches. They are the direct consequence of the implementation of fundamental and applied researches to the environmental improvements driven by the sustainable development. Reduce the greenhouse gas emissions, enhancing the path of renewable energies in the final energy consumptions and performing the energy efficiency are the key drivers.

There are three items which should be considered in the scope of the Baltic cooperation in research and innovation. EU energy supply is based on three pillars: competitiveness, security of the supply and sustainability. It is important to reduce the fossil dependency; unfortunately, the EU is actually dependant by the nearly 80% on imported fossil fuel and the bill reaches the amount of EUR 510 billion per year. Development of renewable energy and installation of low

carbon technologies could become the corner stones of the intelligent to social and sustainable European common. As said by Nicolas Turn countries that reduce instability of the energy bill will become the export leader of ecological products and solutions. Therefore the focus should be put on the sustainable energy systems involving and increasing level of intelligence and integration of new information and communication technologies. The creation of European internal energy market offers the challenge where all indigenous energies must be inserted knowing well that fossil and nuclear energies will still remain and be part of the whole energy supply chain. Nevertheless their part is vanishing and the renewable part is increasing. By using all renewable energies in decentralized system the possibility for millions of energy producers to cooperate will be provided. Improvements towards the energy efficiency in the production, transport and the construction sector should be made. Merging the research and higher education policy with the industrial policy will help to encompass small and medium size enterprises as well as large industries.

Another important issue is the waste management. According to recent statistics, EU annually produces up to 3 billion tons of waste. Waste management should be on the agenda of cooperation between the Baltic Assembly and Benelux Parliament.

**Mr. Zurab Abashidze**, Chairman of the GUAM Parliamentary Assembly and Vice Speaker of the Parliament of Georgia, informed that it has been almost seventeen years since Georgia, Ukraine, Moldova and Azerbaijan decided to establish the GUAM. Main aim of the GUAM is to tackle economic, social and political problems, to promote development of democratic institutions as well as to foster regional stability and to find ways of resolution of existing conflicts within the area. The GUAM has developed many joint projects. Cooperation with the Baltic Assembly is of strategic importance for the GUAM Parliamentary Assembly.

**Mr. Paulius Vertelka**, Representative of the Joint Baltic American National Committee (JBANC) and the Lithuanian American Council (LAC), informed that the JBANC has been established in 1961 and is based in Washington. JBANC have worked closely with the US administration, Congress, media and three Baltic Embassies in order to inform about development in the Baltic States. JBANC recently has been taken participation in several activities. Firstly, JBANC is working with the US Congress to pass legislation supporting designation of the 23<sup>rd</sup> of August as black ribbon day thus recognising the victims of the Soviet Communist and Nazi regimes. Secondly, it has been closely involved in developing different

legislative proposals. Thirdly, JBANC is raising awareness on the Eastern neighbourhood. Ukraine's decision to postpone the EU integration is hopefully only temporarily setback. In Belarus political prisoners must be released. Political pressure by Moscow in any sphere should not be tolerated. Additional attention should be put on the cybersecurity.

**Ms. Elton Mammadov**, Chairman of the Azerbaijani delegation to GUAM Parliamentary Assembly, provided appreciation that the cooperation between the Baltic Assembly and GUAM PA should be considered as a bridge that connects Baltic and GUAM regions.

### Report of the Presidium of the Baltic Assembly

**Mr. Raimonds Vējonis**, President of the Baltic Assembly, introduced to the work of the Baltic Assembly during the Latvian presidency. The Baltic States have to intensify coordination activities towards the EU. There is a need to strengthen lobbying of the Baltic interests on the EU level. There is a need to discuss on the national and regional level those issues which have been discussed on the EU level; the Baltic States have to coordinate views and positions in regard to the EU legislative framework. Economics, Energy and Innovation Committee of the Baltic Assembly has initiated to establish lobbying office for Baltic entrepreneurs in Brussels; this initiative has not been broadly supported by the Baltic Council of Ministers. Prime Ministers of the Baltic States have offered temporary solution to this issue, namely, Embassies of the Baltic States in Brussels could get involved in coordination and lobbying of certain Baltic business projects and joined business interests. This initiative is a positive progress but the critical issue is if the Embassies will have enough human resources to implement such additional tasks. Representation of interests in the EU goes hand in hand with cooperation with Nordic and Benelux partners; Baltic States are willing to strengthen cooperation networks with Nordic and Benelux countries thus promoting better representation of interests on the EU level.

