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### **Opening address by H.E. Dr. Vaira Vike-Freiberga, President of Latvia, at the 4th Annual Baltic Development Forum Summit, Copenhagen, 13 15 October 2002**

#### **The Baltic Sea Region: A model of successful partnership**

Mr. Chairman,  
Prime Minister Rasmussen,  
Prime Minister Lipponen,  
Excellencies,  
Ladies and gentlemen,

I am pleased and honoured to deliver the opening address at this Baltic development summit in Copenhagen, and to share my views on the future of the Baltic Sea Region. The developments of the past few years have brought tremendous changes to this part of the world. Just over a decade ago, the three Baltic countries regained their independence, Poland recovered its freedom, and Russia chose to follow the path of democracy. In the period that followed, all of the former Soviet-bloc countries implemented free-market reforms and experienced radical economic and social transformations. These significant changes have brought our regions countries closer together.

I would like to express my particular gratitude to the founding father of the Baltic Development Forum Mr. Uffe Elleman-Jensen, without whose initiative we would not be gathered here today. Mr. Elleman-Jensen was among those who already a decade ago had a clear vision of the Baltic Sea Region as prosperous and stable part of a united Europe. He actively promoted the creation of new co-operation structures in the region and was instrumental in the formation of the Council of the Baltic Sea States, which has gained a most respectable place on the political landscape of Europe.

Through the Council of Baltic Sea States, Mr. Elleman-Jensen wished to provide an opportunity for the new, post-Soviet Russia to increase its participation in processes occurring around the Baltic Sea, and Russia has indeed become an active participant in various pan-Baltic activities. Finally, by creating the Baltic Development Forum, Mr. Elleman-Jensen has provided a valuable platform for the exchange of opinions on the future of the Baltic Sea region. We are indebted to you, Mr. Elleman-Jensen, for all that you have done to realize your dream of a united Baltic Sea Region, which is now closer than ever to becoming a reality.

I also take this opportunity to thank Denmark for its consistent efforts in furthering the reunification of our continent, and for its invaluable support and assistance to the EU and NATO candidate countries. I find it significant that this years Baltic Development Forum Summit is being hosted in Copenhagen, just like the very first one in 1999. An I find it equally significant that Denmark will soon be hosting a historic meeting of the European Council, nine years after the establishment of the Copenhagen criteria for accession to the European Union in 1993. It is under the presidency of Denmark that the historic enlargement of the European Union is set to take place very shortly, an enlargement that will gather into the common fold countries from Central, Eastern and Southern Europe. We all look forward to the promise: from Copenhagen to Copenhagen being fulfilled in

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December. We look forward with hope and confidence to the start of a new era in the history of the European Union.

Last week we heard the good news from the European Commission that we had been expecting. The Commissions enlargement report confirms that the EUs 10 front-running candidate countries which include the Baltic Sea Region countries Latvia, Estonia, Lithuania and Poland will be able to conclude their accession negotiations by the end of this year. It now remains for the 15 heads of state and government of the EU countries to approve the Commissions enlargement report in Brussels later this month. When the final decision is made on the accession of the candidate countries at the Copenhagen Summit in December, it will represent the culmination of intense efforts and massive preparations. For the people and nations of Central and Eastern Europe, the invitation to join the EU, together with the expected decision this November in Prague to expand the NATO Alliance, will signify their genuine return to the European family of free and democratic nations.

This dual enlargement of the EU and NATO will have an enormous impact on the Baltic Sea Region. It will become the last step in erasing once and for all the sequels of the Second World War. The Baltic Sea, which for decades had served as a barrier between the East and the West of Europe, will now become a gateway of understanding and cooperation.

From the military standpoint, the accession of the three Baltic States and Poland to the EU and NATO will vastly increase Europes area of security and stability. It will also produce tangible economic benefits by promoting an even more favourable financial and investment environment in the Baltic Sea Region, just as it did in Central Europe following the accession of Poland, Hungary and the Czech Republic to NATO in 1999. The incorporation of the Baltic States and Poland into the EUs unified economic space, along with the availability of additional EU development funds, will serve to advance business activity and foster the further economic development of the entire Baltic Sea Region. It will also serve to the benefit of other countries that border the EU and NATO member states, including Russia, who have everything to gain from the presence of stable, secure and prosperous nations on their western borders.

With the upcoming expansion of NATO and the EU, the Baltic Sea Region will assume the dual role of safeguarding NATOs and the EUs area of security and stability, while implementing an inclusive policy towards neighbouring Ukraine, Belarus and Russia. The three Baltic States and Poland will be jointly responsible for preventing the influx of smuggled goods, arms, and psychotropic drugs, as well as curbing the entry of illegal immigrants through the EUs and NATOs lengthy eastern border. This will be an immense and costly task to assume, and responsibility for it will have to be shared by all of the member countries of the EU and the NATO Alliance.

Ladies and gentlemen,

While the Baltic States and Poland have achieved remarkable progress during the decade that has passed since the fall of Communism, they have yet to reach the same level of development as their Western neighbours. Today, eleven years after the collapse of the Soviet Union, the Baltic Sea Region is still far from homogenous in the standards of living, level of prosperity and life expectancy that its inhabitants enjoy. There is still a lot of catching up to be done on the Eastern shores of the Baltic. This remains as the principal challenge of our common future: how to erase the economic disparities between the EUs current and future member countries, and how to do it in as few years as humanly possible. In this we can look to the impressive track record of the EU, which has raised the standard of living of one country after another, as each in turn became a member of the European Union. We have the example of countries like Ireland, Spain, Portugal and Greece that have prospered dramatically after becoming members of the Union. It is evident that the mechanisms the EU is able to deploy for reducing regional disparities are effective. It is evident that the various equalization programmes of the EU are able to produce viable and tangible results. There is absolutely no reason in the world why the next wave of member

states should not be able to achieve exactly the same positive result.

