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European Coordinator

Pavel Telička

PRIORITY PROJECT No 27

« *Rail Baltica* »

Warsaw-Kaunas-Riga-Tallinn-Helsinki

Brussels, July 2006

This report only represents the opinion of the european coordinator
and does not prejudge the official position of the Commission

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1. INTRODUCTION

1.1 Origins of the Project

“*Rail Baltica*” is an imaginative, strategic and sustainable rail transport project involving four new Member States of the EU - Poland, Lithuania, Latvia and Estonia, as well as Finland. The project aims to link the Baltic States with Poland and the rest of the EU. The project has its origins in ideas expressed during the three first Pan European Transport Conferences starting with Prague in 1991 and continuing with Crete in 1994 and Helsinki in June 1997. The discussions at these meetings led to the notion of a “*Pan European Transport Network*” which led in turn to the concept of “*Pan European Transport Corridors*”. At the Crete conference the countries of Western, Central and Eastern Europe identified nine long-distance transport corridors as priorities for infrastructure development, while a tenth corridor was added at the Helsinki conference. These multi-modal corridors (so called “*Helsinki Corridors*”) have a total length of about 48,000 km of which 25,000 km are rail and 23,000 km road. Memorandums of Understanding for most of the Corridors and Maritime Areas were concluded amongst the participating countries at the level of Ministers of Transport and with the European Commission. These are voluntary commitments and while they have no binding legal character they indicate the intention of the concluding partners to undertake joint efforts in the development of the Pan-European Transport Network. Corridor 1 runs from Tallinn in Estonia, via Riga in Latvia and Kaunas in Lithuania to Bialystok and Warsaw in Poland. The rail element, some 1,655 km. long, is the “*Rail Baltica*.” The corresponding road project the so-called “*Via Baltica*” is 1,630 km in length.

1.2 Enlargement and the High Level Group

The first High Level Group, (chaired by former Commissioner for Transport, Mr. Karel Van Miert) on the revision of the EU’s TEN Transport Network proposed to include “*Rail Baltica*” as one of the priority projects. On this basis “*Rail Baltica*” was designated as Priority Project No. 27, in Annex III of the Parliament and Council Decision no. 884/2004/EC.

The thinking behind this decision was developed along the following lines. The construction of a north-south railway link in this area of Eastern Europe can help to sustain the development and diversification of the expanding economies of the region in keeping with the aims of the Lisbon Strategy and in response to the increasing effects of globalization. “*Rail Baltica*” also underlines the importance of providing the three Baltic States (and Finland) with easy, sure and efficient access to the heart of the Single Market across the Lithuanian frontier into Poland and on to Germany and the West. At the same time, easy access via “*Rail Baltica*” to the Baltic Ports could also contribute to strengthen Poland and in particular its north-east regions, by helping the diversification of economic exchanges in the whole area. “*Rail Baltica*” can be a “*tool for development*” providing jobs, improving integration, enhancing cohesion and increasing competitiveness in this border region of the EU.

1.3 The Regional Development Aspect

Also from a regional development standpoint, “*Rail Baltica*” is a complementary project to the INTERREG ¹ spatial component for the area. This latter project is three-fold and each element would be considerably sustained by improving the rail line from Warsaw to Tallinn. Firstly, the INTERREG component underlines the ecological aspect, and “*Rail Baltica*” is fully in line with this objective as it implies the promotion of rail as a sustainable alternative to road. Second, by improving transport for freight and ultimately passengers travelling in a north-south direction, “*Rail Baltica*” is likely to participate in regional development along the Corridor, thus creating new poles of growth and improving EU economic and spatial cohesion. Finally, “*Rail Baltica*” is clearly concerned with sustainable development and the project can be an alternative to the road system which is only now being redeveloped in some Baltic States and north-east Poland. Promoting rail as against road reduces pollution, and embraces the sustainable development objectives set by the Commission. This question is of major importance, particularly for the sensitive natural areas in northeast Poland which are protected under the Habitats Directive and are also “*Natura 2000*” sites.

