

**Agenda Item 2 Matters arising from the HELCOM Baltic Sea Action Plan
Implementation Group and other HELCOM Groups**

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OUTCOME OF THE 4TH HELCOM STAKEHOLDER CONFERENCE

The Meeting is invited to:

- take note of the outcome of the Stakeholder Conference;
- agree on handing the outcome of the Stakeholder Conference over into the process of implementing the Baltic Sea Action Plan.

General

The Conference focused on the theme “Building blocs for a cost-effective implementation of the HELCOM Baltic Sea Action Plan”.

Participants of the Stakeholder Conference represented national authorities, politicians, IFIs, other Baltic Sea regional bodies, industry, scientific community, private foundations and NGOs. The number of participants was nearly 100 persons. The conference programme consisted of presentations and a round-table discussion on how to ensure good linking between science and decision making to protect the Baltic Sea and to guarantee successful implementation of the HELCOM Baltic Sea Action Plan.

The Conference stressed the link between the Action Plan and the existing legal frameworks and processes at global, European and national levels. In particular, the Action Plan was considered instrumental in implementing the various pieces of EU legislation and strategies relevant from the point of view of protecting the marine environment, especially the Marine Strategy Framework Directive and the upcoming EU Baltic Sea Region Strategy.

Opening plenary

In his opening statement the Chairman of HELCOM, Mr. Igor Maydanov stressed the importance of political will in the implementation of the HELCOM Baltic Sea Action Plan. This is especially important in order to reach and maintain a good ecological status of the Baltic despite the challenging slow down of economy. He stressed the importance of the results of scientific research and efficient communication between scientific community and decision makers. This conference is to be seen as an important stepping stone towards the HELCOM Ministerial Meeting to be held in 2010 in Moscow.

In his statement, Minister of the Natural Resources and Environment of the Russian Federation, Mr. Trutnev stressed the importance of the Baltic Sea Action Plan as a strategic document for improvement of the environmental situation of the Baltic Sea and that it will be addressed through specific and targeted measures to be elaborated within national action programme for implementation of the BSAP in the Russian Federation, particularly in waste water treatment and nature conservation fields. He also underlined the important role of stakeholder dialogue in the process of implementation of the HELCOM BSAP, recalling the stakeholder workshops on the core segments of the Plan, which were arranged in Russia in 2008 - beginning of 2009, and invited the participants of the Conference to attend the X Baltic Sea Day Environmental Forum to be held on 17-19 March 2009 in St. Petersburg.

The Finnish Minister of the Environment, Ms. Lehtomäki emphasized the instrumental role of HELCOM in achieving a good environmental status of the Baltic Sea as well as of cross-sectoral and cross-border cooperation in the region. The involvement of all relevant stakeholders is vital, and interests of business and private sectors, also on local level in protection of the Baltic Sea have already been an important contribution to the implementation of the HELCOM commitments.

The representative of the EC, Mr. Peter Gammeltoft gave his statement in place of Commissioner Mr. Dimas. The main points made by Mr. Gammeltoft were that the EC anticipates that the Baltic Sea will be identified as a pilot project under the MSFD, to be confirmed in the upcoming EU Baltic Strategy, and the importance of strengthening cooperation between the EU and with the Russian Federation.

The Swedish State Secretary, Ms. Åsa-Britt Karlsson expressed the view that the Baltic Sea region would become an example for other marine regions for its cooperation on the protection of the marine environment, including the Baltic Sea Action Plan. Ms. Karlsson declared that Sweden, as the incoming Chair of HELCOM in 2010, would maintain the speed

in implementing the agreed actions and the HELCOM's leadership in the work to save the Baltic Sea. HELCOM provides a good cooperation mechanisms and a good knowledge basis for work to protect the Baltic Sea.

New HELCOM biodiversity and eutrophication assessments setting the baseline for implementing the measures of the Baltic Sea Action Plan

The Conference welcomed the results of the new integrated thematic assessment on biodiversity of the Baltic Sea as presented by the Project Manager Ms. Ulla Li Zweifel. Ms. Zweifel told the meeting that in the assessment a set of indicators reflecting the health of the Baltic Sea was used and especially considered from management's point of view. She stressed that biodiversity in the Baltic Sea is greatly affected by various human activities, especially by eutrophication, hazardous substances and maritime activities. Climate change puts a further pressure on the status of the Baltic biodiversity.

