

**Conference Report 2012**

# Connecting Europe – Smart and Green Partnerships

**14th Baltic Development Forum Summit  
European Commission's 3rd Annual Forum on the EU Strategy  
for the Baltic Sea Region  
Copenhagen, 17-19 June 2012**

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## About this publication

The purpose of this Conference Report is to present the general outcome and the different features of the 14th Baltic Development Forum Summit and the European Commission's 3rd Annual Forum on the EU Strategy for the Baltic Sea Region. It covers the thematic sessions, speeches, debates and activities during the three conference days. Editor of the report is Dan Axél, Head of Communication at BDF who is responsible for the content which is also based on the inputs from several rapporteurs, interviews and sound files from the sessions.

# Now is the time to lay the foundation of the next 7 years of co-operation

Future investments, partnerships and new regional projects were key issues during the three days of conference. The present economic crisis in Europe, and the EU-ne-

gotiations of the 2014-2020 financial period, called for new commitment and new ways of co-operation on all levels in the Baltic Sea Region.

Johannes Hahn, Commissioner for Regional Policy, in his speech at the conference, stressed that future investments in better connections for transport and energy, and networks for research and innovation, were vital to deliver the results that citizens wanted. He underlined that now was the chance to take a fresh and comprehensive look at funding and policy design to establish a more effective base for the next seven-year funding period. He referred to this as a “great opportunity” that would only be properly used if “Strategy-thinking” became a reflex at all levels of government, across all ministries involved.

## Counting on member states

The EU Commissioner counted on all member states involved to seize this big opportunity, and make use of all relevant financial resources, because – as he mentioned – we will never have the region we want if we try to rely solely on territorial co-operation funds. At the same time Johannes Hahn hoped for intensified co-operation with the private sector and called for action to lay the foundations for such partnerships in the future.

Hans Skov Christensen, Chairman, Baltic Development Forum, looked at the participation of more than 850 stakeholders at the conference as evidence of the importance of future co-operation in the Baltic Sea Region. He called it a “precious aspect” of the region showing the will and wishes to come together and make better use of the competences and opportunities. At the same time he was somewhat afraid that the EU strategy for the region would become a bureaucratic phenomenon only for civil servants to make better use of existing resources.

## Greater involvement of the private sector

The BDF chairman in his speech at the conference said that no one can be in doubt of the importance of enhancing co-operation in the Baltic Sea Region. He stressed that Baltic Development Forum would do its best to involve the private sector more strongly – therefore a new regional Competitiveness Council would be established by BDF to present views on priorities and policies, Hans Skov Christensen promised.



*Johannes Hahn, Commissioner for Regional Policy  
(Photo: Hasse Ferrold)*



*Hans Skov Christensen, Chairman,  
Baltic Development Forum*



The session participants *Photo: Hasse Ferrold*

## The opening session signaled a clear political commitment to cooperate in the region

The opening session of the Conference “Mastering smart and Green Partnerships – How to boost Economic growth and Competitiveness in the Baltic Sea Region” gave the attendees the opportunity to learn the more political views on how to create the best conditions for future co-operation in the region, at a time of severe economic challenges in the EU.

The introductory statements by the Danish Minister for European Affairs, Nicolai Wammen – and by Johannes Hahn, Commissioner for Regional Policy signaled optimism: “Growth in the Baltic Sea Region means growth in the rest of Europe. This is a region that is an engine for growth,” were Nicolai Wammen’s encouraging words.



Nicolai Wammen, Minister for European Affairs  
*Photo: Hasse Ferrold*

Johannes Hahn noted that what we need – and what the BSR has the potential to reflect – is a new entrepreneurial spirit what we need now to get out of the crisis is a spirit of readiness to

investments and entrepreneurship. The EU Commissioner underlined that while regional fund money constitutes an important contribution to boosting sustainable economic growth, the full commitment of the private sector is crucial to achieving the full benefits.

The panel discussion between high ranking representatives and ministers from 5 Baltic Sea countries, from the Danish EU Presidency and from the European Investment Bank, all stressed the possibilities for a kind of new beginning because of the upcoming EU budget (MFF), the multi-annual framework, the EU 2020 plan, and the contents of the revised EU Strategy for the Baltic Sea Region (EUSBSR).



Piotr Serafin, Secretary of State, Ministry of Foreign Affairs, Poland, emphasised that the MFF multiannual framework – for Poland and the Baltic States will be essential for the projects in the region.

Piotr Serafin, Secretary of State, Ministry of Foreign Affairs, Poland

“I do believe in the debate we have right now in Europe about austerity, and on the other hand, growth the Baltic Sea Region is something that has to be promoted. When you look into macro-economic data we did manage – much better than in other parts of Europe – to find a good balance between fiscal consolidation on the one hand and financing future growth on the other hand,” Mr. Serafin said.



