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TEDIM – A TOOL FOR EDI-EC COOPERATION IN THE BALTIC SEA

TEDIM (Telematics in foreign trade logistics and delivery management) programme was launched to promote international transport of goods between the EU, Poland, the Russian Federation and the Baltic Sea countries with the help of modern technology like EDI-EC. It forms a framework for several individual projects aiming to develop the requirements for international trade; projects involving border crossing processes, information management in railroad transportation, Information management in sea transportation, logistics service networks and harmonization of the preconditions for business. It also serves as a co-ordination and discussion forum for its member countries Estonia, Finland, Germany, Latvia, Poland and Russia with Lithuania and Denmark as observers. The programme is developed in close co-operation with private companies and it strongly supports the public-private partnership concept.

In every period of history, there have been different factors leading to success and prosperity. The Roman achieved prosperity by means of modern art of war and administrative methods. The Mongols conquered the world on horseback. Britain and the Netherlands utilised advanced seafaring. In today's world, success is gained through international co-operation and efficient electronic data processing and transfer (ICT), namely through the matters, which are promoted in this conference.

Modern production needs transport. Raw materials and semi-manufactured products between factories need to be transported by utilising available resources, favourable working power and concentrations of know-how. This has increased the significance of the co-operation and ICT. Further on close co-operation within the Baltic Sea area is a good sign of continuous and reliable operation conditions for enterprises.

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It is far the same regularities that hold true also for transit transport operations. Any successful transport operation requires good co-operation to be carried out between several countries.

Why ICT (EDI-EC) is needed?

In Finland, a research on electronic businesses carried out between enterprises was done in 2001. It resulted in an extensive survey of the EDI use from its different sides. In the course of years, EDI has proved to be a well-operating data transfer method facilitating the transfer of big data amounts. EDI's greatest benefits have been correctness, increased efficiency of operation and improved services. The XML technology is expected to draw more small and medium sized enterprises into the sphere of electronic business. Its use in business operations is currently being standardised internationally. Standards related to transport operations are already far advanced. According to the interviewed enterprises, XML will not, at least during the next five years, weaken the position of EDI in electronic data transfer between enterprises; this is, especially, the opinion of big enterprises.

In information flows between enterprises, offers and invoices will first change to paperless, being transferred electronically by two thirds of enterprises. As to the operations of enterprises, banking and financing sectors are the most automated: according to the enquiry about 90 per cent of operations was made electronically. In addition to this, the greater part of data transfer of other operations is carried out electronically, namely 75 per cent of customs clearance and 60 per cent of transport and forwarding operations.

The aim of TEDIM is to make these figures of Finland a reality in the whole Baltic Sea region not forgetting even more effective methods that are currently under development process.

TEDIM administration

The objective of the TEDIM-programme is to smoothen in the Baltic Sea region the logistics chain in international trade by using modern information technology. TEDIM acts as an umbrella for several projects involving international transport and logistics operations.

During its six active years the TEDIM programme has proved to be a profitable development and discussion forum for its member countries. Finnish, Russian and German Ministries of Transport together with the Russian

Ministry of Railways and the City of St. Petersburg launched the programme in 1995. Estonia joined the programme already in 1996, in 2000 Latvia and Poland became a member of the TEDIM family in 2001. Growing interest in the programme's results and its cooperative work can also be seen in Denmark, Lithuania and Sweden, which have already participated in some of the programme meetings.

TEDIM is administrated in three layers. The highest administrative level is **the International Coordinating Committee (ICC)**. The chairing country and the chairman of the Committee are elected for one year and the duty circulates among the membership countries. The chairing country in 2001 is Finland. The Committee meets once a year. The latest meeting was held in Helsinki in September 2001. The meeting elected Russia for the chairing country for the year 2002 with Mr. *Vladimir I. Yakunin*, Vice Minister from the Ministry of Transport of Russian Federation, as the chairman.

TCG, Technical Coordinating Group, has representatives from each member country. It meets basically once a year, but also more often if needed. TCG prepares topics for the ICC meeting and offers a discussion forum for the member countries. Each member country also has **national boarding groups**. The Finnish boarding group for instance consists of representatives of participating companies and authorities.

The **TEDIM secretariat** takes care of the general coordination, marketing and information of the programme as well as for instance technical preparations for the meetings.

