This report only represents the opinion of the European Coordinator and does not prejudice the official position of the European Commission.
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The special train « RB Express » at Valka/Valga station on 16 October 2013. This train was the first passenger service between Vilnius and Tallinn, via Riga for more than 20 years. Around 100 passengers spent nearly 11 hours on the train discussing the RB project in four working sessions.

SUMMARY

"Rail Baltica/Rail Baltic" (RB) is a strategic and sustainable rail project linking four of the new Member States of the EU - Poland, Lithuania, Latvia and Estonia, as well as Finland. It is the only rail connection between the three Baltic States as well as between them, Poland and the rest of the European Union. To the north, Helsinki can be connected by ferry services across the Gulf of Finland forming a connection to the countries of the Nordic Triangle. The length of the current track is approximately 1200 km by the most direct existing route from Tallinn to Warsaw. A variety of track and operating systems are currently in use: single and double track, electrified and non-electrified (of which single track non-electrified is the most common system). The line passes through a variety of different terrain: urban areas surrounding the cities of Białystok, Kaunas and Riga; rural areas such as the Podlaskie region of north eastern Poland and southern Lithuania, as well as northern Latvia and the south of Estonia. RB connects three major Baltic seaports - Helsinki, Tallinn and Riga - and has a short rail connection to a fourth – the Lithuanian main port of Klaipeda.

European Coordinator for the RB (2005-2013) Mr Pavel Telička

Following the publication of the International Feasibility Study (AECOM Study) in August 2011 the partner countries took several important steps towards realising the new line. Following a series of preliminary declarations by Ministers from 2005, the Prime Ministers of the three Baltic States signed a Joint Statement on 10 November 2011, followed shortly afterwards by a Declaration of Intent signed by the three Transport Ministers on 7 December 2011.
In particular the Prime Ministers made the following points:

- "Declared the importance of finishing the preparatory phases and starting with the construction of the new Rail Baltic standard gauge (1435 mm) railway line during the next EU Financial Framework 2014-2020;

- Agreed that a Joint Venture would be established between Estonia, Latvia and Lithuania before the end of 2012 at the latest;

- Agreed to start spatial and regional planning and tasked their respective national authorities with preparing and implementing the necessary steps that the planning including adjustments to routing solutions must ensure real connections between the key nodes and that the new corridor should not only complement, but also leverage the existing transport infrastructure;

- Agreed that the EU financing for the project should be allocated outside the national cohesion fund envelopes and that the EU co-financing intensity should be around 85%;

- Invited Poland to join in the full implementation of the new Rail Baltic corridor;

- Reaffirmed the intent to finish the construction works and start preparations to operate interstate passenger trains on the existing railway infrastructure by 2016";

- These Declarations marked the shift in emphasis from the original "Rail Baltica 1" (the step-by-step projects started in 2005 upgrading the original 1520 mm alignment) towards the new higher speed 1435 mm UIC gauge direct line project from Tallinn to Warsaw via Riga, Kaunas, Elk and Białystok. Vice President Kallas has suggested calling the new line "Rail Baltic" to distinguish it from the existing alignment.

A Task Force comprised of members from all five partner countries (including Finland and Poland) was set up in June 2011 and has met six times over the year in question, (as well as two meetings in working group format). In December 2012 the partner countries received the Study on the next stage of the project for the new line – the Joint Venture study (TriniTi) Study). This study describes the various possibilities for the setting up of the crucial centralised Joint Venture to be based in Riga which will coordinate the planning, design and financing of the entire project.

On 16th September in Vilnius the transport ministers of the five partner countries signed a Joint Declaration agreeing to the decision to set up a Joint Venture in Riga by 1st January 2013.

During 2012-2013 the European Coordinator made 12 visits to the partner countries as well as attending the Task Force meeting in Brussels.
1. INTRODUCTION

In July 2005, the European Commission designated a first group of Coordinators to evaluate progress on certain TEN-T Priority Projects and to make recommendations for the effective implementation of these projects, in 2007 two further Coordinators for Motorways of the Sea and Inland Waterways followed. In July 2009, the Commission adopted a decision launching a second mandate. Since 2010, nine European Coordinators are now responsible for promoting eleven Priority Projects.

In 2005, Pavel Telička was appointed European Coordinator for TEN-T Priority Project 27 "Rail Baltica". In June 2010 he was re-appointed by the European Commission to continue his coordination of the development along the axis.