The second scope of issues is closely linked to the practical partnerships of the Baltic States. Baltic Assembly members should closely monitor implementation of recommendations in the area of health care, creation of stable and secure energy market as well as infrastructure and transport projects. Gradually, the governments of the Baltic States have to implement these projects in life thus competitiveness of Baltic region and the welfare of inhabitants will be promoted. With regards to the joint health care projects the Baltic Assembly will carefully

follow that the first joint procurements start as soon as possible. The example of the Baltic States in regard to the joint health care projects has been taken over by the Nordic Council.

Third scope of issues concerns the Eastern Partnership countries with special focus on Georgia, Ukraine, Moldova and Azerbaijan. Baltic Assembly has to draw the attention on the need to solve the protracted conflicts in Moldova, Georgia and Azerbaijan. The Baltic States will continue offering their expertise on good governments, economic and social development, formation of regional networks and other issues that partners are interested in. However, at the same time it is essential to remember that every reform process needs to be managed and led by the people and their own country.

The fourth scope of issues is related to the efficiency of the between the Baltic Assembly and the Baltic Council of Ministers. Due to mutual competition the Baltic States have lost at least 20 years in development of regional tourism sectors, investment and external economic policy and so could be continued. Disregarding the ideal model within the Baltic cooperation the most important factors for efficient cooperation is political support and political will. If each member of the Baltic Assembly and each of the Baltic States will be fulfil reached agreements and duties diligently and with the highest state of responsibility then there will be no need on the debates on the best model of regional cooperation. National delegations of the Baltic Assembly should become more active in initiating of new proposals and recommendations. Latvian delegation to the Baltic Assembly has established the Baltic Affairs subcommittee under the Foreign Affairs Committee of the Latvian Parliament. This subcommission considers all the issues of the Baltic cooperation.

### **Report of the Budget and Audit Committee of the Baltic Assembly**

**Mr. Ivans Ribakovs**, Chairman of the Budget and Audit Committee, reported on the implementation of the Baltic Assembly Budget for 2012 as well as introduced to the draft Budget for the Baltic Assembly for 2014. Budget and Audit Committee together with the Presidium of the Baltic Assembly evaluates the implementation of the budget, justification and the efficiency. The Draft Report on the implementation of the 2012 budget is provided within the documents No.4 and 4A. In 2012 the Parliaments of Latvia, Lithuania and Estonia paid the full membership fee thus the total is EUR 274 140. Detailed overview on the expenditures of the Baltic Assembly

in 2012 has been available therefore he listed only expenditures of main budgetary positions of the BA Budget: 1) expenditures for the Session of the Baltic Assembly and the Baltic Council are EUR 25,148; 2) expenditures for the work of the Presidium of the Baltic Assembly are EUR 12,801; 3) expenditures for the work of the Committees of the Baltic Assembly are EUR 6,810 euro; 4) expenditures for the international cooperation of the Baltic Assembly are EUR 54,104; 5) expenditures for the informative activities which includes production of the medals, maintenance of the website and organising of the Basketball tournament are EUR 6,021; 6) expenditures for the Baltic Assembly Prize in Literature, the Arts and Science as well as Baltic Innovation Prize are EUR 40,085; 7) expenditures for the work of the BA Secretariat are EUR 70,748; and 8) unplanned expenses are EUR 432. Total expenses are EUR 216,149.

Draft Budget for 2014 is provided in documents No.5 and 5A. Funding of the Baltic Assembly for 2014 will remain in the same financial limits as for last 5 years, namely, EUR 274, 140. The budget for 2014 has been planned according to Estonian presidency and foresees the following budget positions: 1) expenditures for the Session of the Baltic Assembly and the Baltic Council have been planned for EUR 38,000; 2) expenditures for the work of the Presidium of the Baltic Assembly have been planned for EUR 13,200; 3) expenditures for the work of the Committees and Ad hoc group of the Baltic Assembly have been planned for EUR 3,500 euro; 4) expenditures for the international cooperation of the Baltic Assembly have been planned for EUR 89,920; 5) expenditures for the informative activities which includes production of the medals, maintenance of the website and organising of the Basketball tournament have been planned for EUR 7,785; 6) expenditures for the Baltic Assembly Prize in Literature, the Arts and Science as well as Baltic Innovation Prize have been planned for EUR 47,527; 7) expenditures for the work of the BA Secretariat have been planned for EUR 73,208; and 8) unplanned expenses have been planned for EUR 1,400.