TEDIM is financed on public-private basis, which has proved to be the most effective way to ensure that the work undertaken is relevant for the business life and will lead to real life solutions without delays.

The number of private companies participating in the programme is quite substantial. The private sector finances the individual projects to a large extent. For TEDIM projects, some funds have been received from the EU budget

TEDIM projects

Areas of Development

During the period of operation of the TEDIM program, the entire perspective of development has significantly changed due to the fast development of technology and social conditions. Instead of telematics, today we more and more often talk about the concept of the ICT, the scope of services

of the logistics moves further and further away from merely transportation and warehousing. Instead of two separate markets? domestic and export? we more often talk about the Baltic Sea or the EU market area which is also supported by the decrease in number of the national currencies. The perspective of the TEDIM program has also been expanded by all this development, and at the present time the program concentrates mostly on five logistics-based areas of development described below. Particular important is given to the wide geographical coverage as well as the public-private method of cooperation that have been made possible by TEDIM.

1. Border crossing processes
2. Information management in railroad transportation
3. Information management in sea transportation
4. Logistics service networks
5. Harmonization of the preconditions for business

Border crossing processes

One of the typical features of the Northern Europe is the border between the EU and Russia, which is going to continue in the Baltic's after the expansion of the EU. To make the border crossing processes quicker, electronic customs clearance methods have been developed in cooperation with the officials from Russia and Finland as well as with the exporting companies. The electronic transfer of information related to the transit procedure has also been developed and experimented in many different versions. At the present time there are ready technical solutions for the transit procedure information transfer from the information system of an exporting company directly to the customs officials on the both sides of the border (CustCom I and II). Introduction of the ready-made solutions only requires administrative decisions. At the same time we already consider further geographical expansion of the new transit procedure.

Plans for developing the customs declaration have been made. The transit procedure information will be used in the customs declaration procedure at the place of destination (CustCom III, EurCust 1 and 2).

In future:

- Taking care of introduction of the developed methods as well as of the required equipment and training related investments.
- Continuation of further development of the border crossing processes using the possibilities offered by the modern IC technology at the entire spectrum of the customs and inspection processes.

- Reduction of the inspections made on the border, simplification of the methods of certification of goods.
- Training of the enterprises as required by the introduction of the new methods of operation.
- Transfer of the developed know-how to the entire length of the border between the EU and Russia that is going to become longer in the future.

Information management in railroad transportation

Due to the similar gage of the both countries' railroad networks, the railroad transportation across the border between Russia and Finland has been flexible and continuous. For this reason the interest of the railroad operators toward the electronic transfer of the freighting documents from one operator to another has also been quite significant. The information contents as well as the form of the railway waybill have been jointly agreed upon, and the information systems have been developed for the technical implementation of the data transfer. The technical know-how necessary for the data transfer both ways already exists, and the practical data transfer experiments have also been quite successful (RailCom). Introduction of the ready-made solutions and implementation of the required procedures only requires administrative decisions.

Use of the railway waybill information has been extended to cover the tracing of shipments (RailTrace). This development activity has not been limited to the shipments between Finland in Russia; instead the idea has been to create a system covering the entire Europe.

In future:

- Expansion of application of the developed systems.
- Continuation of shipment tracing and tracking feature development as a broad European cooperation.
- Transfer of the developed know-how to other international railroad connections (e.g. Russia-Baltics, Russia-Belarus-Poland-Germany).

Information management in sea transportation

The Baltic Sea offers a ready international highway in the Northern Europe (e.g. the sea motorway of the Baltic Sea) which capacity is far from being used to the full extent. The motorway is going to be very significant from the point of view of the energy and raw material supply to the entire Europe. Increase in the volume and speed of the traffic as well as utilization of the growth potential nevertheless require some input first of all into the sea transport and safety at

sea information systems that must be absolutely compatible across the national borders. The activity at this sector has been going on through the entire duration of the TEDIM program.

In future:

- Development of cooperation forums (LIMNE Network) bearing in mind the idea of determination of joint development objects and common preconditions.
- Launch of national and international development projects for system implementation e.g. in the following areas: safety at sea and environmental impact, open port community systems, terminal telematics and training.
- Shipment information management, tracing of shipments in the multimode transportation chains (e.g. the sea motorway of the Baltic Sea).