Priority Project 27 (PP 27) was originally about a step-be-step improvement of the existing 1520 mm alignment and the work on the track has continued over the last eight years as was reported in detail last year's Annual Report. In Estonia the work finished at the end of 2011 while in Latvia progress has been made in improving and upgrading the track sections between Riga and the Lithuanian border and on the section north of Riga. In Lithuania the aim is to bring the 1435 mm European gauge to Kaunas by 2015 by using dual gauge in some sections. While the first section of 6 kilometres was opened in August 2011 work has slowed considerably since and the fact that no new sections have been completed is a cause for concern. Nevertheless the Lithuanian authorities have assured the Coordinator that the 1435 mm gauge will reach Kaunas by the end of 2014.

The European Union has contributed, and will continue to contribute, financially to several projects with grants of up to 50% for studies in all four states and up to 25% for works. 6 projects have been undertaken in the three Baltic States since 2005 under the existing Financial Framework for a total of € 283,3 million of which € 83,1 million came from the EU - an average support level of 29,3%. The studies and works involved concerned works on upgrading the existing alignment as well as the Feasibility Study for the new 1435 mm higher speed direct line. Investments included the reconstruction and upgrading of the Tartu-Valga 1520 mm section in Estonia, reconstruction and upgrading of the two cross border sections in Latvia and the section Sigulda – Valmiera in Latvia and the upgrading of the cross border section PL/LT state border in the section from Marijampole to the border and in the north from Siauliai to the Latvian border. Also there was the combined Feasibility study for the new line which brought the three Baltic States together in a unified tender.
In 2012 and 2013 the Coordinator considered that the most important implementing steps for the entire Priority Project were:

- The Joint Ministerial Declaration of 16th September 2013;
- The creation of the Task Force and its continuing work;
- The increasing contribution and involvement of Poland and Finland;
- The decision on the setting up of a unified Joint Venture in Riga;
- Delivery of the Joint Venture Study on the setting up of the Joint Venture;
- Agreement on the work plan for the preparatory works.

2. THE EXAMPLES OF SIGNIFICANT PROGRESS 2009-2013

PP 27 started from scratch but now after 8 years of coordination there have been the following developments:

- The Joint Declaration of September 2013 setting up the Joint Venture;
- Agreement at the political level to move ahead with the project to build the new line;
- An improved 1520 mm alignment from southern Lithuania to Tallinn;
- The beginning of the extension of the 1435 mm gauge to Kaunas;
- Agreement on the Joint Venture to be based in Riga;
- Integration of the RB into the new "North Sea – Baltic" Core Network corridor as the northern section;
- The new port facilities at Vuosaari next to Helsinki;
- Decision on the creation of an intermodal terminal at Kaunas.
3. MEETINGS OF THE RB TASK FORCE DURING 2012–2013

During the course of 2012-2013 the Task Force met five times in normal session and twice as a working group on the Joint Venture report. Meetings took place in Riga (2), Vilnius, Brussels, Tallinn and Helsinki. While most of the work was centred on discussing the report on the Joint Venture and the accompanying Ministerial Declaration, other subjects such as national updates on the next spatial planning phase, financing under the Connecting Europe Facility and coordination with stakeholders (in particular the Rail Baltica Growth Corridor representatives) were also discussed. Invited guests included the Nordic Investment bank and Brenner Base Tunnel CEO Konrad Bergmeister, who gave his opinion on best practices relating to the setting up of an international joint venture structure.
4. THE JOINT VENTURE STUDY 2013

The final report was published in February 2013 and first presented by the Consultants to the Task Force members. The suggested option is for a Joint Venture as a two-tiered structure using holding companies owned by the respective participating states. The advantages of this structure would be; no requirement for any legal changes in the partner countries; less time consuming and costly in the set-up procedure; isolation of risks and with respect to tax matters benefits from corporate income tax being allocated appropriately, resulting in the CIT having a balancing effect.

The role of the Joint Venture:

The role of the Joint Venture which will be based in Riga will be to coordinate the design and build of the new line including the initial spatial planning and design coordination, land purchase, impact assessments and financing. The report makes it clear that it is essential to have a centralised structure to carry out such a major infrastructure project as has been shown by past experiences on major EU funded projects such as the Brenner Base Tunnel and the Øresund Bridge between Denmark and Sweden.
5. THE MINISTERIAL DECLARATION

On 16th September 2013 the five transport ministers of Finland, Estonia, Latvia, Lithuania and Poland agreed a Joint Declaration on the setting up of the Joint Venture to plan design and build the RB new 1435 mm gauge line from Tallinn to the Polish border. This will now enable applications to be made under the first call for financing under the CEF provisions.

6. INTERMODALITY

The White Paper "Roadmap to a single European Transport Area" presents a vision for the transport system of 2050, and includes ten goals for competitive and resource efficient transport. Connecting all core network airports to the national rail network by 2050, preferably using high speed links is one of the top priorities. The new TEN-T guidelines take this on board.