1.4 Financing the Project

“*Rail Baltica*” is part of the Trans European Transport Network – the so-called “TEN-T”. Funding for construction can come from a variety of sources, including the Cohesion Fund (because the spending part of the project involves new Member States), support from International Financial Institutions and, where appropriate, from the private sector - in the form perhaps of “*Public-Private-Partnerships*.”

1.5 Planning the Project

“*Rail Baltica*” is in a different category from the five other Priority Projects highlighted by the Commission by the appointment of a Coordinator, because unlike the others, no construction work has as yet taken place. The first stage in its development has to be a thorough assessment of its short, medium and long term viability. It is also necessary to assess potential traffic flows, demographic development of the region and any possible synergies that can be derived from its cross border aspects. So as to attempt to answer these questions a detailed Feasibility Study was commissioned and tendered by DG REGIO of the Commission and this study is due to be published at the end of October 2006. Hopefully on the basis of its findings the Partner countries can take better informed decisions on the development of the “*Rail Baltica*”.

¹ INTERREG is a Community initiative for cross-border (A), transnational (B) and interregional (C) cooperation of cities and regions.

¹ See Report « Vision and Strategies « Via Baltica Spatial Development Zone - Final Summary Report 2000 published by the European Regional Development Fund 2000

2. MISSION OF THE EUROPEAN COORDINATOR

2.1 The Mission

On 20 July 2005, the European Commission designated Mr. Pavel Telička as European Coordinator for Priority Project No 27 – “*Rail Baltica*.” Because “*Rail Baltica*” is a complex and politically sensitive project, the Coordinator’s first task was to seek and build consensus among the stakeholders. In particular, his role was to first ascertain support for the project among the Partner Countries and to facilitate through negotiation with the states concerned its future implementation. In particular this means those multilateral issues such as the cross-border sections, given that “*Rail Baltica*” is a trans-national project.

2.2 Visits to the Partner countries

He therefore started his work with a series of visits to the partner countries. In preparation for these visits he first paid courtesy calls to the five Permanent Representatives to the EU to brief them on his mandate and to gain their views. Following this the European Coordinator visited all the partner countries² during the last year.

In total the Coordinator has met the three Baltic Prime Ministers, one Foreign Minister (Lithuania), four Transport Ministers (Estonia, Lithuania Latvia and Poland) one Finance Minister (Lithuania) two State Secretaries for Finance (Latvia and Poland) and the Heads of the five national rail operating companies³. He has also held talks with the Head of the Delegation of the Russian Federation to the EU.

2.3 Political Support

The Coordinator decided it was crucial to restate in political terms the commitments which had been made on the project in the past so as to gather political momentum and support for the period following the publication of the Feasibility Study. For the project to be a success there has to be considerable unity between the five participating Member States with a political determination to push the project along.

He therefore was instrumental in the organisation of a **Special Council Meeting of the Transport Ministers** of the five participating countries in Brussels on 27 March. At that meeting a “**Declaration of Intent**” was signed by the five Ministers concerned (see Annex).

Also, the Coordinator obtained strong political support from the Baltic Prime Ministers meeting in the framework of the **Baltic Council of Ministers** meeting on 28 September 2005 in Kuressaare, Estonia.

The Coordinator also participated in the biannual meeting of the **Union of Baltic Cities Conference** (10 Member States representing 104 cities including Norway, Iceland and

² The Coordinator has made 8 fact-finding visits to the five Partner Countries since the start of his mandate in July 2005 : 2 to Poland, Lithuania and Latvia and one each to Estonia and Finland.

³ Estonia –*Eeste Raudtee* ; Latvia- *Latvijas Dzelzceļš*; Lithuania- *Lietuvos Geležinkeliai* ; Poland – *PKP Polish State Railways* ; Finland- *Ratahallintokeskus*

Russia). This meeting agreed that “*Rail Baltica comes at a time of significant strategic realignment in the Baltic States commercial, transport and energy planning and could be a key link in any new matrix, involving new elements such as the potential China trade*”. Finally in Tallinn on 26 November 2005 the **Baltic Assembly** adopted a Recommendation supporting the concept of “*Rail Baltica.*”

At the regional level support was shown at a hearing organised in Bialystok, Poland in November 2005 by the EU’s **Economic and Social Committee** on the problems of transport in the Podlaskie Voivodship. The hearing debated the issues relating to the building of “*Via Baltica*” and agreed a text supporting the rail project as a sustainable alternative with far less environmental impact on this sensitive region. Here the “*Rail Baltica*” was highlighted as a sustainable alternative to the road project “*Via Baltica*” - which is encountering increasing resistance from environmental groups both nationally and locally.