## Improving connectivity

The panel discussions revealed the importance of promoting “connectivity” in all its aspect as it will create growth and jobs. Delivering concrete results will require co-operation at all levels and must include private partners. Cornelia Pieper, Minister of State, Foreign Federal Office, Germany, pointed at the common history and shared ideas of freedom and welfare will continue to bind the countries tighter together. She also hoped that the progress in co-operation with Russia that has developed under German Presidency of CBSS – Council of Baltic Sea States – would continue.

Vytautas Leskevicius, Vice-Minister in the Ministry of Foreign Af-fair, Lithuania, agreed, but called for the removal of existing economic obstacles in the region. He pointed at the prosperity gaps that were still obvious throughout the Baltic Sea Region.



Viktors Makarovs, Parliamentary Secretary, Ministry of Foreign Affairs

Viktors Makarovs, Parliamentary Secretary, Ministry of Foreign Affairs, Latvia, noted that success in enhancing the connectivity in the region depended on political commitment. “All these wonderful strategies and institutions will not work to their full potential unless we address the issue of diversity of this region: some are richer than others. Therefore we must capitalize on the positive diversities: languages, skill, culture, etc. Knowing each other better is a way to reach these goals,” Mr. Makarovs noted, emphasising that the idea of smart, green and inclusive growth is not something we got from the European Commission. “These are the ideas and values that are naturally occurring in this region – and to the Nordic countries“, he said.

## Boosting the attractiveness

The revised EUSBSR was mentioned during the session not only to its role in further exploiting the potential for growth and jobs. An integrated framework within the Baltic states and their neighbouring non-EU countries providing a stronger co-operation is the overall aim of the revised EUSBSR.



Esko Hamilo, Under-Secretary of State, Ministry of Foreign Affairs, Finland, stressed that individual countries have to begin to strengthen co-operation by themselves, fostering sustainable growth, innovation and competitiveness. “We have to be strong to cooperate. You put weak and weak together, and you do not come out strong.” he said.

Esko Hamilo, Under-Secretary of State, Ministry of Foreign Affairs

His recipe was building missing transport, energy, and communication links, and he found a certain readiness in the region to explore the possibilities of public - private partnerships alongside the development in the internal market.

Mr. Hamilo pointed out that the Baltic Sea Region consisted of 60 million inhabitants with considerable purchasing power. “It is clear that our small countries are not sizable enough to attract major foreign investment, so we have to encourage our partners both in the West and in the East to look at the region as a whole. So, within the Strategy context, a lot can be done to boost the attractiveness of this region for investments,” Esko Hamilo said.

**Nordic Investment Bank (NIB)** is the common international financial institution of the Nordic and Baltic countries. NIB has a special mandate to enhance competitiveness and the environment of the region through its lending activities. In accordance with its mandate, NIB provides long-term financing to projects within such sectors as energy, environment, transport, logistics and communications, and innovation. NIB has the highest possible credit rating, AAA/Aaa, with the leading rating agencies Standard & Poor’s and Moody’s.

# Revitalising transport and creating new partnerships



Big infrastructure projects have the potential to kick-start cross-regional development and must not be abandoned in times of gloomy economic forecasts, said Siim Kallas, Commissioner for Transport in the European Commission, opening the session Together for better connections: private-public partnerships in transport and logistics.

According to Vice-President Siim Kallas, Commissioner for Transport, infrastructure is well placed to help re-dynamise the European economy:

"With smooth, integrated networks and proper connections across Europe, we can give our economy a good chance to grow," Mr. Kallas said, mentioning United States figures showing that infrastructure investment spending created about 18,000 total jobs for every \$1 billion in new investment spending.



Photo: Miklos Szabo

## Siim Kallas:

*... transport is well placed to help re-dynamise the economy ...*

*... infrastructure investment spending creates about 18,000 total jobs for every \$1 billion in new investment spending ...*

*... Involving the private sector is not only about innovative financial instruments. This is about a stable legal environment, and about avoiding political interference and political volatility. It is about the belief that innovation and a creative economy can be created by a market economy, by private entrepreneurship – and not only by governments working from the top down ...*

## Bonds, PPP and fees

The panel at the transport session agreed that with the new regulatory constraints and banks' weakened liquidity one way to attract investment is project bonds – one of the instruments available under the €50 billion programme Connecting Europe Facility, adopted last October.

The Commission is also looking at ways to enhance the financial structure of innovative public-private partnerships. Such schemes allow the public sector to get better value for money by transferring risk to those with the best expertise for managing it.

