

Dear Governor, Ladies and Gentlemen, dear friends,

All well-informed people know, that we are enjoying this dinner only a few kilometres from the geographical centre of Europe.

And Kaunas! This city is so loaded with the history that is the backbone of our region. Once a capital – now a reminder of what lies behind us, and what is ahead of us.

The title of tomorrow's Conference, 'Shaping the future of the Baltic Sea Region' sets the right tone.

We have every right to be ambitious – and to use the opportunities to shape a future that puts the past behind us. Where the past should be.

We have all come a long way already. Since walls and curtains disappeared less than two decades ago, we have seen how those who had the courage to change the course of history, and those who were forward looking in their vision, have had not only their ambitions fulfilled – no: even their wildest dreams have come true!

In 1989, no one was able to foresee that we would have come that far in building a successful Baltic Sea Region. To illustrate the situation: Last year the Baltic Sea Region – based on stable democracies - outperformed even the NAFTA-countries in terms of economic progress and growth. Well done!

We have to keep this in mind these days when we are confronted with all the gloomy figures of the financial markets and the banking sector.

We cannot rest on our laurels. New challenges are facing us. And – I am sorry to spoil the festive mood at this opening dinner – but we all have to realize that history was not “dead”, as it was fashionable to claim. History has resurrected, very recently, and we all have to ask ourselves how to cope with this situation, that might endanger what we have achieved.

I am of course referring to the situation following the war in Georgia.

I could speak on that for hours. I won't. Let me just say this: Now is the time when we all – and I mean ALL – must stick to the set of rules on how to treat each other, that were established in those difficult times when we were still talking about a cold war. We do not want to return to those times! But we cannot avoid it by just glossing over the sad fact, that there are differing views regarding the right way to behave internationally.

You all know where I stand, I'm sure – so I'll spare you for a lecture...

I just want to use this opportunity to signal, that I am very deeply worried, that we might enter a new period of frozen global relations that will indeed be to the disadvantage of us all. In particular, perhaps, in our region.

It would be a pity, indeed, if we would have to turn the clocks back and concentrate our attentions on political controversies – instead of a more fine-

tuned business and economic orientation. To day the new economic challenges come increasingly from outside the Region due to the advancing globalisation process. Regional co-operation can play an important role in finding ways to address the competitive pressures of globalisation. This is important.

Let us hope that we will succeed without too much further delay in adopting a new Treaty of the EU. Only through a strong EU will it be possible to have strong regions in Europe and a prosperous Baltic Sea Region inside the EU. We cannot substitute one with the other. They must go hand-in-hand and be mutual supporting.

From this perspective, it is very welcome that the European Commission has chosen an ambitious path towards presenting an **EU Strategy for the Baltic Sea Region**. I am sure that the next days' conference will provide inspiration and substance to the work of the European Commission. A strong Baltic Sea Region Strategy will help the EU to stay efficient and relevant to all of us.

But let me get back to the present problem – and Russia!

Russia should not be isolated – even though Russia has violated the set of rules that we should all adhere to... We need Russia. And Russia needs us. Therefore, the answer to moving forward in our relations with Russia is DIALOGUE, DIALOGUE and DIALOGUE. And dialogue also means that you speak out what is really on your mind. So let me make this clear: In our Europe there is no room for the idea that a big country should be

allowed to create a cordon-sanitaire of small suppressed neighbours. We do not want “spheres of interest” in our Europe! Let's be clear about that!

Regional Platforms like this and the BDF Summits are excellent fora for involving our Russian partners and to carry on the work of engaging both Moscow and the North-Western parts of Russia in the Baltic Sea Region. At a moment, where the EU Strategy for the region receives much attention, it is even more important to stress the need for dialogue and sub-regional co-operation with Russian partners.

We – the EU member countries of the region – should be ready to tango: But it takes two to perform this dance, as we all know.

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Finally, let me highlight energy and climate change as an example of an agenda that embodies all the elements that we need to observe when advancing cooperation on all levels in our Region.

First of all, the Baltic Sea Region has the chance of becoming a frontrunner in renewable energy and energy efficiency, based on excellence in research and a skilled labour force.

Secondly, security of energy supply should be taken seriously. In a well-functioning market, many suppliers have equally important roles to play. Dependency of one source of energy or one dominant supplier of energy

must be avoided. Energy as a foreign policy instrument is unacceptable and economically foolish. It can be avoided if are ready to advance regional planning.

By promoting energy integration and energy infrastructure developments, the Baltic Sea Region could become an advanced and well-functioning energy market on Top of Europe. To meet this challenging agenda of today and tomorrow, we need to have common ambitions to shape the future.

We need to “Energize the Climate for Business in our Region”.

This is also the headline of this year's BDF Summit in Copenhagen-Malmo on 1-2 December. At this Summit we will take up energy cooperation in the Baltic Sea Region. In cooperation with the European Commission we will also discuss the EU Strategy on the Baltic Sea Region, in particular how we can make better use of the EU in creating a more competitive and prosperous region.

We need ambitions. I am happy that this conference in Kaunas and the BDF Summit in Copenhagen-Malmo share the same approach and that we can compliment our efforts and objectives.

See you all in Copenhagen and Malmo later this year, I hope.

And let us tell the rest of the world: We are the champs!