The Coordinator has held talks with representatives of the **European Investment Bank** who underlined the Bank’s interest in the project and its expertise in the setting up of Public Private finance initiatives (*PPP’s*) as well as explaining its loan granting activities.

3. POSITIONS OF THE PARTNER COUNTRIES

During the course of his visits and meetings the Coordinator was able to determine the initial positions of the partner countries prior to the findings of the Feasibility Study:

3.1 Finland

Finland has said that although it does not plan to invest funds in the project, it recognises its political importance in the development and the integration of the Baltic Region. Finland further supports the project, which could offer it in the future, an alternative access to European markets.

3.2 Estonia

During the Coordinator’s first visit to Estonia he was assured of the government’s support for the project. Also, the authorities also stressed the importance of the link Tallinn/St. Petersburg where they had a bilateral treaty with Russia to improve the Narva river crossing which currently is the main bottleneck to the east. However, Mr. Telicka insisted on the fact that “*Rail Baltica*” must be justifiable in its own right. In fact the main question in Estonia is the choice of route from Tallinn to the Latvian border. The government is not formally opposed to accepting the European standard gauge but this is not supported by the privatised rail operating company *Eesti Raudtee* (Estonian Railways). However, officials from the company have explained that although 80 -85% of freight traffic is east/west transit traffic they were looking to diversify and that a north/south alternative could be a way to do to this. However, they felt that reconstructing the line to the European standard gauge could be uneconomic.

3.3 Latvia

Latvia currently supports the project from a political stand point but prior to the findings of the Feasibility Study feels it is too early to commit funding. It also remains interested in alternative funding possibilities, including some form of PPP (*Public-Private-Partnership*) arrangement linking public and private funds or perhaps loans from International Financial Institutions.

3.4 Lithuania

Lithuania appears to be the main proponent and supporter of “*Rail Baltica*” and so far is the only participating country which has applied for community financial aid for the project in the current financial year.⁴ The country intends to push ahead with the reconstruction of the line Kaunas/PL border in the short term. Lithuania looks on the “*Rail Baltica*” as providing a vital link with the heart of the Single Market to the south and west. It will provide a direct link across the narrow border with Poland and open up important strategic trade possibilities for Lithuania. The Lithuanian authorities also explained to the Coordinator the importance of energy links across the common frontier and underlined their interest in a proposed “*Power Bridge*” concept which is a power exchange linking the two countries and which Lithuania would like to see being constructed as soon as possible.

3.5 Poland

There are certain difficulties with the project which still have to be resolved. Poland’s north-east region is the poorest part of the country but possesses important natural reserves and parks which are protected under the environmental *acquis*. Following discussions, the Coordinator has established that environmental groups favour the rail option over the competing road project “*Via Baltica*” because of the sustainable aspect of rail. Also, the Polish government does not feel there is any need at the moment to upgrade the section Warsaw/Bialystok (*which is already double track and electrified*) and which is already approximately up to western European 120 kph operating standards. The administration is currently making track, bridge and tunnel improvements to this section which is also part of the important east/west traffic flow.

3.6 Links with Russia

In the long term a link could be developed between “*Rail Baltica*” and the lines running to the St. Petersburg area thus serving this large population zone. This idea has been supported by many interlocutors and is included in the conclusions of the report of the recent High Level Group as a strategic option for the extension of the major transport axes of the TEN’s network to the neighbouring countries and territories. Nevertheless, in the first instance, “*Rail Baltica*” needs to be viable in its own right and to be seen in the overall context of the economic development of the Baltic region.