A third way to raise revenue is more precise and more intelligent infrastructure – charging rules to raise revenue – for example the Eurovignette system for charging heavy goods vehicles, Transport Commissioner Kallas said.



Photo: Miklos Szabo

## The state guarantee model

Another financing model was presented by Leo Larsen, CEO of Femern A/S, the company overseeing the Fehmarn Fixed link project. This will be the third international fixed link project in Denmark, which the company is responsible for, linking Denmark with Germany.

"I dare say than none of these projects would have been implemented, had normal state budget procedures been followed," Leo Larsen said.

Instead, loans are raised on the capital markets being backed by state guarantees, Leo Larsen explained, underlining the economic importance of the previous projects.



Kristin Vinje, Vice Mayor for Finance, City of Oslo, Leo Larsen, CEO of Femern A/S and Jens Bjørn Andersen, CEO, DSV  
Photo: Miklos Szabo

## Connections and competition

Next speaker was Aleksii Randell, Mayor of Turku, informed the attendees at the transport session, that the Finnish city has just

recently been connected to Helsinki by motorway, which has made travel between cities faster and safer. Like the Danish fixed links, the project would not have been implemented if it had not been for public-private partnerships. Randell encouraged other cities to engage in similar projects: Competitiveness and attractiveness of societies and countries depend on, to great extent, well functioning logistical connections with key markets.

Another infrastructure project enhancing Finnish competitiveness and attractiveness is the new high-speed connection between Helsinki and Saint Petersburg, which has reduced travelling time to just 3.5 hours. The next step is to extend the high-speed connection to Turku, but Finnish ambitions do not stop here, Aleksis Randall said. Southern Finnish cities have launched a bold new infrastructure initiative: a Stockholm-Turku-Helsinki-Saint Petersburg corridor. Such a corridor would boost cargo and passenger transport between Scandinavia, the Baltic states, and the 15 million people living in North-Western Russia.

## The private perspective

Next on the podium was representative for European business Jens Bjørn Andersen, CEO of DSV. The Danish freight forwarder company constantly has four trucks on the Storebaelt bridge. It has 22,000 employees and an annual turnover of six billion euros – half of which stem from operations in the Baltic Sea Region.

“Compared to 1999, trading conditions have improved tremendously. Barriers among EU countries have come down and everything has become more transparent. DSV is seeing decent growth rates in the Baltic Sea Region, where several countries are leaders in green technology. In recent years, however, governments have become a little too complacent when it comes to advancing green transport,” warned Jens Bjørn Andersen.

“If there are three things we ask for, it is harmonisation, harmonisation, harmonisation,” said Jens Bjørn Andersen. “Putting burdens on transporters just means costs being passed on to businesses,” said the CEO.

Flagship Project:

### **SUBMARINER - A future road for sustainable uses of marine resources in the Baltic Sea Region**

The presentation focused on the SUBMARINER compendium, which describes current and potential future marine uses in the Baltic Sea Region. For the compendium, SUBMARINER has inter alia developed a comprehensive inventory of innovative sustainable uses, analysed the strengths, weaknesses, threats and opportunities to the Baltic Sea Region, assessed their environmental and socio-economic impacts, as well as market opportunities, and described the gaps and obstacles in the legal framework.

Flagship Project:

### **TransBaltic – A joint vision for transport development**

TransBaltic presented a Macro Regional Transport Action Plan (MTAP) – the ultimate product of the strategic process run by TransBaltic, in co-operation with several transport corridor projects, the pan-Baltic networks, the national governments of the Baltic Sea countries and the European Commission. The document contains policy incentives addressing a need to better integrate the national and regional networks around the Baltic Sea in the context of accessibility, connectivity, territorial cohesion and sustainable regional growth, as well as preparedness measures to make the BSR transport system robust enough to absorb the increasing transcontinental transport flows.

## **March 25. Transport Ministers back new EU core transport network**

**15,000 km of railway line will be upgraded to high speed, 35 major crossborder bottlenecks will be reduced, and all other transportation operations for passengers shall by 2030 be transformed into a unified European transportation network (TEN-T). The EU's Transport Ministers have yesterday agreed upon ambitious proposals from the European Commission. Many of the plans for the future core transportation network will benefit projects in the Baltic Sea Region.**

Commission Vice-President Siim Kallas, responsible for transport, said: *“This is a very significant step forwards. Transport is the lifeblood of the European economy. And if it does not flow smoothly, our economy will weaken and fail to grow. Ministers have today given strong political backing for plans to build the strategic transport connections necessary to fuel Europe's future economic growth.”*



Photo: Miklos Szabo

Ministers endorsed the Commission's proposals for:

#### 1. A new EU transport core network

Ministers backed proposals for a focused EU core transport network to be completed by 2030. Built using 10 major implementing transport corridors, this core network will establish the vital transport connections necessary to underpin the single market and fuel future economic growth. It allows a more focused and effective targeting of EU transport investments.