The Conference took note of that human activities have affected biodiversity but at the same time also natural conditions have changed. As an example, climatic variations have resulted in changes in salinity and temperature which are important underlying factors of biodiversity. Hence, it has often not been possible to distinguish the effects of human activities on the biodiversity of the Baltic Sea from changes caused by natural impacts. The trends concerning different components concerning biodiversity are different and quite often also contracting trends are found.

The Conference welcomed the results of the indicator-based pilot assessment with 22 case studies which show that biodiversity in most Baltic Sea areas is not in a favourable conservation status. The Conference also noted that the existing network on Baltic Sea Protected Areas is not ecologically coherent, even though most of the designated sites are of a sufficient size and the connectivity is fairly good in terms of long-term dispersal of species.

The Conference recognised that to improve the status of Baltic Sea biodiversity overall reduction of pressures from human activities should be achieved. Proper implementation of the measures in the BSAP should be a starting point e.g. reduction of nutrient inputs to diminish eutrophication, implementation of fisheries related measures and implementation of the management targets for maritime transport and hazardous substances of the Baltic Sea Action Plan were pointed out as having priority. The Conference hence took note that measures to improve the status of biodiversity have already been identified and targets have been set but they now need to be implemented. The Conference also took note that policy integration is needed and maritime spatial planning should be seen as a practical tool to ensure successful protection. For designating new protected areas, a regional approach should be used.

In her comment to Ms. Zweifel's presentation, the representative of the Baltic Sea Regional Advisory Council (Baltic Sea RAC) Ms. Sally Clink, reminded the Conference participants that the goal of Baltic Sea RAC is to ensure an exploitation of aquatic resources that provides sustainable economic, environmental and social conditions which is in line with the targets of the Baltic Sea Action Plan. Ms Clink expressed the willingness of Baltic Sea RAC to cooperate with HELCOM and other Baltic Sea regional organisations.

The participants of the Conference shared the view presented by Ms. Saskia Richartz that biodiversity hosted within the Baltic Sea should also be seen as a source of economic income, for example an attraction for tourism and it should be protected also from that point of view. The Conference valued the detail of the assessment but also adhered to the view presented by Ms. Richartz that biodiversity targets of HELCOM BSAP are still much less quantitative than those for eutrophication and that similar specific, quantitative and binding targets should be developed. Possibly first such precise targets could be set for biodiversity hot spots and such targets should touch on the impacting sectors, such as the fisheries sector.

The Conference welcomed the presentation by Mr. Jesper Andersen about the new integrated thematic assessment of eutrophication of the Baltic Sea. In his presentation, Mr. Andersen stressed that the assessment is the first such integrated assessment and it is a result of work of tens of eutrophication experts from all Baltic Sea countries. The Conference highlighted that one of the greatest achievements of the eutrophication assessment is the harmonised overall assessment of the eutrophication status of the Baltic Sea with a new indicator-based eutrophication assessment tool HEAT. The overall results of the assessment show that only a few areas in the Bothnian Bay, in the coastal areas of the Bothnian Sea and the northeastern Kattegat are not affected by eutrophication while most of the Baltic Sea is affected by eutrophication.

The Conference took note that a balanced and strategic approach by controlling both nitrogen and phosphorus inputs is needed to alleviate eutrophication. The main sources of nutrients are the point sources, diffuse sources, mainly agriculture and emissions to atmosphere for example from maritime transport.

The Conference took note that best and most reliable assessment results were achieved for the open sea areas as a result of good joint activities of the Baltic countries in monitoring those areas within the HELCOM COMBINE programme. The participants of the Conference emphasized that the results of the eutrophication assessment should be directly fed into the process of reviewing the nutrient reduction requirements of the Baltic Sea Action Plan and into the process of producing the holistic assessment of the status of the marine environment of the Baltic Sea. In addition, the results should be taken account of by the EC in relation to implementation of the Nitrates Directive and the UWWT Directive and designation of the Baltic Sea as a "vulnerable" or "sensitive" area according to those directives.