Logistics service networks

Due to the formation of the trade connections and increasingly fast development of international unification, all sorts of traditional enterprises have been extending their activity across the geographical borders. Development of the information and communication technology has been crucially important in the process of integration of individual transportation and logistics services into a single wide-range service network. In the framework of the TEDIM program, this development has been supported by many different projects dealing with various planning and tracing systems or the basic rules of the joint activity (e.g. POBCom, LQIM, LogCom). The characteristic feature of these projects has been the fact of their objects being widely applicable concepts and solutions. In this connection also the broad geographical coverage and regional variety have been utilized enabling e.g. transfer of the experience from the EU member states to the countries in the middle of the membership negotiations.

In future:

- Concentration on wider and geographically more comprehensive projects creating networks between different actors (e.g. NeLoC).
- Revision of the development needs for instance by the branche of industry with concentration e.g. on special issues of the high-tech, chemical or printing industry.
- Creation of business preconditions for small and medium-sized enterprises by networking them as parts of the international service networks and developing new service concepts with the ICT solutions (e.g. EuroPol).

Harmonization of the preconditions for business

The eastern regions of integrating Europe form an interesting potential that is sometimes yet hard to utilize in terms of the production activity. Harmonization of the business preconditions that still vary due to certain social differences as well as providing the possibilities for commercially profitable and secure investments have particularly been the goal of the EuroRussia development program in the TEDIM framework. This project in accordance with the TEDIM's principle of public & private cooperation has been concentrated on creation of the above-mentioned preconditions in the city of St. Petersburg and Leningrad oblast. Although the geographical focus of the EuroRussia program has been relatively narrow, it constitutes otherwise a very large scope of things covering among other things the customs clearance issues, the bonded warehouse principle, creation of subcontractor networks and industrial parks, training of labour, development of the innovative environment as well as the logistics and data connections necessary for the business activity.

The EuroRussia program based on the specific needs of the enterprises has been developed within a limited territory in order to make the business preconditions in Russia correspond to the situation valid in the EU. Through this experience, application of the methods of operation learned in this program is later going to be possible, if necessary, to implement in other territories, and therefore the program strongly supports the entire idea of harmonization. Significantly large international corporations have been involved in the program. The presidents and prime ministers of Finland and Russia have noted during their meetings the importance of EuroRussia as a development program.

This scope of issues also includes the e-trade where some preliminary studies have been made concerning the Baltics (Farmnet) with some connections concerning Russia.

Northern Dimension and TEDIM

What TEDIM could give?

For the Northern Dimension programme TEDIM is offering a forum of the telematics and logistics development covering the entire Baltic Sea region offering the following:

- Well functioning open cooperation network as a result of many years of development.

- Proven public & private operation model with its own political dimension.
- Experience and ready-made technical solutions for electronic customs clearance and transfer of freighting documents.
- Experience in piloting new models of operation in cooperation with the public administration and enterprises.
- Experience in joint development projects with participation of the EU member states and third countries.
- Well functioning channels of data transmission to the partners (www.tedim.com, www.eurorussia.fi, EuroRussia Support Centres, seminars, publications, etc.)

What we expect from the EU

Further development of TEDIM requires unconditional commitment of the participating countries as well as use of the national resources in the interests of the common goals. Giving this program a status of one of the strategic tools of the Northern Dimension would also require the following tangible measures on the EU part:

- Nomination of clear and specific responsible entities for the entire program of the Northern Dimension and TEDIM in particular in the EU commission.
- The political leaders of the countries taking part in the cooperation must be able to meet on a regular basis in order to deepen the TEDIM activity as well.
- A separate financing should be earmarked for the Northern Dimension programs to enable the financing of the projects covering the entire region. The TEDIM's share should be from € 5 million increasing up to € 25 million a year.
- A share of the finance (*10 to 20 per cent*) should be delegated directly to the local decision making mechanisms for quick and flexible satisfaction of the operative needs.

Ladies and Gentlemen

I'm am very pleased, that Poland is now an active and inventive member of the TEDIM family. Especially, it gives me great pleasure to see such persons being involved in our program as Mr. Andrzej Gdula from the Ministry of Infrastructure and Mr. Ludwik Kondratowicz from the Marine institute in Gdansk.

My purpose was to outline the main reasons why we all need good cooperation in the Baltic Sea area in the field of ITC (EDI –EC) and what are the development areas of the TEDIM-programme. The TEDIM family is starting several interesting projects. I warmly welcome you to join our development efforts.