

“Talents on Top of Europe” Berlin 11 June 2007

Speech by Ole Frijs-Madsen, Director of Baltic Development Forum

Herr Minister Präsident und Präsident des Bunderates, Minister Haarder, Excellencies, Ladies and Gentlemen,

It is a pleasure to be here in Berlin, and I would like to express my gratitude to the Ambassador for hosting this important event. Also a great thanks to all the co-organisers. It is comforting to see so many familiar faces and enriching to see so many new, important stakeholders in the Baltic Sea Region.

Why are we discussing Talents on Top of Europe in Berlin today only 10 days from the European Council at the end of an impressive German Presidency?

Well, think of today's Germany, today's Europe and all the new, free, active, democratic neighbours we now have all around us and keep in mind what Europe looked like 18 years ago. We are today an open and flourishing Europe in an even bigger, globalized world. With all the new possibilities also comes new challenges and some of them regard the globalisation which both positively and negatively affects all of us.

Let's keep in mind the crucial events that took place in Europe in 1989, and then allow ourselves to think creatively about the future. If this region should develop with the same speed and reach the same milestones taken in the last 18 years then only the sky is the limit. Let me share a few predictions.

I could, for instance, imagine that the Baltic countries and Poland would have exactly the same standard of living for all its citizens as we have it here in Germany and Scandinavia today. We may in the future hopefully see - for instance - German and Danish workers travel to Poland and the Baltic countries to find even better jobs

Estonia, Latvia and Lithuania would - of course - be members of the Euro-zone and be able to use Euros long before we, in Denmark and Sweden, could join all the rest of Europe by using Euros as payments. What a lesson to our old democracies!

We would of also for a long time have finished either the Femern Belt Bridge or the Gedser – Rostock bridge which would make travelling in the region even easier than today, and make cross-border cooperation even more attractive.

Finally, I could imagine that the Baltic Sea Region on Top of Europe has become a world famous area for innovation, science, competitiveness, environmental standards and quality of life. A laboratory like Silicon Valley is today - where tourists, investors, bright students and citizens all want to be.

Is this a reachable vision or just a fata morgana?

It is, actually, clearly demonstrated that our region - and its 11 countries - are at the very top regarding the European Union's so called "Lisbon Agenda" for growth, welfare and a knowledge economy.

With its diversified economies, fairly flexible labour markets, impressive growth rates, old universities, world leading companies and vibrant cities this is no surprise, really.

Baltic Development Forum has documented this in a yearly benchmarking report made in cooperation with Harvard Business School and Stockholm School of Economics. We call it the **“State of the Region Report”** The main author is a dedicated German, Dr. Christian Ketels who originally studied Economics in Kiel.

The Baltic Sea Region and its 11 countries are generally known for its stable democracies, prosperity, competitiveness, decent social models, environmentally mainly sound policies and not least the capability to innovate.

Speaking of innovation, did you know that Germany is one of the most prominent European frontrunners of research and innovation today and registers impressively one patent at the European Patent Office in Munich every 22 minutes?

So we do have many things to be proud of and which the world can learn and benefit from as well as we can learn from each other. But even if we do fairly well on patenting we are still far behind the US in this area.

Talented people and the progress they can make is a crucial need for the world, for the EU and for the Baltic Sea Region. Here on the “Top of Europe” – talents and knowledge are the natural (and only) resource that can ensure our competitiveness and growth rates in the future.

In correlation with the revised Lisbon Strategy, the EU member states have committed themselves to invest substantially in research and education, which many already have done.

Nevertheless, a long haul is needed before the potential will be utilized and therefore the investments and initiatives have to be in accordance with that.

An even stronger focus on coordination between governments, local authorities and business would utilize the potential to an even greater extent.

We need to create an educational structure, where all human resources are cultivated to the widest possible extent. Not only for the brightest, but indeed a reassurance that all children are given the best possible education by the best teachers. The educational levels in the Baltic Sea Region are something we need to accentuate further as education is a lever of the society in general.

Speaking of the brightest and talented people. Would it not be fantastic if the best and brightest talents in the world considered it a privilege to study and work on “Top of Europe” exactly because of the combination of advantages the Region has to offer are so much better than other places?

Therefore academia, businesses and the governments need to look at this equation and provide the best possible environments for the talented and make sure that our advantages so far are maintained.