Nevertheless, we have to recognize that the equalization within the EU itself, while impressive, is neither complete nor perfect. Within the EU, economic activity remains concentrated in a relatively small and central area that is known as the blue banana or la banane bleue a triangle extending from North Yorkshire in the United Kingdom to Franche-Comt in France and Hamburg in Germany. Others have defined this region as a pentagon extending from London to Paris, Milan, Munich and Hamburg. Research and development in the EU, along with other strategic and high-value-added activities tends to be concentrated in these central regions. If development in the EUs other regions is not sufficiently stimulated, then we may witness growing regional polarisation in the European Union, along with the concentration of low value-added activities in the EUs peripheral areas.

This is where the Baltic Sea Region could show the way of the future, for it has the genuine potential for becoming a new and dynamic growth centre in Europe. Among just some of its assets, this region has 10 metropolitan areas with populations of 1 million or more. It is home to well-established companies and product brands. It is the leading IT and T producing area of Europe and has the highest cellular telephone penetration in the world. Some 45% of Russias total foreign trade passes through Baltic Sea harbours, which are endowed with well-developed infrastructures. The educational level in the whole region is high, particularly in the natural sciences and technology. And in the western part of the region, more is spent, on average, on Research and Development than in most other European countries.

What remains to be done and this is the challenge to private business as well as governments is to invest sufficiently into the Eastern shores of the Baltic to exploit the full human potential of its technical know-how, scientific creativity and business innovation. Yes, investments are needed, but they will be good and far-sighted investments, of the kind that will yield rich returns in expansion and profits.

Ladies and gentlemen,

The previous Baltic Development Forum in St Petersburg clearly identified the need for closer, pan-Baltic cooperation in various fields in order to increase the productivity and competitiveness of the region. This years Development Forum has brought forward five priorities for turning the Baltic Sea Region into a vibrant commercial, cultural and scientific growth centre by the year 2005. These seem to me an excellent blueprint for further action. Let me address each of these in turn.

First: the creation of more favourable conditions for investment and entrepreneurship. In my own country of Latvia, we have been working hard for several years to create an increasingly business-friendly environment and to implement favourable tax policies for investors. We have achieved clear results through such initiatives as the Foreign Investors Council, which provides the opportunity for Latvias largest foreign investors to engage in direct dialogue with the government. I am sure that each of our countries has similar positive experiences that it can share with its neighbours, and this Forum provides an ideal setting for doing so.

Regarding this Development Forums second priority, Latvia fully recognizes the importance of investing in education and research. Latvias Long-term Economic Strategy has encouraged the use of know-how and high technologies, as well as a shift from a labour-based economy to a knowledge-based economy. Several of Latvias knowledge-based sectors have experienced rapid growth in recent years, and I am particularly pleased that Latvias IT and T sector has grown by 20 to 30% per year during the last decade. The Baltic Sea region is already home to some of the most innovative and highly developed countries in Europe Finland, Sweden, Denmark, Norway and Germany. The challenge now is to continue transferring their experience and know-how to their closest neighbours, so as to produce a quantum leap in innovation that will benefit the entire region.

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Third. The development of a well-planned and coordinated transport system is a logical measure, particularly if we consider the advantageous geographical location of the Baltic Sea Region at the crossroads between East and West. Our regions well-developed infrastructure and proximity to the markets of the CIS has already resulted in a significant transit flow. We should build on this strength by planning on major strategic investments in the key areas that show the most promise of future development.

Fourth. The necessity to develop a sound economic and physical environment based on the principle of sustainable development is particularly important for Latvia as a major energy transportation country in the Baltic Sea Region. Latvias policies are directed towards ensuring a gradual transition to the highest environmental standards, as well as the observance of the most rigorous safety procedures.

Just recently at the end of September, Latvias port city of Ventspils hosted an international conference on the safety and security of energy supplies and their transport in the Baltic Sea Region. Nine countries from the region and from the European Commission agreed on the necessity of applying the highest safety and security standards in the transport of energy supplies, as well as in the rehabilitation of old energy infrastructures and in the construction of new ones. They also stressed the importance of using the most modern technologies in this field of activity. The Government of Latvia offered to create an Expert Working Group in charge of drafting a Contingency Action Programme for promoting transport safety in the Baltic Sea Region.

Fifth. Regarding civic participation and democratic institution-building, the former captive nations of the Soviet Union have made important advances since regaining their liberty a decade ago. In Latvia, for example, over 72% of eligible voters participated in last weeks parliamentary elections, which is a very high turnout by any standards. It testifies to the value that many people in Central and Eastern Europe place on their recently recovered right to take charge of their own destinies. Active civic participation, however, should not be taken for granted. It needs to be carefully cultivated. There is a lot still to be done in promoting the values of a civil society, be it in the home, in the schools, or in the workplace.

Ladies and gentlemen,

I would like to conclude with the hope that many innovative and practical ideas will be generated at this Summit, and that this Forum will continue to foster a deepening sense of solidarity among the countries of the Baltic Sea Region. The common Baltic Sea that we all share, which only recently still divided the East from the West, the rich from the poor, and the free from the oppressed, is gradually serving to unify our diverse countries. As we continue to build new bridges across the Baltic Sea Region, let us visualize our region becoming a model of successful partnership for other regions to emulate. I look forward to seeing you again next year in Riga, where, I hope, the Baltic Development Forum will decide to hold its next Summit. My best wishes to you all.