4. KEY ISSUES IDENTIFIED:

4.1. The Route

While there is general consensus⁵ that the route will run from Helsinki/Tallinn through Riga, Kaunas, Bialystok and on to Warsaw there are a number of different alignment possibilities linking these centres. The gross list of alignment possibilities includes four for Tallinn to Riga, four again between Riga and Kaunas and two main options between Kaunas and Bialystok. Between Bialystok and Warsaw the line will follow the existing main line route.

⁴ An application by Lithuania has been received by the Commission for financial support for « Eligible studies to prepare for territorial planning documents and technical designs for Rail Baltica link from Lithuanian/Polish border to Kaunas : Stage 1 Link from border to Marijampole (0-40.0 km.) ».

⁵ The Rail Baltica Coordination Group has several times stated the importance of linking Tallinn/Riga/Kaunas/Bialystok/Warsaw

The routing is of some importance in **Latvia** and **Estonia** because of the regional interests involved. In **Latvia** it is clear the line has to pass through Riga - the main population centre - while in **Estonia** the options range between a new direct line along the Baltic coast, alternatively passing more through the centre of the country or finally the existing main line in the east via the second city, Tartu. In **Lithuania** there seems to be general consensus that the line should pass by Kaunas and as already explained plans are underway to modernise and redevelop the line between Kaunas and the Polish border. This will also involve straightening the line as well. In **Poland** the routing question is important and the key routing issue - as mentioned - is whether the route passes from Bialystok directly north through Augustów or in a loop further to the west via Elk; thereby avoiding the National Parks and the majority of the environmental problems associated with the eastern route..

4.2 Border Crossing Points

The European Coordinator has already appreciated the crucial importance of the border between Poland and Lithuania, (certainly as far as Lithuania is concerned) which sees it as the only rail access to the EU and the possibilities offered by the enlarged Single Market. Improving the cross border infrastructure was a major goal of the last Lithuanian Government⁶ and this policy is likely to continue under the next administration. In any case there seems to have been consensus since the early discussions in the “Rail Baltica” Co-ordination Group that the border crossing with Lithuania would be near the village of Trakiski on the Polish side of the frontier

The Coordinator favours a common decision on the other two border crossing points as soon as possible after the publication of the Feasibility Study. As there remain three possible crossings of the Estonia/Latvia border within the gross list of alignment options and two between Latvia and Lithuania he feels bilateral agreements between the two sides to define the crossings should take place quickly once the major decisions on alignments have been taken.

4.3 The Gauge

Poland exclusively uses the standard gauge track (1435mm.) for its network, whereas **Finland** and **Latvia** use only the broad gauge (1520 mm.) as does **Lithuania** (except for a 21.8 kms. spur section of the line close by the Polish border). Here the track runs on standard gauge from Trakizki on the Polish side of the frontier to Mockava station on the Lithuanian side. It then continues as an interlaced broad gauge/standard gauge system from Mockava to Sestokai where it becomes broad gauge exclusively and then enters the Lithuanian broad gauge system. There are two gauge change devices which have been on trial since 2000 at Mockava and Sestokai. Tests have been carried out using the SUW 2000 change system. The idea of installing a permanent and modern gauge change facility is one of the options which will have to be assessed. However Lithuania favours the use of the standard gauge for the section PL border/Kaunas and intends to rebuild in the short term the entire section Polish border/Kaunas using the standard gauge. Other partner countries are awaiting the findings of the Feasibility Study before taking a definite decision on this point.