An efficient air-rail connection can help reducing congestion, reducing the CO2-footprint and enlarge the catchment area of an airport. Efficient high-speed connections city-to-city can replace short haul flights. Despite this a common understanding that intermodality and seamless travel could induce a win-win situation for airports, airlines and rail operators - not only for passengers - are needed. But travellers need more than improved infrastructure – they also need innovative mobility patterns like multi-modal travel planners and "smart inter-modal ticketing" which are playing a growing role across the continent. The Commission will continue to promote the development of air-rail connections and services from various perspectives. For example: Financial support for intermodal infrastructures, working-groups, development of interoperable standards for information and ticketing under centralised European rules.
7. ACTIVITIES IN 2012/13

Pavel Telička participated in several meetings and conferences during the course of the year: In total he made 12 visits to partner and associated countries during 2012-13 including:

- 23 October 2012: the European Coordinator gave the keynote speech at the Rail Baltica Growth Corridor second transnational roundtable in St. Petersburg. This as the opening of the EU – transport policy at regional level; The EU plans and the RB development were discussed along with the transport outlook in north-west Russia
- 27 January 2013: Pavel Telicka took part in the seminar on the Rail Baltic Growth Corridor and Helsinki-Tallinn TransPlan project and future prospects
- 15 April meeting with the new Lithuanian transport Minister Mr Sinkevicius
- 2 May meeting with new Latvian transport Minister Mr Anrijs Matīss
- 3 May 2013: keynote speech at the Rail Baltic Stakeholder Forum in Helsinki
- 30 July: Moderated at the meeting of the RB Task Force in Brussels

Stakeholder support has always been a key issue for the RB project and since 2010 this has been largely coordinated by the Rail Baltica Growth Corridor (RBGC) initiative.

The RBGC partnership promotes transport policies for the development of multimodal logistics and modern railway infrastructure in Eastern Baltic Sea Region. The main focus is set on improving passenger mobility and freight transportation along Rail Baltica route. Furthermore the project is organizing multilevel dialogue about transport policies of Baltic countries. The Rail Baltica Growth Corridor aims to improve the competitiveness and accessibility of Baltic cities and regions by increasing their interaction and collaboration. Also it creates a cooperation platform that observes the needs of the transport sector and its customers in line with green growth corridor principles.

There were three major stakeholder events during 2012-13:

**A Conference at the European Parliament in Brussels on 9 April 2013 entitled "Towards Corridor Platforms – Case Rail Baltic".** This meeting brought together MEP’s, senior Commission officials and stakeholders from all the five partner countries. The meeting was hosted by MEP Petri Sarvamaa from Finland.
The Rail Baltica Growth Corridor Final Conference in Berlin on 14 June 2013 followed by the "RBX" train trip from Berlin to Kaunas via Warsaw and Białystok. (14-15 June 2013). After three years of transnational cooperation in the Rail Baltica Growth Corridor (RBGC) project the RBGC final conference Rail Baltic Corridor – Partnership for Growth summed up the results and recommendations to establish the railway link from the Baltic countries to the continental Europe.

Opened by Mayor of Berlin and Senator for Urban Development and the Environment Mr. Michael Müller, the event culminated in the declaration of the Rail Baltica Growth Strategy and a joint declaration by the RBGC partnership – Rail Baltica Memorandum. The Baltic cities and regions declared their support to the European Commission’s plan to design a management structure for the core network corridors to strengthen the multilevel governance of the road and rail infrastructure development and its effective coordination.
The RBGC partnership also committed itself to the further transnational co-operation to create an effective governance structure for the cities, regions and non-governmental stakeholders along Rail Baltic to support the work of the core corridor forum. The Rail Baltica Growth Strategy also presents the cross-border development zones as the subsections of Rail Baltic corridor.

The final conference was followed by Rail Baltic Express (RBX), a joint train ride for 100 conference participants from Berlin to Kaunas, via Warsaw. On RBX the representatives of the national railway companies and other railway sector experts and stakeholders discussed particularly the development of cross-border passenger and cargo transportation, infrastructure investments along the corridor, and further collaboration perspectives.

Over 150 participants attended the Rail Baltic Corridor – Partnership for Growth conference. The RBGC project was led by the City of Helsinki and coordinated by Aalto University, Finland.
The Rail Baltic Stakeholder Forum in Helsinki on 3 May aimed to stimulate positive dialogue on the transport needs of the Finnish export industry and Rail Baltic transport corridor as a business case. The event was moderated by Rail Baltic European Coordinator Pavel Telička introduced the current situation and new opportunities provided by the Rail Baltic route for Finnish companies. The discussion touched on the issues of the rail infrastructure ownership, operating possibilities and EU transport policies for the next two financial periods.