The possibilities for working and studying internationally are one of the pillars of this. Thus, the circulation of knowledge between the brightest could make them even brighter – and our region richer - by gathering the talents in specialised units, not defined by borders, but by an attractive, intellectual environment.

This international intellectual environment would be a magnet and create self-perpetuating processes across the national borders. Hopefully, the Baltic Sea Region will be known as the “**Brain of Europe**” in the future, as suggested by Anders Flodström, Dean of the KTH in the newly published edition of the BDF Magazine.

But what is it about talents that are so important?

Well, the term talent has a positive association and is often used to describe a person who possesses an unusual ability in some field or activity. In the rapidly changing world most job functions request flexibility and adaptability. True talents are capable of relating to this.

In addition, it is important to keep in mind that creative and innovative minds often go against the flow before they - in the end - begin to determine the flow.

Take Albert Einstein for example. He could not find any supporters for his ground-breaking ideas in many years, but this did not stop his commitment to develop new radical theories which today are part of the foundation of physics and the general assumption of how the universe is structured.

There is a need to think ground-breaking, to find new ways to do things and we need places for sharing and developing these thoughts.

In Baltic Development Forum we wish to set the agenda by initiating and facilitating ground-breaking ideas. Each year we gather important stakeholders from business, politics, academia and the media from the Baltic Sea Region and beyond to discuss themes that are crucial for the further development of the Region.

This year's **Baltic Development Forum Summit** is convened in **Tallinn, Estonia 4-6 November** with the overall theme "Global Challenges, Regional Solutions – Creating a World-Class Arena for Talents on Top of Europe." Naturally we look forward to welcoming you there.

At last year's Summit in Helsinki the Estonian Minister of Education and Research, Mailis Reps clearly stressed that the knowledge based economy is the key to sustainable success.

Along with creative talents - she said - our economies need to become knowledge-based since we cannot compete with India, Pakistan and China on cheap labour, which underline even further the need for the attraction of the best and brightest.

Estonia has – as one of the Baltic Tigers - clearly shown that it is possible to adapt to a new situation and take advantage of the growing need for a knowledge based economy.

In that regard we need further to attract some of the knowledge communities the EU is creating in the near future under the umbrella of a **European Institute of Technology – or an EIT.**

The Baltic Sea Region should benefit from this making the rest of Europe aware of the resources and reasons why this region is doing so well in relation to growth and competitiveness. In that regard we must all put our minds together and make sure that the Baltic Sea Region on Top of Europe will be given some of these knowledge communities.

An EIT will act as a magnet to gather some of the brightest talents of Europe and the world, which in combination with other initiatives could accelerate the innovation capacity in Europe. Nevertheless, EIT or not, the “innovation gap” between the US and the EU will not disappear, but it could be a new beginning for common European innovation.

Along with the proper use of creative talents, cluster development is an important measure to become more competitive in the future, and here the regional context is very important.

Most initiatives have so far been nationally oriented, but as - highlighted in the State of the Region Report 2006 - the opportunities for cross-national dimensions are an unexploited potential. There are a broad variety of initiatives in this area

already; among the successful ones is naturally **ScanBalt** that has achieved impressive results.

Another success story is the European ICT sector that drives 50 percent of the EU growth and provides substantial spillovers to other sectors. This is an excellent example of the need for thinking ahead.

I should emphasize the Estonian entrepreneurship in relation to ICT. The strategy was clearly set many years ago, and now we see what the Estonians have accomplished. This is symbolized rather clearly by Estonia being the first country ever to allow national elections via the internet. Estonia is also covered all over its territory by wireless internet access. Quite an achievement!

Other initiatives are set to boost the EU in the right direction. **The 7th EU research framework programme** establishes the foundation for the next years EU initiatives including the Competitiveness and Innovation Programme with a total budget of 50 billion EUR over 6 years.

We need to set the sails for the **European Research Area (ERA)** today rather than tomorrow in order to realize the true potential for the clusters and talents in the EU. The substance in the idea of the ERA plays a very important role in an overarching future EU perspective, but too many national barriers still remain before the European Research Area can be realized.

In conclusion:

We must share and learn from our best practices in the search for better solutions, which will enable our Region to take the next step into the future of research, education and innovation. As Uffe Ellemann-Jensen, the Chairman of Baltic Development Forum has said we should be seen as **“the smart region on Top of Europe”**.

Let's cooperate on putting this region on the global map making it a place where people, goods and ideas can move freely from coast to coast, to the benefit of us all.

This is where our common future is!

Thank you for your attention!