### **Adoption of the Final Document of the 32<sup>nd</sup> Session of the Baltic Assembly**

**Mr. Raimonds Vējonis**, President of the Baltic Assembly, introduced to the draft documents which have been submitted to the 32<sup>nd</sup> Session of the Baltic Assembly.

**National delegations of the Baltic Assembly adopted unanimously the following documents:**

- Final Document of the 32<sup>nd</sup> Session of the Baltic Assembly;
- Decision on the Ad hoc group the Baltic Assembly Awards for Literature, Arts and Science;
- Decision on the implementation of the Budget for Baltic Assembly for 2012;
- Decision on the Budget for Baltic Assembly for 2014.

### **Election of the President and Vice Presidents of the Baltic Assembly for 2014**

The 32<sup>nd</sup> Session of the Baltic Assembly elected **Laine Radjārv** to the post of the President of the Baltic Assembly, **Giedrė Purvaneckienė** and **Raimonds Vējonis** to the posts of the Vice Presidents of the Baltic Assembly for 2014.

### **Election of the Chairpersons and Vice Chairpersons of the BA Committees**

The 32<sup>nd</sup> Session of the Baltic Assembly elected the following Chairpersons and Vice Chairpersons to the Committees of the Baltic Assembly:

#### **Economics, Energy and Innovation Committee**

- **Mr. Sven Sester**, Chairman, Estonia
- **Mr. Bronius Pauža**, Vice Chairman, Lithuania
- **Mr. Atis Lejiņš**, Vice Chairman, Latvia

#### **Education, Science and Culture Committee**

- **Mr. Aivar Kokk**, Chairman, Estonia
- **Mr. Valerijus Simulik**, Vice Chairman, Lithuania
- **Mr. Jānis Vucāns**, Vice Chairman, Latvia

#### **Natural Resources and Environment Committee**

- **Mr. Jaanus Tamkivi**, Chairman, Estonia
- **Mr. Paulius Saudargas**, Vice Chairman, Lithuania
- **Mr. Romualds Ražuks**, Vice Chairman, Latvia

#### **Legal Affairs and Security Committee**

- **Mr. Väino Linde**, Chairman, Estonia
- **Mrs. Dalia Kuodytė**, Vice Chairperson, Lithuania
- **Mr. Jānis Ādamsons**, Vice Chairman, Latvia

### **Welfare Committee**

- **Mr. Ülo Tulik**, Chairman, Estonia
- **Mrs. Jolita Vaickienė**, Vice Chairman, Lithuania
- **Mr. Vitālijs Orlovs**, Vice Chairman, Latvia

### **Budget and Audit Committee**

- **Mr. Sven Sester**, Chairman, Estonia
- **Mrs. Irena Degutiene**, Vice Chairperson, Lithuania
- **Mr. Ivans Ribakovs**, Vice Chairman, Latvia

## **Speech of the Newly Elected President of the Baltic Assembly**

**Mrs. Laine Randjärv**, President of the Baltic Assembly, expressed the condolences to the families of the victims of the Zolitūde tragedy. When discussing the Estonian presidency programme the Estonian delegation was grounding on the simple but fundamental principle, namely, that value and success of cooperation among the Baltic States will be judged by its capacity to deliver tangible and positive results in people's everyday lives. This has also served as the basis for the Riigikogu to initiate debate on the improvement of the work of the Baltic Assembly.

