**Border obstacles – What we have achieved!**

1. **General information**

1.1 **Applicant border / cross-border region:**
Kvarken Region (the three Ostrobothnian regions in Finland and Region Västerbotten and the Municipality of Örnsköldsvik in Sweden)

1.2 **Title of the cross-border measure** [project(s), programme(s) / strategy(ies)]:
Project name: Midway Alignment of the Bothnian Corridor – Kvarken Multimodal Link

Programme/Financial instrument: TEN-T

Strategy: New approach for cross-border cooperation.

1.3 **Period:**

1.4 **Lead Partner:**
Municipality of Umeå

City of Vaasa

1.5 **Partners:**
NLC Vaasa
Kvarken Ports Ltd
The Kvarken Council
NLC Ferry Ab Oy
The Regional Council of Västerbotten
The Regional Council of Ostrobothnia
The Swedish Maritime Administration
Wärtsilä

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1.6. Was there any financing of the measures/projects?

If so, what kind:

The Midway Alignment of the Bothnian Corridor -project is co-financed partly by TEN-T*/Motorways of the Sea programme, and partly by local and regional funds (both public and private financiers).

The Midway Alignment project is supported by the Finnish and Swedish governments.

*The European Commission has adopted a programme to transform the existing patchwork of European roads, railways, airports and canals into a unified transport network (TEN-T). The new network will remove bottlenecks, upgrade infrastructure and streamline cross border transport operations for passengers and businesses throughout the EU. It will improve connections between different modes of transport and contribute to the EU's climate change objectives.

1.7 Links to other projects, measures (only if applicable):

The Midway Alignment project is linked to several other projects and measures, such as INTERREG BSR project NSB Core, INTERREG BSR-project Bothnian Green Logistic Corridor, the Scandinavian-Mediterranean Core Network Corridor etcetera.

The Midway Alignment project has it's origins in the INTERREG Botnia-Atlantica 2007-2013 programme. During 2012-2014 an Botnia-Atlantica project named Nordic Logistic Corridor (NLC) was carried out in the Kvarken Region, the objective of which was to develop the NLC/E12 route into an efficient, viable, environmentally friendly transport alternative for the regions in Norway, Sweden and Finland, thereby creating the conditions for continued transportation towards Russia and on to the EU area. The project was very successful and paved way for the TEN-T Midway Alignment initiative.

2. Contents

2.1 Objectives of the measures/projects (strategy) to eliminate border obstacles:

The main border obstacle tackled by the Midway Alignment project is "difficult physical access (lack of infrastructures and of integrated public transport systems)".

Midway Alignment of the Bothnian Corridor is an EU-project designed to expand the connections between strong, fast growing, internationally important regions (e.g. Ostrobothnia in Finland and Västerbotten in Sweden). The aim is to improve the transport routes in the Bothnian Corridor and support the existing multimodal TEN-T network, making use of multiple modes of transport (sea, road, railroad). Improved connections enable economic development, bringing the regions closer to each other and to other regions within the EU.

The main objective of the Midway Alignment project is to design and build a new, environmentally friendly ferry for the Kvarken strait and to develop surrounding infrastructure, in order to integrate the Kvarken Region and to connect the region to other parts of Europe.

In the Kvarken Region, there is a very strong will for cross-border cooperation and integration, both on a political as well as on a grass root level. Despite differences in legislation, administrative systems, languages etcetera, the cooperation spirit is strong and overcomes such obstacles. However, the Kvarken Region is separated by a strait, and the single largest border obstacle in the region is the lack of a reliable long-term ferry connection for passengers and freight. This hinders regional integration, growth and exchange in an otherwise dynamic border region.

As concluded in the report "Overcoming Obstacles in Border Regions" by the European Commission 2015, lack of infrastructure and integrated transport systems are serious and difficult border obstacles. Respondents in the survey
point out the need for integrated cross-border measures within public transport and coordination between key players as a central part of any functioning solution. Much needed cross-border infrastructure investments are difficult to obtain, especially within the INTERREG programmes which are the main source of funding for addressing border obstacles.

However, INTERREG funding can be used for conducting cross-border studies, for establishing networks etcetera, which can in turn form the basis for applications for other types of EU-financing, such as TEN-T. **The Midway Alignment of the Bothnian Corridor is an excellent example of this.** Several INTERREG financed projects, such as the Kvarken Shortcut System and the Nordic Logistic Corridor projects have laid the foundation for the Midway Alignment project. The Midway Alignment project has successfully used an integrated approach for solving the region’s major border obstacle, and has managed well to coordinate both public and private stakeholders within the same project.

