

RESOLUTION
OF THE 31ST SESSION OF THE BALTIC ASSEMBLY

The Baltic Assembly,

having convened on 8-9 November 2012 in Vilnius, the Republic of Lithuania, for its 31st Session;

having discussed the latest results in cooperation of the Baltic States, the regulative and supervisory cooperation mechanisms of the financial markets, the development of joint external economic policy and joint investment projects, the progress in implementation of joint health-care projects, the joint infrastructure and energy projects, as well as the forthcoming Baltic States' presidencies of the Council of the European Union;

emphasising that the parliaments and governments of the Baltic States should continue to pay particular attention to economic stabilisation and financial stability, joint efforts in increasing energy security, as well as to develop and implement large-scale infrastructure and transport projects;

welcoming the progress in the development of cooperation of the Baltic States in the field of joint health-care projects which has resulted in agreements signed among the Baltic States;

repeating that the proposed principles and methods of calculation of direct payments within the framework of the Common Agricultural Policy of the European Union still do not coincide with the basic values and ideas of the European Union – solidarity, fair competition, a single market and sustainable development;

reminding that within the framework of the Cohesion Policy of the European Union it is important to keep providing adequate financing for development programs and infrastructure in convergence countries so as not to endanger successfully launched and effectively functioning investment programs, which promote growth of these countries and their consequent advancement towards the EU average development level;

welcoming the decision made on 7 June 2012 by the EU ministers to support the Connecting Europe Facility and **underlining** the importance of the development of the Rail Baltica II project;

regarding regulative and supervisory cooperation mechanisms of the Baltic financial markets:

states that the financial crisis revealed the need for changes in financial stability arrangements, supervisory and regulatory frameworks, the need to ensure enhanced coordination among national supervisors, central banks and governments in a cross-border crises, as well as the need to ensure integrated approach to crisis prevention, management and resolution in order to promote financial stability;

emphasises that banking rules across the European Union should be harmonised to ensure level playing field for banks and to promote confidence in stability of the banking sector as the rules are the same in all markets;

supports the work of the Nordic-Baltic Cross-Border Stability Group;

calls on the parliaments and governments of Estonia, Latvia and Lithuania, as well as the Baltic Council of Ministers to:

- harmonise legislation in regard to financial markets of the Baltic States;
- improve the legal framework for cross-border supervisory cooperation and to establish written procedures for supervisory authorities of the Baltic States for crisis management that among others would set forth procedures for information exchange;
- eliminate legal obstacles in sharing information among supervisory authorities of the Baltic States;

regarding the multilateral approach to fight against the VAT fraud:

takes into consideration the Green Paper of the European Commission “On the future of VAT – Towards a simpler, more robust and efficient VAT system”, COM(2010) 695;

concludes that tax fraud leads to considerable financial damage and unfair competition between the EU Member States and companies;

underlines the need for a cross-border, multilateral and innovative approach to combating tax fraud that should not constitute a barrier to free movement and trade;

calls on the parliaments and governments of Estonia, Latvia and Lithuania, as well as the Baltic Council of Ministers to:

- intensify the cooperation of the Baltic States in the fight against VAT fraud;
 - encourage regular cooperation and exchange of information among the tax administrations of the Baltic States;
 - enhance regular mutual cooperation of branches of the industry with banks of the Baltic States;
 - ensure a systemic approach to exchange of the latest information among the Baltic States.
- With this initiative, the Baltic cooperation can clearly inspire the European Union to optimise the functioning of the VIES, in particular with regard to VAT returns from goods and services provided between dealers in the EU Member States;

regarding the combating the spread of drugs:

commends attempts and activities of governmental and non-governmental (including international) organisations and publicly well-known individuals aimed at refuting the controversial and often unjustified public opinion that psychotropic and narcotic substances and plants which contain them (for example, cannabis) do negligible harm to public health. Opposing the socially harmful liberal policies expressed as requests to review national legislation and international treaties in force in the Baltic States with the aim to fully legalise the circulation of these plants and substances and to decriminalise the growing, production, purchase, storage, transshipment and carrying of these plants and substances in small amounts for personal use, and **notes with regret** that such an illegal stance enjoys broad popular support, particularly among young people;

acknowledges that the problem related to the use and spread of narcotic and psychotropic substances cannot be tackled by focusing only on repressive measures and activities of law enforcement agencies. Anti-drug policy will be the most fruitful and will bring the most

sustainable positive results if it observes a balanced approach and focuses on activities aimed at reducing the supply of drugs (production, smuggling and sales), curbing the demand for drugs, as well as promoting a healthy lifestyle, teaching young people a positive value system and providing health-care services for addicts;

calls on the national parliaments and governments of Estonia, Latvia and Lithuania and the Baltic Council of Ministers:

- to regularly provide society with widely accessible and objective information on the harmful impact on individual's health of narcotic and psychotropic substances that are listed in and whose handling is prohibited by international treaties and national legislation. To take effective and informative countermeasures against popularisation of opinions that threaten public health and safety;
- without undermining, as far as possible, national priorities, to define and defend joint political positions regarding the next EU Drugs Strategy, and through related action plans to urge law enforcement agencies to provide active mutual political and practical assistance during implementation of the Strategy and action plans;
- to allocate increased financial, human and technical resources for combating international and regional smuggling of narcotic and psychotropic substances, for combating the spread of these substances „on the street”, for implementing measures aimed at preventing the use of these substances, as well as for the treatment, rehabilitation and re-socialisation of addicts;
- to take into account the common interests of the Baltic people when drafting and adopting national legislation on control of new narcotic and psychotropic substances and, insofar as possible, to harmonise legislative acts in order to prevent a situation whereby in protecting inhabitants from the spread of a new narcotic and psychotropic substance in one state, the health and safety of inhabitants living in neighbouring states are threatened;

regarding the joint energy projects:

being aware that the Baltic States still have to overcome their dependence on a single external natural gas supplier and the fragmentation of their energy markets that can be realised through integration of the Baltic energy markets and development of energy interconnections with other energy markets thus ensuring diversification of energy supply routes and sources;

welcoming the recent actions taken by the European Commission to probe the potentially anti-competitive practices of gas supply in Central and Eastern Europe thus seeking to establish a transparent, efficient and sound gas market in the Baltic States;

underlining the establishment of Nord Pool Spot bidding areas in Estonia and Lithuania and Latvia's progress in joining Nord Pool Spot as an important step for continuing integration of the Baltic States electricity market to the Nordic and common European electricity markets;

being aware that due to the fact that the cost of energy has been rising and is expected to rise further in the years to come, the access to affordable energy becomes very important for facilitating growth and prosperity in the region, because the cheapest energy is the energy that is saved through measures that increase energy efficiency; and **fully understanding** that existing opportunities and measures for increasing energy efficiency are not fully exploited;

calls on the national parliaments and governments of Estonia, Latvia and Lithuania and the Baltic Council of Ministers:

- to develop a common long-term Baltic energy strategy that focuses on regional approach and interoperability, and to submit it to the national parliaments for approval;
- to pursue a coordinated implementation of envisaged regional energy infrastructure projects along with national policy measures and according to the provisions of the Third Energy Package of the EU in gas sector, which are necessary for creation of sustainable, competitive and harmonised gas market in the region;
- to continue work in developing a coordinated regional approach to the issues of energy security and common energy market, taking into account the results of the Referendum on the Construction of a New Nuclear Power Plant in the Republic of Lithuania held in the Republic of Lithuania on 14 October 2012;
- to lessen the dependence on fossilised fuels by exploring renewable energy sources;
- to promote education, research and development on green growth and energy efficiency, to take action to disseminate information in order to exchange best practices and to raise awareness of environmental significance, economic gains and ways of saving energy;
- to promote green public procurement (GPP) at all levels of public administration by ensuring that GPP standards provide a level playing field for businesses and do not lead to competitive disadvantages for small and medium-sized enterprises;

regarding the cooperation in research, technology transfer, innovation, creativity in higher education and strengthening of the region's economic competitiveness:

emphasising that investment in research, technology transfer, innovation and creativity in higher education, which is target-oriented, coordinated among the Baltic States and focused on areas of excellence or unique development advantages, enables the creation of a harmonised and complementary research infrastructure which can be expected to have a significant economic return;

welcoming the general support expressed earlier by the heads of government of the Baltic States and ministers responsible for education, science and innovation in the Baltic States regarding the formation of a joint Baltic research, technology and innovation infrastructure within the framework of the BIRTI (Baltic Infrastructure for Research, Technology and Innovation) project in order to implement the Europe 2020 strategy in the Baltic States and by attracting as successfully as possible funds from various EU programmes and national budgets of the Baltic States;

acknowledging that the idea of the BIRTI project was born as a result of cooperation among higher education institutions and research institutes of the Baltic States that wanted to streamline this cooperation and aim it directly towards the introduction of recent research achievements in the Baltic States' economies, through *inter alia* technology transfer, thereby helping to assist in strengthening the potential of the region and its competitiveness on the global market;

underlining that the idea of the BIRTI project is in line with the aim of the European Union to eliminate fragmentation and to create a single strategic framework for research and innovation support in the Baltic States, and that the European Commission and JASPERS office of the EBRD have expressed their readiness to support the detailed development of this project;

calls on the Baltic Council of Ministers:

- to establish a working group that would conduct a feasibility study of the BIRTI project, together with the European Commission and JASPERS office of the EBRD, implement the project, as well as define the creation of a common research, technology and innovation infrastructure coordinated among the Baltic States that would be oriented

towards facilitating competitiveness of the Baltic States' economies as the main goal of the project;

- to elaborate a vision on the creation of a common research, technology and innovation infrastructure which would be based on the feasibility study and coordinated among governments the Baltic States, and to report, in accordance with the established procedure, to the Baltic Assembly on the progress achieved.

Vilnius, 9 November 2012