Estonians have been called "trouble-makers" in the Baltic cooperation. Estonian parliamentarians are not throwing out the ideals of the Baltic cooperation. The Estonian Parliament stands for powerful, profound and dynamic cooperation within the Baltic Assembly. Desire to strengthen our parliamentary cooperation is the main and only justification of our initiated proposals for the improvement of the Baltic Assembly's work. She outlined main ideas depicted in the Estonian proposal on the work of the Baltic Assembly. Firstly, the main function of the Baltic Assembly is and will be focusing on the interests of its member states and representing them on the regional and international arena. Secondly, there is a need to include the standing committees of the national parliaments in the cooperation format. Standing committees have direct influence on the national governments which means that influence capacity of the Baltic Assembly will become stronger. In this way, the documents adopted by the Baltic Assembly – appeals, proposals and recommendations – would have much stronger expressiveness and impact. Thirdly, Estonian parliamentarians are suggesting greater involvement of the Presidents of the national parliaments of the Baltic

States more in the work of the Baltic Assembly. Fourthly, Estonian parliamentarians advise to introduce English as the working language in the work of the Baltic Assembly. Estonian parliamentarians believe that such renewed work format of the Baltic Assembly will better correspond to the current challenges and will better deliver tangible and positive results in people's everyday lives.

Key areas which will be addressed during the Estonian presidency match with the goals defined by the European Union – a responsible, dynamic, green and safe regional cooperation. Through close cooperation based on mutual trust Estonia's presidency will focus on the following priority areas. The first priority is focused on competitiveness and innovation. The Baltic region has to strive on becoming more digital and innovative; therefore, the Baltic cooperation should contribute to ensuring a stable business environment, developing digital single market, fostering innovation and research as well as coordinating the policies and actions in attraction of investment and representing of our regional interests in the international markets. The first priority is focused on effective and dynamic Baltic region. Economic stability, sustainable growth, dynamic development, as well as higher employment level in the Baltic region have to be secured both in a short and long term. For effective and dynamic Baltic region, there is a need for even closer economic cooperation among Baltic States, the growth of reciprocal investments, and greater trade. Closer economic cooperation in our region must be supported by greater integration generally – this means the construction of transport and energy connections that will link us with the rest of the European Union. She referred primarily to the Rail Baltica/Rail Baltic rail connection and electricity and gas connections that are independent of suppliers from outside the European Union. There is a need for joint actions by the Baltic governments in order to develop the European Union domestic market, including the digital common market, in order to promote the joint use of e-services. The third priority is focused on safety and security. Internal border controls have been removed in the Schengen area and the external borders of the European Union are now managed in a more coherent way. In spite of many achievements in the area of freedom, security and justice the Baltic States still face challenges which have to be addressed in a comprehensive manner. Further efforts are thus needed in order to improve coherence between policy areas. In addition, cooperation of the neighbouring countries should be intensified as the operational activities remain the responsibility of the EU member countries. It is therefore time for the Baltic States to focus on the horizontal and crosscutting approach to deal with complex

challenges of internal security as well as on the dynamic and effective Baltic law enforcement cooperation in regard to the fight against organised crime.

While 23 August 2014 will be the 75<sup>th</sup> anniversary of the signing of the Molotov-Ribbentrop Pact, which affected the destiny of Europe and the entire world, it will also be the 25<sup>th</sup> anniversary of the historical human chain – the Baltic Way. The world was stunned by the courage and determination of the Baltic people to peacefully and democratically resist a military power. The power tottered, but it did not dare to use violence against the children, the elderly or men and women whose hearts were beating in unison for their common ideals. The Baltic Way is significant not only because it is a historical event but also because it constitutes a part of our collective memory. Therefore, jointly the Baltic Assembly and the Baltic Council of Ministers are planning activities devoted to the 25<sup>th</sup> anniversary of the Baltic Way!

**Signing of the Final Document of the 32<sup>nd</sup> Session of the Baltic Assembly**

**President of the Baltic Assembly Raimonds Vējonis, Vice Presidents of the Baltic Assembly**

**Laine Randjārv and Giedrė Purvaneckienė singed the Final Document of the 32<sup>nd</sup> Session**

President of the Baltic Assembly      President of the Baltic Assembly      Vice President of the Baltic  
Assembly

**Giedrė Purvaneckienė**  
Republic of Lithuania

**Raimonds Vējonis**  
Republic of Latvia

**Laine Randjārv**  
Republic of Estonia

**of the Baltic Assembly.**

Secretary General of the Baltic Assembly  
**Marika Laizāne-Jurkāne**

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