The Conference warmly welcomed the first results of the Pollution Load Compilation project as presented by the Project Manager Mr. Seppo Knuutila. Those results indicate that encouraging positive development has been achieved in reducing nutrient loads to the Baltic Sea. A comparison of the 50 % reduction targets of the 1988 HELCOM Ministerial Declaration to the reductions achieved concerning phosphorus and nitrogen loads from the point sources show that in terms of point sources, reduction targets have been achieved. The Conference took note of the substantial phosphorus load reductions achieved concerning waste water nutrient loads from St. Petersburg. The Conference also heard estimates of foreseen increases of nutrient load that may be caused by the projected climate change.

The Conference heard a comment of the Baltic Farmers Forum represented by Mr. Sindre Langaas. He stressed that a strengthened dialogue between agricultural and environment sectors is needed to achieve the targets of the BSAP. The Conference acknowledged the view that there is a need for broadening the knowledge perspective and that it would benefit the work on reducing eutrophication. Various indicators have been developed to describe measures taken within the agricultural sector to diminish nutrient inputs and such indicators should be involved to a higher extent than what is done today. The agricultural community feels that there is lack of coordination between the work carried out to implement the WFD and the BSAP. Farmers feel that the upcoming national plans should incorporate economic and social impact assessments. The Conference also took note that the farmers see the upcoming EU Baltic Sea Strategy as a key to successful implementation of the BSAP.

The Conference took note of the comment presented by Maria Staniszevska of CCB. In CCB's view big animal farms are a major environmental problem and the Baltic region needs economic incentives to successfully combat eutrophication.

Economic perspective of the protection of the Baltic Sea

The aim of this theme was to involve the International Financial Institutions and the private sector in the implementation of the HELCOM Baltic Sea Action Plan and to get to know their requirements for providing financing support.

The Conference considered the presentation on elaboration of the Baltic “Stern Report” and the approach by Finland and Sweden towards elaboration of the report on assessment of economic values of a healthy Baltic Sea. These reports are important knowledge elements for preparation of a full scale Stern report, i.e. a comprehensive socio economic analysis of the costs- and benefits to the whole society of the Baltic Sea region in relation to the needed environmental improvements in the Baltic Sea Area.

The Conference also noted that present knowledge is not enough for making real ‘Stern’ review yet, due to insufficient knowledge on the links between environmental impacts and ecosystem services. Therefore a proposal for a comprehensive 3-year R&D Programme (BalticSTERN) aiming at full-scale assessment of socio-economic values of a healthy Baltic was prepared by the Baltic Sea 2020 and then submitted to the governments of the Baltic Sea countries seeking their support.

The Conference took note of the importance of elaboration of a comprehensive Baltic Stern report by 2010 as an essential foundation for a proper, cost-effective and full implementation of the HELCOM Baltic Sea Action Plan.

The Conference took note of the presentation by NEFCO reflecting the role of the IFIs in protection of the Baltic Sea underlining that although modes of the work and target areas have changed since the accession of the new EU Member States in 2004, the Baltic Sea environment protection remains one of the key priorities for those IFIs, who are active in the region.

The BSAP is a guiding document for the IFIs. It reflects the bottlenecks to be resolved in order to speed up and sustain the implementation of the EU Directives and the stricter HELCOM recommendations for treatment of waste water. It also expanded the focus of work of IFIs not only to the coastal countries, but to the whole watershed, e.g. bringing opportunities to fund projects in public and private sector in Belarus.

The IFIs have through the many years of work on environmental projects in the region developed a set of tools for development and preparation of bankable projects. Availability of local financing and institutional issues are key elements to be resolved, which is crucial when devising national action programmes.

It was underlined that cost-efficiency calculations for comparison between alternative investments are particularly important in the current situation of economic recession, when competition for scarce financial resources has become tougher than ever, and that a possibility for start of the implementation of the needed reduction of P-removal would be for the EU member countries to apply HELCOM’s stricter requirements for MWWTP in the projects proposed for financing by EU’s Structural Funds.

Additional resources are needed for training in order to increase the number of bankable projects in line with the BSAP and to help resolve the financial, institutional and legal issues, which are complicating and delaying the work on the implementation of important environmental projects with the possibility of obtaining IFI funding and grant contributions in non-EU countries.