8. TEN-T AND CEF

On 19 October, the Commission adopted a package of proposals, made of the Connecting Europe Facility, the revised TEN-T guidelines, as well as a proposal to launch a pilot phase of the Project Bonds initiative. The political debate was concluded mid-2013; the formal approval by the Institutions is expected for November 2013.

The new TEN-T network will include a Core Network to be completed by 2030 and a comprehensive network feeding into this, to be completed by 2050. The implementation of the Core Network will be facilitated using a corridor approach. Nine multi-modal corridors will provide the basis for the co-ordinated development of infrastructure within the Core Network. The core network corridors are an instrument to facilitate the implementation of the core network. In order to lead to resource-efficient multimodal transport, thereby contributing to cohesion through improved territorial cooperation, the core network corridors shall be focused on:

- modal integration;
- interoperability;
- as well as on a coordinated development of infrastructure, in particular on cross border sections and bottlenecks.
The core network corridors shall support the comprehensive deployment of interoperable traffic management systems and, where appropriate, making use of innovation and new technologies. They shall apply and further develop the governance structure proven already in the previous concept of the TEN-T Priority Projects. The instruments to safeguard this shall be the "European Coordinator", the "Corridor Forum" and the "work plan".

- The mandate of the "European Coordinator" will not only be changed in geographical scope but also to the tasks to fulfil: The new core network corridors will be multi-modal including rail, inland waterways, road, air and the maritime ports. It will be a major challenge for future management to coordinate the activities and investments with regards to the needs and obligations of the different modes.

- The "Corridor Forum" will be a consultative body, chaired by the European Coordinator, involving Member States and – upon agreement of the Member States concerned – selected other members representing for example regions, infrastructure managers, ports, airports, rail-road terminals, users and other stakeholders depending on the specific corridor.

- The "work plan" shall analyse the needs for the development of the corridor in the Member States concerned including the projects for the extension, renewal or redeployment of transport infrastructure for each of the transport modes involved in the core network corridor and the options for funding and financing. It has to be developed within one year of the entry into force of the TEN-T regulation. The European commission recently tendered studies to give inputs for the development of the work plan which has to be developed in 2014 in order to comply with the new TEN-T guidelines starting with identifying the members of the "Corridor Forum".

Vice-President Mr Siim Kallas addresses the RBGC Kick-Off Conference, Helsinki 2010
PP 27 will be completely integrated into the new “North Sea-Baltic Core Network Corridor” from Helsinki/Tallinn to the north sea ports of Hamburg, Bremen, Bremerhaven, Amsterdam, Rotterdam and Antwerp via Riga, Kaunas, Białystok, Warsaw, Lodz, Poznan, Berlin and the Ruhr. This, like all the new Core Network Corridors will be a multimodal corridor including all modes of transport and not only rail. In Berlin - the central point of the new corridor- five corridors will cross the city.

Along all these new corridors pre-identified rail projects, projects along the inland waterways but also port interconnections can be co-financed from the Connecting Europe Facility (CEF) by up to 40% for the works – in the cohesion countries up to 85% - and up to 50% for ERTMS and studies.

![Sestokai station in southern Lithuania where the current break-of-gauge 1435/1520 point exists and from where the new 1435 mm line will start](image)

9. **CONCLUSIONS AND RECOMMENDATIONS AT THE END OF THE MANDATE**

The development of an international rail axis like PP 27- the RB serves different goals in order to bring the greatest benefit:

- Going beyond national borders;
- Going beyond rail (intermodality) and connecting with other international axes;
- Connecting a distant part of the EU (the Baltic Sea Region) more closely to the centre.

Thus its implementation needs the support of all Member States and regions affected and a long-term commitment. With the signature of a Joint Declaration by the five partner country Transport Ministers on 16th September 2013 a clear political message was given that the partner countries wish to press ahead and set up an effective and centralised Joint Venture to manage the design and build of the project. Nevertheless each Member State is not only responsible for the development and financing on its own territory; it should also take responsibility for the implementation of the axis as a whole for the benefit of all the countries and regions affected. The new corridor will incorporate not only the three Baltic States, Poland and Finland but also Germany and the Netherlands along one of the busiest freight axes in the world.

At the end of the mandate, the European Coordinator considers that a unified, collective effort is required from all the partner countries in the next five years if the project is to be successfully achieved.
Priority Project No 27

"RAIL BALTICA" AXIS: WARSAW-KAUNAS-RIGA-TALLINN-HELSINKI

Trans-European transport network. Achievement of the Priority projects

Completed
Completed in 2011
Works ongoing
Works to start between 2013 and 2015
Works to start after 2015

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