4.4 The Railway Operators

⁶ The Lithuanian government led by Mr. Algirdas Brauzauskas resigned on 1.6.06

The Coordinator has met with the heads of all the partner countries' railway operators - (Estonia –*Eeste Raudtee* ; Latvia- *Latvijas Dzelzceļš*; Lithuania- *Lietuvos Geležinkeliai* ; Poland – *PKP Polish State Railways* ; Finland- *Ratahallintokeskus*) and has discussed with them their views on the project. With their detailed understanding of the freight and passenger potential and the practical problems associated with upgrading an underutilised asset - which is the north/south axis - the railway operators have a vital role in making any renewed north/south rail corridor a success. The positive support shown so far by the railway operators and the suggestions which they have provided to the Coordinator and to the consultants of the Feasibility Study have been very helpful in providing practical input to the technical work. It is important to note that there are differences in the structures of the different railway operating companies in the partner countries. In **Estonia** the network has been in private ownership since the privatisation some years ago while the infrastructure operators for the moment remain state owned in **Latvia, Lithuania, and Poland**. It must be noted that while however the operators generally support the project, they point out the continuing importance to their profitability of the east/west axis which accounts, in the Baltic States, for around 80% – 85% of their revenue.

4.5 The Environment

Environmental issues are of crucial importance for the project because the line would pass through the north-east region of Podlaskie Voivodship (Prefecture) in Poland, which is the heart of the Polish National Park region and an area of outstanding natural beauty. Indeed, this area is protected by *Natura 2000* and benefits from the EU environmental *acquis*. “*Rail Baltica*” can be an excellent complement to the road project – “*Via Baltica*” in that it could serve as a main transporter of heavy freight, easing the environmental impact of the road project. The Commission takes the environmental element as vital to the development of a successful project and is insisting on an environmental impact assessment study as a *sine qua non*, prior to the starting of any works. As has been mentioned the Coordinator was represented at an important hearing on the issue of transport links in Podlaskie organised by the European Economic and Social Committee in November 2005.

4.6 Financing

In Riga on 12 December 2005 Mr. Telička met and discussed with a group of railway company executives and government officials as well as potential private sector investors (in a meeting hosted by the UK Presidency). The meeting explored the possibilities of PPP type financing for the project. Since then there has been a continuing dialogue with private sector representatives who have expressed an interest in developing freight traffic on the line. Currently these private sector interests are pursuing talks with the governments and the railway companies of the partner countries and are establishing a report and business plan which should be ready by September 2006.

5. THE FEASIBILITY STUDY

As a starting point and to assist in determining the viability of the project, a Feasibility Study was planned and tendered by the Commission's DG REGIO in 2004/5. Following selection of the successful contractor in August 2005 this study was finally launched on 16 November 2005. The main contractor undertaking the work is the COWI A/S Consortium of Denmark.

Under the terms of the contract the study must be finalised by 16 November 2006. The aim of the study, (which is being financed from the Cohesion Fund), is to provide a thorough assessment of the current situation of the line, its economic potential, the environmental impact and the possible options available to the planners for “*Rail Baltica*” using up-to-date econometric and transport modelling methodology.

The terms of reference require the analysis of traffic demand, technical solutions and possible alignments for the new line. On these bases, the study will try to determine the potential for an improved rail link between Helsinki/Tallinn and Warsaw. Further estimates of traffic and, more specifically, of the potential shift from road to rail, will need to be confirmed by detailed analysis. The technical choices, which will determine how much investment is needed, have to take account of the expected profitability of the railway. Particular focus will have to be given to finding long-term solutions: notably, constructing a modern European standard gauge. However the economic cost/benefit will also be a key factor in any final decision.

Technically, the project has to respect the interoperability promoted by EU transport policy. Also the type of track system has to be defined (i.e., double track or single line, electrified or not). Economically, the question of the demand for north-south traffic still has to be answered, (as the current traffic is as explained above mainly east-west due to major commercial exchanges with Russia). Economically, the issue is clearly linked to the “*Via Baltica*”. Finally, environmental constraints have to be addressed in detail in the study.

It is of key importance to the future of “*Rail Baltica*” that the study is of the highest quality, is delivered on time and is sufficiently detailed to encompass all the varied and complex aspects of a major European Union rail transport link. This is why the Coordinator and his team continue to closely monitor the work being carried out on the study and to liaise with DG REGIO in the management processes relating to it.