2.2 **Organisational structure and activities to implement the objectives (e.g. joint secretariat, contract, etc.):**

The project is owned by the City of Vaasa and the Municipality of Umeå, and managed by the cross-border organisation Kvarken Council.

The Kvarken Council is a cross-border cooperation association formed by the cities of Vaasa, Kokkola, Seinäjoki and Jakobstad and the three Regional Councils of Ostrobothnia in Western Finland, as well as the Regional Council of Västerbotten and the city of Örnsköldsvik in Sweden. The Kvarken Council is a registered non-profit organization, under Finnish law.

Since the Kvarken Council is an established cross border cooperation platform, the Council was a given choice for the role of Joint Secretariat for the project.

The partners of the project have committed to the project by Partnership Agreements, and the supporters of the project have committed to the project by Support Agreements.

2.3 **When have the measures/projects (strategies) been implemented?**

The Midway Alignment project is divided into two phases:

Phase 1 includes the following measures: Preparatory activities and feasibility studies, concept development (improving the transport link and land/port infrastructure), and design of the new ferry (environmentally friendly alternative fuels, sufficient icebreaking capacity). The budget for Phase 1 is 20.7 MEUR. Phase 1 was completed on 31.12.2015.

Phase 2 includes the following measures: Building the new ferry, land-based infrastructure, construction (including alternative fuels transportation and storage), implementation of the logistic system and operations, and reporting of results and findings for use as Best Practice for other border regional infrastructure projects. The budget for Phase 2 (Global project) is 191,5 ME. The application for Midway Alignment Phase 2 is divided into two parts and the first part was submitted to CEF in the February 2016 and the second part will be submitted late 2016 – early 2017.

2.4 **Special framework conditions (a. geographical, political, etc. / b. only rural area (no regional metropolis), mountainous areas, external border).**

The Kvarken region is a border region with centuries of strong historical and cultural bonds, and lively modern daily cross border cooperation within infrastructure, business, education, tourism etcetera. The Kvarken Region is also a growth region, with a high concentration of industries and universities, and rich in natural resources. The region is the site of the largest energy technology cluster in Northern Europe.

The Kvarken Council, founded in 1972, is a cross-border cooperation association formed by the cities of Vaasa, Kokkola, Seinäjoki and Jakobstad and the three Regional Councils of Ostrobothnia in Western Finland, as well as the Regional Council of Västerbotten and the city of Örnsköldsvik in Sweden. The Kvarken Council serves as a platform for politicians and civil servants to meet, gain contacts and build relationships and trust across the border.

During recent years the cross border cooperation in the Kvarken Region has been lively, in the form of INTERREG projects as well as other cross border activities. A prime example is the establishing of a cross border multimodal transport corridor, the Nordic Logistic Corridor from the Atlantic Coast in Norway, via the E12 European highway across the Kvarken Strait and on towards Russia and the Baltic Countries.

Other remarkable spin-off effects from the built up capital of trust and goodwill in the cross border Kvarken Region are the founding of a joint shipping company for the Kvarken ferry traffic, NLC Ferry in 2012, and a joint port company for the ports of Vaasa and Umeå, Kvarken Ports, which was founded in 2014. These two achievements are quite unique in Europe and will contribute to a new level of integration in the cross-border cooperation in the Kvarken Region.
The crown jewel of the long cross border cooperation in the Kvarken Region is the Midway Alignment project that aims to securing the connection across the Kvarken Strait for decades to come.

The Midway Alignment project is a unique public-private partnership. The partners are cities and municipalities, regional and national authorities, as well as private corporations such as ABB and Wärtsilä. These partners have all come together for a joint effort in the form of the Midway Alignment project to secure the future of the cross-border cooperation in the Kvarken region by ensuring reliable and environmentally friendly communications across the Gulf of Bothnia. A joint cross-border special purpose company, Kvarken Link AB, has been founded for exploring innovative financial models, in cooperation with the regions, ESIR, ESI, EIB and CEF.

3. Contribution of the measure (added value) to the improvement of the border/cross-border region:

(not more than half a page)

In the sparsely populated regions of Northern Europe, cross-border cooperation is often a prerequisite for achieving regional development and growth, which is not the case in the capital regions. In the peripheral areas there is not always a sufficient critical mass within a remote region (within business, infrastructure etcetera), but through cross-border cooperation this can be achieved. Often it is also closer to a potential partner on the other side of a national border than in the own country.

