

"The Savolima region offers the only water route between the European Union and Russia." Harti Lallukka, Senior Expert Savonlinna Region Federation of Municipalities

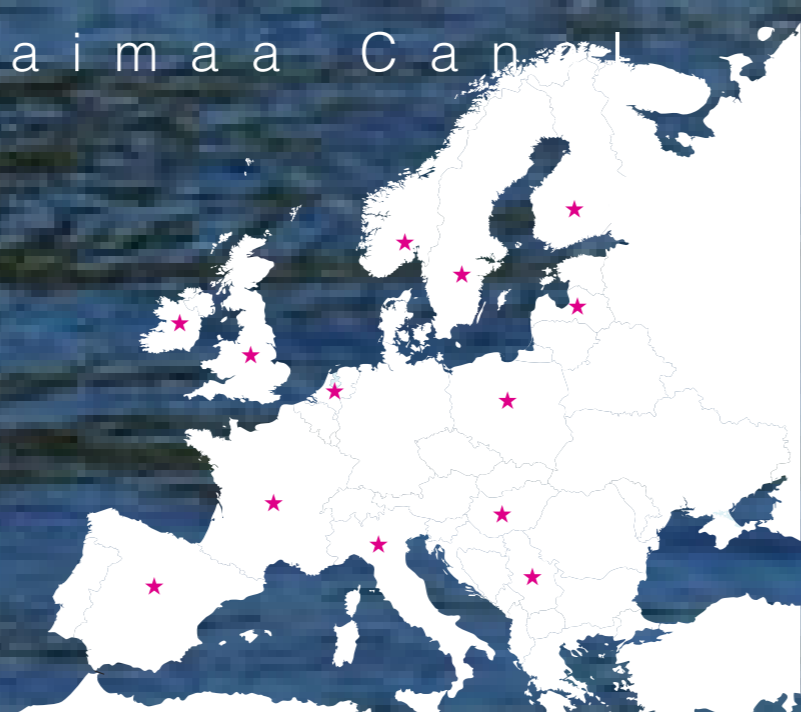


PRECEDENT

Cross-Border Management

Good Practice Series: Saimaa Canal

FIN



A lease of canal area and joint management has enabled the smooth operation of the only inland waterway between EU and Russia. This waterway is the Saimaa canal that has been leased for water traffic from Russia by the state of Finland since 1963.

“The Saimaa region in Finland does not have any other access to the sea. Without any contract we have no route to seas and for the forestry and mining industry they would have to transport goods by lorries or railways to the coast which is lengthy due to the vast distances.”

The Saimaa canal with its surrounding land area was rented from the Soviet Union for 50 years in 1963. The rental agreement included the obligation for Finland to build up the canal and its locks, as well as maintaining operations and the upkeep of the entire structure. The governance of the rental area and the control of the traffic and maintenance was organised by joint regular meetings of the administrative committee involving high-level civil servants from both countries.

The rental agreement was extended for a new 50-year period in 2010. The rent paid to the Rus-

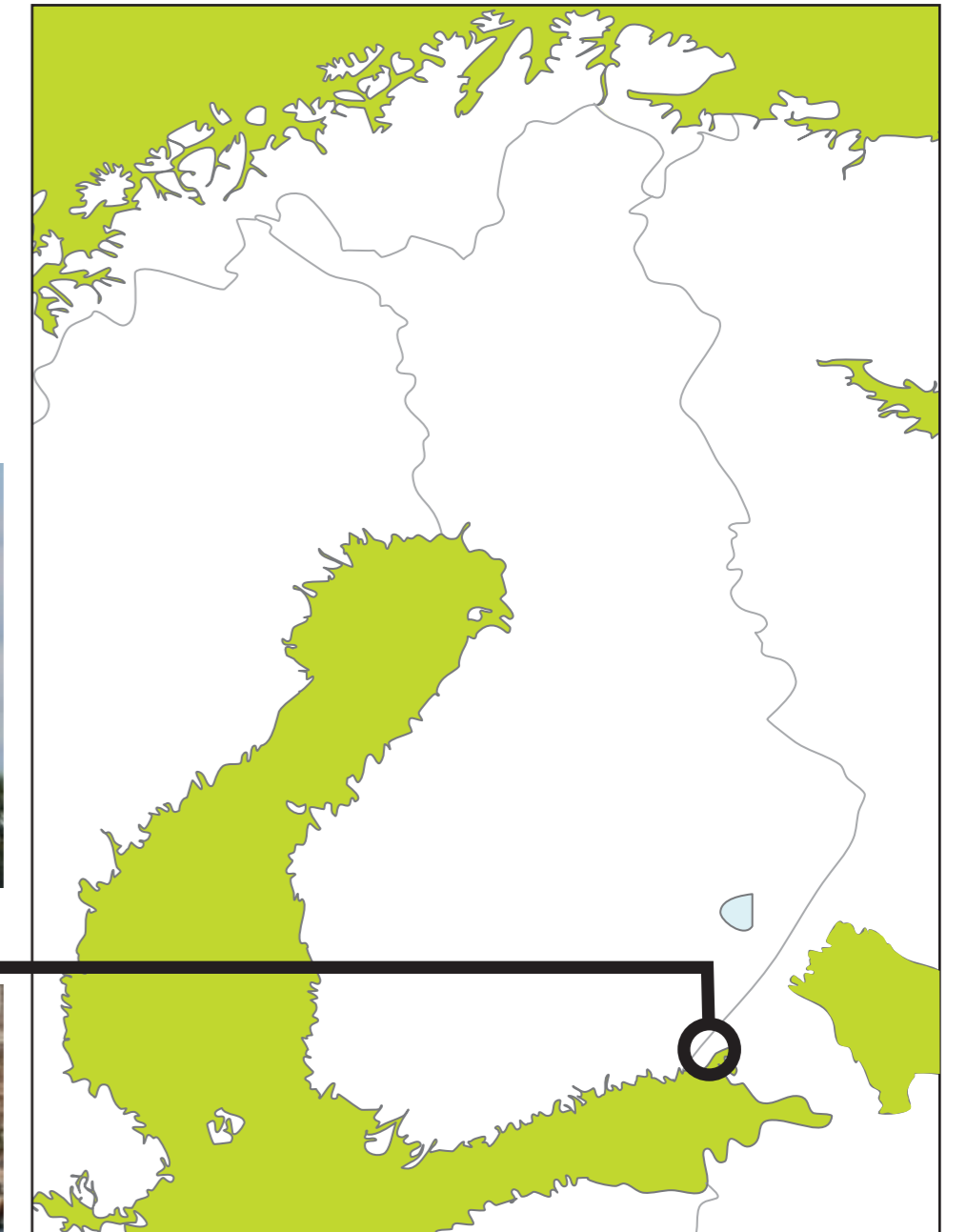
sian government is dependent on traffic volume. In 2011, it is estimated at 1.4 million euros (based on a traffic volume of 1.5 million tons).

