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Economic Performance of the Amber Road Today

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The Amber Road today

- Amber, the fossilized tree resin, which was formed some 35 million years ago in the forests that covered Scandinavia, the Baltic countries and the Baltic Sea, is a precious, organic mineral which has served many purposes since prehistoric times. It was used in rituals, served as barter object, was a symbol of wealth – in Roman times a little figurine of amber was more costly than a slave...- and it continues to be an expensive material for jewelry.
- As amber was much sought after in the civilized world, trade routes developed - bridging cultures and civilizations along this route.
- The European Amber Road brought the „Gold of the North, the Tears of Gods“ to the Mediterranean sea and opened up trade relationships with a wider spectrum of goods and services.
- The ancient road has lost its former economic significance, but in recent years, as a result of European integration and the end of the cold war, a revival of the ancient trade route in a different guise is in the making.

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European integration and the revival of N-S-trade routes in Central Europe



- In 1990, the European Commission decided on investing in a trans-European network, comprising a Trans-European Transport Network (TEN-T), a telecommunications network (eTEN) and an energy network (TEN-Energy) to promote economic growth in the European Single Market.
- TEN-T envisages coordinated improvements to primary roads, railways, inland waterways, airports, seaports, inland ports and traffic management systems, providing integrated and intermodal long-distance, high-speed routes.
- In addition, in 1994, ten Pan-European transport corridors were defined in Central and Eastern Europe. As the CEECs have become EU-MS the transport networks linking the North and the South, the East and the West have moved centre stage in a quest to promote European integration and convergence of economic wellbeing.

The Gold of the Baltic Sea today: energy production



- 2008/9: European Council and Commission decided upon the establishment of a well-interconnected and well-functioning internal energy market.
- The EC wants to move away from the reliance on fossil fuels and establish a system ensuring energy security as well climate protection and competitiveness .
- Therefore, "energy islands" like the Baltic States /Sea are to be connected with the internal energy market. In this context, the Baltic region has been identified as the first of six major sets of infrastructure projects, integrating the Baltic States into EU energy networks, to promote economic growth and energy security in the EU and the Baltic Sea Region.
- In terms of priority of the Interconnection Plan, the focus was first put on the electricity sector, then gas (clean energy). East Baltic Sea – bridging the "gas islands" to the integrated EU gas transmission system and securing alternative gas supply

Power generation and interconnection plans

- Power generation development, construction of new electricity interconnections in the new Member States of the region.
- Building effective power market integration, i.e. overcome the present fragmentation among the power systems of the Member States surrounding the Baltic Sea
- Strengthening the role of Poland as an "energy bridge" to the other EU countries. (Amber Poland-Lithuania Pipeline)
- Supply systems to Poland from Germany and Denmark are necessary in order to bring gas from Poland to the East Baltic Sea area.
- Amber pipeline, connecting Russia and Germany via Estonia, Latvia, Lithuania and Poland - currently on hold

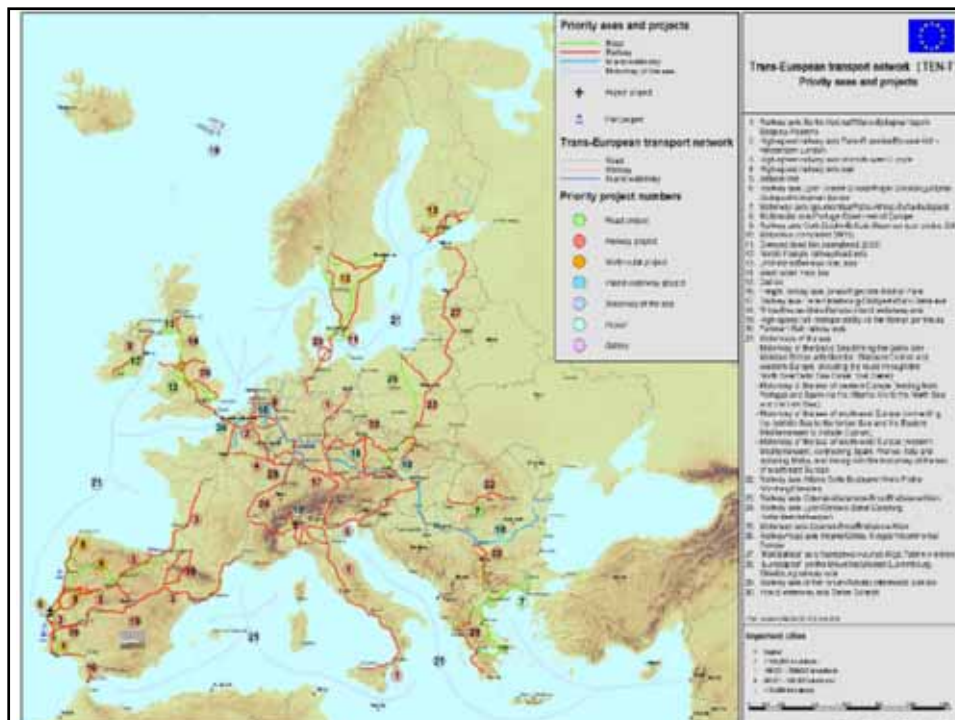
The Trans- European Corridors will re-establish the former trade links between countries along the historic Amber Road