6. CURRENT DEVELOPMENTS WITH THE FEASIBILITY STUDY

“Do nothing/Do something/Do everything” scenarios:

COWI A/S is, under the terms of reference, looking into all options and the rebuilding of the existing rail line could be one option. It seems however that at this stage (and given the current financial constraints) that the “*do everything*” option (i.e. a high speed line) would be too expensive and not economically viable given the current and expected traffic flow on the line. However, the European gauge option has to be studied. Moreover, it is clear that the situation regarding oil and pipelines in the region will affect the railway’s prospects. It is important to simplify the options because one of the challenges is to establish “*reasonable options*”. To make the demand for rail more attractive, the consultants should prepare quite different assumptions/options. The aim is to find out at which point the project starts to be interesting from an economic point of view. The macro-economic situation has to be identified. An example of a low investment option would for example be to improve border crossing procedures and to improve signalling coordination along the line. Again, some sections of track will have to be rebuilt if the line is to become fully operational in the near future.

So far the contractors have delivered a “*Kick-off Report*” (December 2005) and the *Interim Report* (4 July 2006). There have been four meetings of the internal Steering Group so far

(bringing together the Contractors with representatives of DG TREN and DG ENV and chaired by DG REGIO). Also, the Coordinator attended the first meeting of the ad hoc Working Group *(which groups the contractors, the Commission and the partner countries)* in Brussels on 30 May 2006, when he encouraged the contractors to produce a document with the detail necessary to answer as many of the outstanding questions as possible before any works begin. The next meeting of this Group is scheduled for 26 July 2006 when the Interim Report will be presented to and discussed with the partner countries representatives. Evidently, whatever the option preferred, the first investment would be concentrated on those parts of the route offering the highest potential profitability.

7. SPECIFIC PROBLEMS OF THIS PRIORITY PROJECT

Currently, the Baltic countries make little use of rail for international traffic in the north-south direction. The **existing network**, built according to Russian standards is slow, and is not interoperable with the Polish and German networks as has been explained. On most sections, speed is limited to 40–60 km/h. Ways need to be found to make any north/south rail link complementary from a commercial point of view with the road axis. Such a development would be in keeping with the Commission's transport policy which favours an inter-modal approach.

The **interoperability problem** of the two gauges is a specific problem for this project which needs to be addressed in some detail. Of course if the partner countries agree on the use of the standard gauge for the whole length of the line then this problem will be somewhat reduced but the interchange with the east/west broad gauge system would still have to be resolved both financially and technically.

8. THE FINANCIAL PERSPECTIVES 2007-2013

Following the decisions taken on the Financial Perspectives (2007-13) € 8.0 billion will be available for the 30 priority projects.

Also, as the works will take place exclusively within the territory of new Member States the Cohesion Fund can assist with the cost of the project if the Member States concerned are prepared to earmark the necessary funds. With the exception of Lithuania, for the moment at least, the partner countries feel unable to commit significant structural spending to the project before the outcome of the Feasibility Study is known. It is also likely that alternative methods of finance will have to be found to make up any shortfall. These could include loans from International Financial Institutions (IFI's) as well as private sector investment in the form of Private-Public-Partnership (PPP's) as already described.

Although now more limited, TEN-T financing can still be usefully employed for cross border operations and also for all preliminary studies for the construction work. In Financial Year 2006 Lithuania has made an application for Community financial aid under the TEN-T programme for "*Rail Baltica*" in an application for support for eligible studies for the improvement of the Lithuanian/Polish border to Kaunas section.

8. CONCLUSIONS

“*Rail Baltica*” is a priority project because it focuses on a region of strategic importance which has the potential to create new hubs of development in the EU and the Single Market and to overcome the east-west and the north-south divide. Poland becomes a key point in the improvement of the Trans European Network by adding a north-south dimension to rail traffic in Eastern Europe coming down through the Baltic States and linking through to Germany and the west. Because the current road system in the partner countries is currently heavily used for freight, “*Rail Baltica*” could promote an efficient mode of transport for both freight and passengers, without causing damage to the environment. Also, the project is supported by DG REGIO because it is an instrument to contribute to the accessibility of previously peripheral regions.

As financing is likely to be limited, it will be important to find innovative and accessible financial packages comprising funds from probably several sources to assist with the construction of the line.