“My opinion is that this good practice is not very easy to transfer to other European country because it is based between a land lease contract made within two states.... only three other examples of leasing land area from another country exist worldwide: Guantanamo, the Panama Canal and Macau. That’s why it’s not easy or needed to settle such arrangements.”

But the key to this proj-

ect’s good practice lies with its strategic location. This stretch of water is effectively the only inland water route from the EU to Russia and during the transfer visits interesting discussions were had regarding possible third-party inland navigation routes with Russia.

Source: Harri Lallukka, Senior Expert Savonlinna Region Federation of Municipalities



Saimaa Canal, Finland

Precedent

The first contract between Soviet Union and Finland for the land lease of the canal was signed in 1963. This allowed the modernization of the canal opened originally in 1856. This made both parties hesitant with each other in the

contract negotiations. The second contract, however, was signed with the precedent of fifty years of extensive and intensive cooperation between both countries and signing the contract was much easier.

Objectives

- Improving the flow of traffic in the Saimaa canal
- The highest traffic volume has been in excess of 2.2 million tons.
- The target for next years is to increase the volume to 4-5 million tons per year.
- This is possible if there is investment in the canal to accommodate winter/year-round traffic. (The plans for this have already been drawn up)
- The basis for increasing volume could be forest industry products as well as bio-energy and raw wood materials and mining products.

Roles & Responsibilities

- Finland is responsible to maintain the canal, locks and operation system as well as the maintenance of roads on both sides of the canal. Finland also takes care of piloting, ice-breaking and traffic guidance on the canal area. Russia is responsible of these operations on channels from the canal to the Gulf of Finland.

Success Factors

- After the first 50 years lease period many “big” decisions can be made in the Canal Council. The partners have learnt to trust each others, which makes the operations easier. Also the relations on personal level are very good. In all positions there is a person from the same organisational level on both sides, which makes the discussion easier and also increases the trust between persons and organisations.

Cost

- The annual rent is based on traffic volumes and is 1,4 mill. euros (based on 1,5 mill.tn). Some extras will be charged for extra services (like piloting and ice-breaking on sea area and agent fees).

Lessons Learnt

Control of the vessels, piloting the canal, and ice-breaking operations in the canal are too complicated (especially on the Russian side).

- Canal council (FIN + RUS): The power to make decisions in matters relating to the leased area; and Joint decisions/unanimous decisions.
- Board of management of the Saimaa Canal (FIN); This Board consists of the Finnish member of the Canal Council, who acts as chair of the board, and five others, who represent the Ministry of Foreign Affairs; the Ministry of Transport and Communications; the Finnish Transport Agency; the Finnish Border Guard; and the Finnish Tourist Board. The Board of Management has no public duties, but concentrates on tasks relating to the implementation of the lease contract.
- FGU Saimenskij kanal company (RUS)
- The Finnish Transport Agency (FIN)

New ideas for governance could make the control of the use of the canal easier and the traffic in the canal more fluent and rapid. That could lower the costs for cargo traffic from Lake Saimaa to the sea and add significantly to cargo volumes.

- 1963- First 50-year lease
- 2010- second 50-year lease

Bodies Involved & Partnership

Results

Timescale