On 1st July 1999 tax- and duty-free sales for intra-community travels was abolished within EU. Travels to/from via Åland in the central Baltic was the only exception to the abolition, which led to a disadvantage in competition for the Kvarken ferry link. After the abolition of the tax-free the number of passengers across the Kvarken strait greatly declined due to a steep increase in ticket prices and a reduction of the number of departures etc, and the change in competition led to difficulties for the operation of the ferry across the Kvarken Strait. It was made almost impossible to commute for work or studies across the border. Finland's and Sweden's EU-membership actually meant that cross border integration and cohesion in Kvarken Region was made more difficult, since the ferry traffic was so severely affected.

Since then the situation has improved, mainly because the whole region jointly has backed up the ferry traffic. In 2012 the cities of Vaasa and Umeå (on each side of the Kvarken Straits) took the political decision of forming a joint ferry company, NLC Ferry, for the running of the regionally important Kvarken ferry link. The results are obvious. The traffic has a strong growth and will this year reach a new level when the increase in passengers for the first six months is even 22%!

The Kvarken Region today is a dynamic region with a well-educated growing population, an innovative industry mainly focusing on energy technology, and a political consensus about the importance of cross border cooperation. There is a lot of active cross border cooperation within business, higher education, tourism etcetera, and there is good potential for further cross border cooperation and integration. The Kvarken ferry link remains the main artery of communication, cooperation and cohesion, as well as regional development in the cross-border Kvarken Region, and the whole region is committed to it's maintenance and development.

The E12 route stretches from the North Atlantic to Russia and the Baltics, of which the Kvarken ferry link is an essential component, is a significant freight route for the companies engaged in foreign trade along it. The Kvarken route ferry link is an important part of the E12 route. It saves both time and money for the companies in the northern parts of Sweden and Norway, trading in Russia and the Baltics. It is also the most convenient and affordable passage from Central Finland to the west.

Phase 2 of the Midway Alignment project, building of the new ferry and connecting infrastructure, will provide significant economic growth for the region, both directly in the form of new job opportunities, and indirectly in the form of new innovations that will boost the region’s technology based industry. Furthermore, the project will secure regional sustainability and competitiveness, by enabling a joint business and labour market, giving new opportunities for retaining and expanding knowledge and talent in the region.

4. Added value for the development of cross-border cooperation at European level

(not more than half a page)

Northern Scandinavia is an important source of supply for raw materials for the entire Europe. A considerable amount of goods (raw materials, paper, building materials) are constantly being exported to the EU markets. Therefore the northern parts of Europe need a fast, reliable and environmentally friendly transport route.
The Kvarken ferry link and the E12 route will gain an even more important status if the North-East Passage (the northern sea route connecting the Atlantic and the Pacific) can be used virtually year-round in the future. The melting of glaciers due to global warming and Russia’s icebreaking plans promote the passage’s use and, moreover, its location on Asia’s north side offers a much shorter route from Europe to Asia than the one passing through the Suez Canal. Its attractiveness is likely to significantly increase the E12 route’s traffic in the future.

The Midway Alignment of the Bothnian Corridor is not only a regional issue but an important part of the European transport network, and the ferry across the Kvarken Strait is to be seen as a “road across water”. An improved Kvarken transport route will also contribute to fulfilling several objectives of the Strategy of the Baltic Sea Region, especially considering integration and accessibility.

The Midway Alignment project also helps improve the efficiency in the existing European transport network, by providing an important link for trade within the EU and bordering countries. Apart from connecting the transport chain of the Bothnian Corridor and the E12 strait, the ferry also connects to the important rail corridor Vasa – Seinäjoki – Helsinki – St Petersburg, part of the TEN-T Core Network planned for 2030, and to the newly built Bothnian Link railway connecting to the south of Sweden.

The Midway Alignment project also contributes to the efforts of combating climate change, by initiating, planning and building an innovative ship using cutting edge techniques, that will run on LNG gas and hence leave a very small carbon footprint. The project also produces new environmental innovations that will be available for use across Europe.

The Midway Alignment project will also use an innovative approach to financing of cross-border infrastructure, also involving the private sector. As a part of this work, two unique partnerships have already been established – the joint ferry company, NLC Ferry and the joint port company Kvarken Ports, which has received a lot of attention on the European arena.

The Midway Alignment project fulfills all of the Europe 2020 priorities: It promotes smart growth through investments in innovative solutions and a unique cross-border public-private partnership, it promotes sustainability by developing innovative environmental solutions and reducing carbon emissions in the transport network in Northern Europe, and it is inclusive by connecting two strong regions and generating a joint labour market region, creating new opportunities for jobs, exchange and growth.

The Midway Alignment project has been appointed as a Flagship Project by DG Move, and has been presented at several European conferences.

5. Further annexes yes X no □

Which ones?

a) Short description of the contents of the measures/projects/strategy (in English, not more than 2-3 pages)

b) 

c) 

d) 

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