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The Three Seas Initiative ahead of the Riga Summit: politically inspired, commercially driven

Next year's Seventh Summit of the Three Seas Initiative (TSI) will be held in Riga. In light of the main challenge facing TSI, which is finding financing for priority projects in the region, President Egils Levits announced that Latvia plans to focus on raising private capital to improve transportation, energy, and digital infrastructure in this part of Europe. A kind of "signpost" before the Riga summit is the declaration crowning the Sofia summit, which includes both a summary of the TSI's activities so far and the position of representatives of the Initiative member states.

The Seventh Summit of The Three Seas and Business Forum in 2022 in Riga. Latvia will be the second Baltic state to hold the Three Seas Initiative (Estonia organized in 2020 the fifth summit, held in exceptional, pandemic conditions – "IEŚ Commentaries", no. 270). The Latvian vision of this geopolitical format is dominated by a pragmatic approach, focusing on economic cooperation around specific transportation (Rail Baltica, Via Baltica), energy (especially from renewable sources), and digital projects (5G). Therefore, Latvian President Egils Levits during the seventh summit of TSI plans to put emphasis on seeking private capital for their financing. In his statements, he underlines that TSI is a politically inspired but commercially driven initiative.

The Riga summit will certainly be another meeting in which a strong emphasis will be placed on highlighting the European and transatlantic orientation of this format of cooperation. During the Sixth Summit of the TSI, organized in Sofia on July 8-9, 2021, this was reflected in the presence of representatives from non-TSI countries, among them Germany, the United States, and Greece, as well as the European Union and the International Monetary Fund. However the political challenge remains to increase the involvement of the TSI countries. The presidents of Austria, the Czech Republic, and Slovakia did not come to the summit in Sofia, and Croatia was represented by its prime minister.

List of priority projects. The Riga summit will also be another opportunity to take stock of progress in the implementation of the priority TSI projects. That list was created during the Bucharest summit in 2018 and included 48 transportation, energy, and digital infrastructure projects. Currently, it has increased to 90, while only two of them are domestic: both the project of Rijeka – Zagreb Deep Sea Container Terminal and the compressor station 1 at the Croatian gas transmission system have been completed.

The increase in the number of TSI priority projects creates the need to attract much more capital for their implementation. According to the estimates presented in the report after the Sofia summit, the projects are now valued at EUR 180.9 billion. A significant part of this amount is to be covered by EU funds – 41% (most of which come under the Connecting Europe Facility, CEF) — and national funds – 24%. Funds from the Three Seas Initiative Investment Fund are also importance – 9%. Taking into account the current value of the projects, this means investments of over EUR 16 billion are needed. Meanwhile, the Fund has raised EUR 913 million so far, and its main investor is still its initiator – the Polish development bank, BGK. Some projects would be financed by the European Investment Bank – 8% – and the European Bank for Reconstruction and Development – 3%. The remainder come from, as recorded in the report, "other sources".

In the declaration adopted during the Sofia summit, the Three Seas Initiative Investment Fund was also identified as an important mechanism for co-financing projects aimed at closing the infrastructure gap in the region. The need to strengthen the Fund through greater investments and stimulating public-private



partnerships was declared. It was positively assessed that already 9 out of 12 TSI member states participate in the Fund's work (apart from Austria, the Czech Republic, and Slovakia).

The declaration of the Sofia summit and its main provisions. The document signed on July 9 this year and crowning the arrangements of the Sofia summit contains both a summary of the TSI's activities so far and the position of representatives of the Initiative member states (on the challenges ahead of the Sofia Summit – "IEŚ Commentaries", no. 413). The United States of America, the Federal Republic of Germany, and the European Commission were identified as the main TSI partners. The interest and commitment of American, European, and international financial institutions to the TSI was welcomed. The presence of the President of Greece, a country of particular importance for the region, was also welcomed due to the planned expansion of energy and communication infrastructure. It was declared that the Initiative's activities would be implemented in full agreement with the strategic EU agenda, the NextGenerationEU plan, and the transatlantic partnership.

The document clearly indicates the openness to cooperation with partners from non-TSI partners sharing common democratic values, European and transatlantic orientation, as well as common interests. At the same time, the readiness to involve, by consensus, countries outside the TSI in the implementation of priority projects was maintained. These are mainly selected countries of Western Europe (e.g. Germany, Greece, Italy) and Ukraine, which remains outside the EU.

Infrastructure projects are considered to be the "cornerstone" of the TSI and essential for the achievement of common objectives of the Initiative. The summit affirmed the need to continue the implementation of the Smart Connectivity vision, consisting of the introduction of innovative and safe digital platforms supporting regional networks. The coronavirus pandemic that has affected TSI states is an opportunity to pay more attention to this component of the Three Seas cooperation. The strengthening of energy security and the diversification of routes and sources of supply throughout the region were also considered to be a significant goal of the TSI's activity. However, there is no consensus among the Member States on this point.

Relatively much space in the declaration was devoted to ecological issues and EU climate policy. According to its provisions, the Initiative operates in line with the objectives of the Paris Agreement, the European Green Deal, and the Trans-European Networks instrument. It also aims to promote a green and intelligent economy and sustainable development, thus contributing to the creation of the European single market. Investments in the TSI region are aimed at achieving climate neutrality, including through the development of renewable energy sources.

The parties recognized the need to strengthen intergovernmental cooperation in the Three Seas Region for the operational implementation of priority interconnection projects. For this reason, the meetings of the TSI ministers organized in recent years by Poland, Estonia, and Bulgaria were welcomed. Further support was also declared for the creation of networks and connections between parliaments, local authorities, chambers of commerce, and other business associations, small and medium-sized enterprises, technology parks, start-ups and fintechs, digital data centres, and industrial green zones that bring added value for the purposes of the TSI.

Challenges and Perspectives. The declaration after the Sofia summit positively assessed the activities of the Initiative so far, emphasizing its intra-EU and transatlantic dimensions. Member States indicated that the Initiative did not constitute an alternative or competition to European integration, but could rather constitute a significant complement to the EU cohesion policy. At the same time, Germany emphasized that the TSI does not pose a threat to their political interests in the region. The new American administration officially maintains its willingness to engage in the Three Seas Initiative. However, shortly after the Sofia summit, the USA and Germany reached an agreement on Nord Stream 2, which on the one hand showed the key role of Berlin in current American policy, and on the other hand was negatively received by many countries in the region, including Poland, Slovakia, and the Baltic states.

In Sofia, the economic dimension of the TSI was emphasized and the willingness to continue cooperation in three strategic areas (infrastructure, energy and digitization) was declared, taking into account the objectives of EU climate policy. However, the approach of individual TSI countries to energy transformation and the

European Green Deal is ambiguous. Some of them support the policy of achieving climate neutrality by 2050 (Austria, Slovakia), while others pay attention to taking into account the internal determinants of energy policy (Poland).

The key institution serving the implementation of the TSI objectives is the still underinvested Three Seas Initiative Investment Fund. However, Member States are not willing to allocate significant financial resources for its operation. The implementation status of most of the priority projects is equally poor. This issue remains the main challenge of the upcoming Riga summit. At the same time, the necessity to depart from strictly presidential cooperation in favour of intergovernmental, parliamentary, self-governmental, scientific, and business cooperation will also be emphasized. In public discourse, there are also ideas for the institutionalization of Tri-Sea cooperation, mainly focusing on establishing a joint secretariat in one of the Member States or possibly in one of the important financial centres in Western Europe, e.g. Berlin or Brussels.