The Conference was also informed about the situation with the establishment of the Technical Assistance Fund proposed as a vehicle for project preparation for the BSAP. At the current stage only Sweden has committed to allocate financing to the Fund, while Finland and Russia are still considering this matter.

The Conference appreciated that even in current economic situation the IFIs still have and will have resources available for co-financing of environmentally cost efficient and well prepared investment projects in line with the HELCOM BSAP.

The Conference noted that private entrepreneurs’ initiatives e.g. BSAG has speeded up the work on implementation of the BSAP from both the grass root level as well as from the top level, trying to change attitudes to environmental problems. Such initiatives are

particularly dedicated to implement win-win solutions in transboundary projects, as they can use both formal and informal ways in achieving their tasks.

The Conference considered the importance of ensuring sustainability for all the actions undertaken within implementation of the BSAP in order to have good publicity for environmental improvements in the Baltic Sea Region. The Conference welcomed openness of the Baltic Sea Action Group for development of new ideas and new actions for the sake of environment of the Baltic Sea Area.

The Conference took note of the presentation by the Swedish Shipowner's Association proactive role of the shipping industry in elaborating cost-efficient solutions to the problem of airborne emissions of NO_x and SO_x (15-50 %) in the Baltic Region, underlining the extremely high costs and risk of distorting competitiveness of the region's shipping if legal requirements were imposed on them for reduction of NO_x and SO_x. Therefore the possibility of using Joint Implementation as an alternative to the stricter measures under Annex VI of MARPOL convention is considered by the shipping community to reduce high costs for stricter measures under Annex VI of MARPOL convention.

The Conference noted the proposal of the Baltic Sea shipping to consider a pilot project on an Emission Trading Scheme for NO_x and SO_x to replace MARPOL Annex VI and to shift away from "control and command".

Regional cooperation in strengthening the knowledge base for cost-efficient implementation of the BSAP

BONUS for the Baltic Sea Science – Network of Funding Agencies was an ERA-NET project of the EU Sixth Framework Programme, aiming at building up a network of funding agencies in the Baltic Sea countries and creating conditions for a Joint Baltic Sea Research Programme, called BONUS-169, to be implemented under Article 169 of the EC Treaty.

BONUS-169 is a good example of integration of and enhanced cooperation on research and development related to the Baltic Sea and has already been recognized as an important initiative that can contribute to closing the gaps in research in support of the implementation of the HELCOM Baltic Sea Action Plan. The managing authority of BONUS-169 - the BONUS Baltic Organisations Network for Funding Science EEIG (BONUS EEIG), has been granted an observer status to HELCOM, while HELCOM is having an advisory role in the organization and has already contributed to the development of its Science Plan and Implementation Strategy.

Different working themes within BONUS-169 match well the HELCOM priorities for actions and address major concerns related to the status of the marine environment of the Baltic Sea. The policy relevance of the research financed within BONUS-169 will be further strengthened through practical dialogue with HELCOM working groups and experts to identify the gaps and future research needs as well as to discuss how to best utilize the results of the projects already approved under the recent 1st call for proposals and to have HELCOM involved in defining the future calls for project proposals. Funding of altogether 22 million euro was given to sixteen projects which cover all four segments of the Baltic Sea Action Plan.

Among the benchmarks of the HELCOM Baltic Sea Action Plan are provisional country-wise nutrient reduction requirement figures, which were developed based on the best available scientific advice and which were accepted and agreed on political level.

The process of updating of these nutrient reduction allocation figures has already been started by HELCOM under the scientific lead of Baltic Nest Institute (BNI) to be based on the PLC-5 data covering years 2000-2006 as well as the recent EMEP study made for HELCOM on atmospheric emissions and resulting in nitrogen deposition to the sea. Better data, the

enhanced modelling tool and improved scientific advice on how much pollution loads need to be reduced in order to achieve a good environmental status of the Baltic will enable better and more cost-efficient management actions.

So far, the preliminary outcome of PLC-5 indicates a substantial decrease in the loads from the catchment area to the sea between years 1997-2003 and 2000-2006. A major contribution to this decrease is due to the measures to improve wastewater treatment in Poland, as well as less freshwater run-off during this period. As a result, country nutrient reduction allocations would most probably be reduced.