Transport Infrastructure and socio-economic convergence



- The relationship between transport infrastructure and economic development is complex .
- We see economically successful regions in the European core as well as industrial decline and high unemployment.
- At the same time we see prosperous peripheral regions –largely in the Nordic countries - but that is the exception: on average the poorest regions tend to be at the periphery.
- With EU enlargement towards the East the economic catching-up process is closely linked to trade linkages.
- Transport infrastructure plays an essential part in the proper functioning of the economy since it enables economic growth potential to be increased through economies of scale and network economies.
- The establishment of a truly trans-European transport and electricity network is one of the most ambitious initiatives of the European Community which is to result in socio-economic wellbeing everywhere in Europe, rendering Europe more competitive and fit for a globalized economy and society



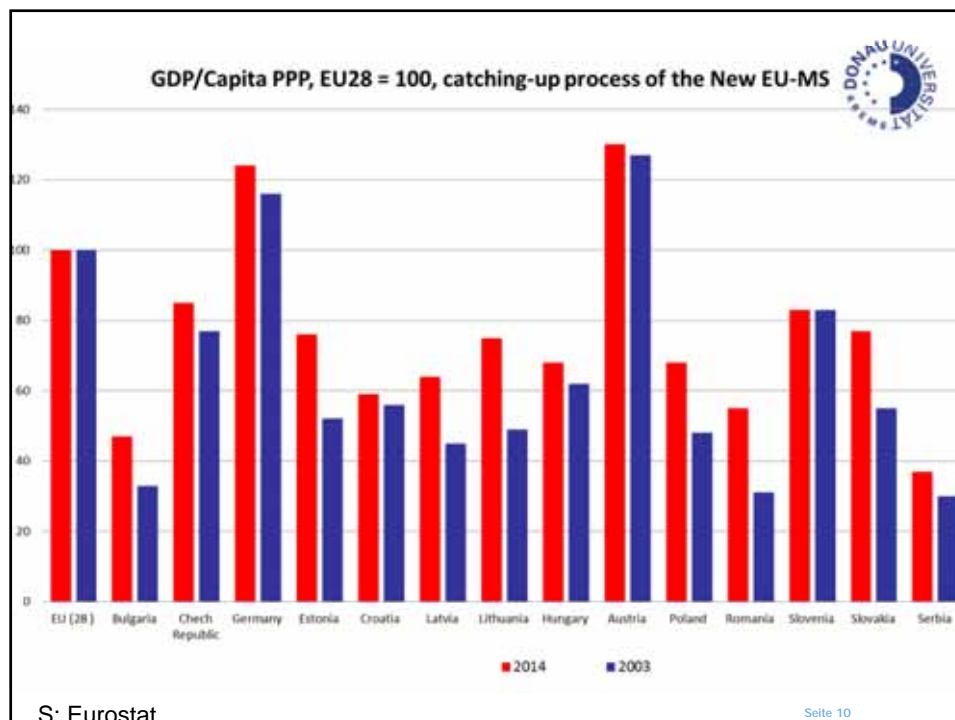
Mechanisms of convergence and divergence



- A new motorway or high-speed rail connection between a peripheral and a central region makes it easier for producers in the peripheral region to market their products in large cities;
- The selfsame route may, however, expose the region to the competition of more advanced products from the centre and so endanger formerly protected regional/local producers.
- However, the inclusion of all in a common value added chain tends to be a win-win situation. For this to materialize one needs connecting routes.
- The “re-establishment” of a fast road and rail network, in which the route of the former Amber Road is reenacted as the backbone of the network, raises the accessibility of the Baltic States, Poland, Slovakia, Hungary – but also Romania, Bulgaria and Finland – significantly; accordingly, they can be included in an enlarged economic space with little additional cost.
- Then regional specialization on the basis of division of labour according to relative advantages takes place, resulting in an increased economic output and wellbeing of all.

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Transport networks promote economic growth



- **Strengthening cohesion between the regions in the European Union and reducing the economic and social disparities between them is one of the main goals of the European Union.**
- **Transport policy is one of the major policy instruments of the European Union to serve this goal in conjunction with the goal to increase the economic competitiveness of regions.**
- **The economic integration, facilitated by improved cross-border transport routes (reduction of transport costs), boosted economic growth everywhere between 2003 and 2014, but the relative winners (catching-up) were the new EU-MS**
- **With the enlargement of the European Union, cohesion issues become of growing importance.**
- **While transport infrastructure is a facilitator of economic growth, transport services are an important economic sector in their own right, accounting for some 5-8% of GDP.**

Trans-European network





- **Transport investments contribute to economic development by stimulating a variety of inter-connected economy-wide processes, which can yield spatial and regional effects that augment overall productivity.**
- **In particular, lower costs and enhanced accessibility, due to better transport links and services, expand markets for individual transport-using businesses and improve their access to supplier inputs.**
- **Increased access and connectivity create increased opportunities for trade, competition and specialisation, which can lead to longer-term productivity gains.**
- **While transport systems are an important facilitator for economic production, they also give rise to external costs ('externalities').**
- **These include global environmental impacts (greenhouse gas emissions) and local environmental and health impacts (for example, noise, particulate pollution and road accident costs).**



To end on a positive note...

- **The improved transport routes along the Amber Road open up opportunities for tourism which have not yet been exploited**
- **We, the consortium of Amber Road universities should embark upon the development of an intercultural post-modern tourism MBA, with excursions to the various cultural heritage sites on the one hand and the new transport developments, windparks etc. on the other**



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Thank you for your attention!

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