Endorsing the Lisbon Strategy (jobs, growth, science and technology) requires being aware of the effects of globalisation in this area of Europe. The importance of trade and exchanges with Russia (i.e., gas/oil exports to the EU market) and China, is strategic for the EU. Providing efficient transport networks for freight and passengers is therefore of major importance. The competitiveness of the area is directly linked to the modernization of cross-border transport network infrastructures.

The coordinator has stressed that there are four issues of crucial importance which will have to be tackled in the coming months:

- **First**, the undertaking of the project implies real **political solidarity** between the participating states creating a synergy between them and stimulating the acquisition of adequate financing. The recent signature of a declaration of intention of the partner countries represents a **first step** which will have to be followed by **concrete commitments**.
- **Second** - the **choice of route** involves important environmental considerations where clear impact assessments will be necessary.
- **Thirdly** a **high quality Feasibility Study** will be completed by the end of the year. It will lay out the options available and provide a solid basis for the planning operations which will follow.
- **Finally and crucially** - **finance**: Funding the project through flexible and realistic financial planning incorporating EU funds with private sector finance where necessary, along with support from the IFI's, will be essential if “*Rail Baltica*” is to be successfully achieved.

Annex 1

1. Declaration of Intention of the Transport Ministers of the five partner countries in “*Rail Baltica*” – Finland, Estonia, Latvia, Lithuania and Poland in Brussels on 27 March 2006

DECLARATION OF INTENT

of the Ministers responsible for Transport of Poland, Lithuania, Latvia, Estonia and Finland

on the TEN-T Priority Project No 27 “*Rail Baltica*”

**27 March 2006
Brussels**

The Ministers,

- being aware of the importance of a north-south transport infrastructure axis for the economic development of the EU Member States and their integration into the single market, as well as the potential for growth, jobs and improved competitiveness that the construction of the “*Rail Baltica*” project will bring,
- emphasising the fact that the implementation of the project “*Rail Baltica*” will contribute to the reconnection of the rail system of the Baltic States with Poland and the rest of the Single Market and that its construction will facilitate the movement of people and goods within the entire European Union,
- supporting the promotion of the use of sustainable railway transport as well as noting the benefits each country will gain from the safety aspects and environmental protection by reducing road congestions in the partner countries,
- referring to the “*Rail Baltica*” project implementation terms set out in the Decision No 884/2004EC of the European Parliament and of the Council of 29 April 2004 on the *Community guidelines for the development of the trans-European transport network and* considering the importance of coordinating the efforts of the partner countries in order to secure the common European interest in the “*Rail Baltica*” project,

Hereby declare:

1. to consider inclusion of all sections of “*Rail Baltica*” as priority projects in the preparation of national transport strategies of countries along the corridor and underline the need for the implementation of those sections in accordance with EU legislation (based on economic, social and environmental aspects),
2. the importance of defining the border-crossing points and cross border sections of the project so as to coordinate efforts on presentation of common structures for finance and construction of these sections, efforts relating to the planning,

3. the significance of the Feasibility Study as it will assist in taking decisions on the project's implementation and the timely planning of works of national sections of the project in order to respect the goals described in Decision No 884/2004EC of the European Parliament and of the Council of 29 April 2004 on the Community guidelines for the development of the trans-European transport network,
4. the coordination of common activities as well as a full exchange of views and information between the "*Rail Baltica*" project partners, the European Coordinator and the European Commission.

Jerzy Polaczek, Minister of Transport and Construction of the Republic of Poland

(signed)

Petras Čėsna, Minister of Transport and Communications of the Republic of Lithuania

(signed)

Head of Delegation of the Ministry of Transport and Communications of the Republic of Latvia

(signed)

Edgar Savisaar, Minister of Economic Affairs and Communications of the Republic of Estonia

(signed)

Susanna Huovinen, Minister of Transport and Communications of Finland

(signed)

Pavel Telička, European Coordinator "*Rail Baltica*"

(signed)

Brussels, 27 March 2006

Annex 2



(N.B This map does not define the final route of the “Rail Baltica” which is subject to change following final agreement on the definitive routing).