Good examples of the use of HELCOM cooperation structures with the assistance of EU funds to implement the BSAP are two projects co-financed by the Baltic Sea Region Programme 2007-2013 (BSRP), namely BRISK and COHIBA.

The project “Sub-regional risk of spill of oil and hazardous substances in the Baltic Sea” (BRISK) has been initiated to implement HELCOM Recommendation 28E/12 on sub-regional cooperation in response field.

The aim of the project is to substantially contribute to the HELCOM countries’ ability to efficiently respond to major pollution spills. When building the response capacities, the sub-regional approach, as applied in BRISK, is the most cost-efficient as countries can share their resources to build a common pool of response vessels and equipment sufficient for a given sub-region. The BRISK project will produce the first ever comprehensive risk assessment for the whole Baltic Sea to investigate the likelihood of major shipping accidents in different parts of the Baltic Sea.

BRISK, being one of the three strategic projects within BSRP, will deliver information for decision-makers about the resources needed for efficient response to major pollution at sea so that a joint decision could be made on how to close the gaps in the existing response resources.

The project “Control of hazardous substances in the Baltic Sea region” (COHIBA) will provide input to the HELCOM thematic assessment on hazardous substances, and more importantly to the development of national management programmes to control hazardous substances required under the BSAP as well as MSFD and other legislative frameworks. The project will result in identification of sources of 11 priority hazardous substances, analyses of flow patterns from production, processes and uses as well as quantification of releases and inputs to the Baltic Sea. The project also aims at enhancement of capability of stakeholders to address hazardous substances.

Financing resources available in the Baltic Sea region, even though considered as substantial one, are not sufficient to address all needs. Therefore, their efficient use is crucial, and strategic research should be regarded a priority and communication between scientific community and decision-makers be optimized.

Round table discussion

It is common knowledge that policy decisions should be based on best available scientific information. As regards decision making in the Baltic Sea region, the dialogue between the scientific community and decision-makers was considered by most of the participants as sufficient, both to make sure that the scientific results are fully recognized in policy-making and that the research community is addressing the information needs of policy-makers and eventually supporting the implementation. However, scientific results still need to be better communicated from the science community to the decision makers and better taken into account in decision making and not only economic but also social knowledge should be utilized. Hence, the effort should be continued to involve to a greater extend other sectoral ministers in the implementation process of the BSAP.

The bridges and gaps can be further improved upon through the work to be carried out under the implementation of the various legislative frameworks, including the Marine Strategy Framework Directive.

The limited financial resources should be allocated to strategic research which provides answers to key questions. Funding should be of horizontal origin, crossing sectoral and country borders, instead of being vertical as it used to be.

Financial resources are of essence for implementing the actions agreed upon in the HELCOM Baltic Sea Action Plan. The financing priorities within the numerous EU and other funds (e.g. cohesion, structural, fisheries, agriculture, Baltic Sea Region programme, Northern Dimension Environmental Partnership, research etc.) should be sufficiently oriented towards implementation of the HELCOM Baltic Sea Action Plan. However, it is also up to the Baltic Sea countries to use these funds so that sufficient support is given to the priorities of the HELCOM BSAP. Moreover, significant funding resources are available in the countries themselves. Also the involvement of IFI's and private foundations in the implementation of the plan is very needed. NEFCO's initiative to establish the technical fund for implementation of the BSAP has been supported by a number of the Baltic Sea countries, and Sweden has already committed some funds to be made available through the fund. Finland is investigating her possibilities to commit funds as well.

Political will is a crucial ingredient for implementing the HELCOM Baltic Sea Action Plan. Greater "political will" should be encouraged and efforts should be continued to improve the recognition of the action plan (and HELCOM) as a mechanism for implementing of not only the Helsinki Convention, but also a wide range of other international legislative frameworks in a Baltic-specific manner.

Political will to protect the Baltic Sea was expressed by the politicians already by the adoption of the BSAP.

The upcoming EU Baltic Sea Regional Strategy must be seen as a means to set the Baltic environment protection issues on the wider perspective and political agenda outside the environmental sector. The importance of the EU Baltic Sea Strategy as a means of bringing the HELCOM BSAP targets and measures to a more binding framework has been stressed. The Northern Dimension process is another arena where political will has been expressed.