The core network will be complemented by a comprehensive transport network feeding into it, with a time horizon of 2050. This comprehensive network will ensure full coverage of the EU and accessibility of all regions. Both layers include all transport modes: road, rail, air, inland waterways and maritime transport, as well as intermodal platforms.

For links to the Council website, with maps agreed upon at the Transport Council, see:

#### 2. High technical standards in the core network

The Commission's proposals set common technical requirements for the TEN-T infrastructure – with stronger requirements for the core transport network. This is to ensure seamless transport connections and interoperability throughout the network.

It is clear that, in particular, for the core network, technical requirements must be able to interoperable across the network. For example, ERTMS (the European Rail Traffic Management System), the basic ITS systems to control the trains, must apply on most parts of the TEN-T network. Equally, road safety



standards, in terms of tunnel safety requirements and road safety requirements, must apply across the network, and the technology for ITS (intelligent transport systems) must join up. As well, if there are future electric vehicle infrastructure charging points to be built, logically, they must meet common standards, so that cars can use them all across the network.

#### 3. 10 major transport corridors

A major innovation of the new TEN-T guidelines is the introduction of 10 implementing corridors in the core transport network. This is necessary to ensure the co-ordinated development of the network. The corridors will bring together the Member States concerned, as well as the relevant stakeholders, for example infrastructure managers and users. European co-ordinators will chair "corridor platforms" that will bring together all the stakeholders, who will be a major instrument to guarantee co-ordination, co-operation and transparency. The Commission's TEN-T proposals define the maps, technical requirements and target deadlines for the completion of the comprehensive and core network.

Under the new proposals, the new core European transport network will connect by 2030:

- 86 main European ports with rail and road links;
- 37 key airports with rail connections into major cities;
- 15,000 km of railway line upgraded to high speed;
- 35 major cross-border projects to reduce bottlenecks.

The TEN-T guidelines are an important element of the infrastructure package put forward by the Commission in October 2011, which also included the Connecting Europe Facility and the project bonds initiative.

#### What happens next?

The agreement reached today is a first step in the legislative process. The proposed regulation must still be approved by MEPs in the European Parliament at first reading. A vote by the European Parliament is foreseen for early 2013. With strong political will, the final text could be adopted in the first half of 2013.

## Creating new super regions

Mega-cities have long become the engine for global growth. Scandinavia is too sparsely populated to benefit from this global trend, but Kristin Vinje, Vice Mayor for Finance, City of Oslo, in her speech at the transport session suggested that reducing travelling time between Oslo and Copenhagen to 150 minutes by a high speed train connection could be a way to create growth in the area.

Such a project would create a metropolis with eight million inhabitants. This would bring 29 universities within tolerable traveling time, unite 260,000 university students, 14,000 researchers and 22 science parks, Kristin Vinje said.



## Regional perspectives on Private-Public Partnerships (PPP)

The session on Regional Perspectives on PPP discussed the possibilities to bring in new financing sources for funding public infrastructures and service needs, in particular when there are pressures on public budgets. But there is still a long way to go before the PPP is widely accepted as an attractive tool, was the general opinion in the discussions.

The panel in the session - Regional Perspectives on PPPs - saw the PPP as an important tool that would be better suited to some locations and projects than others.

Olgierd Geblewicz, Marshall, West Pomeranian Region and Chairman of the Baltic Sea States Subregional Co-operation (BSSSC), noted that public-private partnerships were still seen with some suspicion by both sides of the partnerships. Poland had not come very far in making use of this style of co-operation.

Per Bødker Andersen, President, Union of Baltic States, suggested pragmatically that PPP should only be used when it was found useful. Both sides needed to come to the table on the same level, having each done their homework and without cheating.

BDF Director Hans Brask said that many issues of today demanded better dialogue between public and private actors in order to find sustainable solutions in areas such as climate change, energy and water. Often, the private sector could deliver the technological solutions. In Eastern Europe PPP model had not been



Hans Brask, Director, Baltic Development Forum

easy to grasp. Against the backdrop of formerly Soviet or communist states, society demanded in the 1990s a strict separation between politics and markets. Now, the PPP concept had again tried to integrated the public and private sector in a new way that was often seen as a conflicting way, he noted.

The panel concluded that dialogue between the public and private sector – and thoughtful preparation – would be a key component in the region, both in terms of quality and quantity.



## Different views on how to finance infrastructure

Infrastructure requirements are exceeding existing financing resources. So far high ranking banking representatives agreed on during the parallel session “Private-Public Partnerships: How to Finance Infrastructure”. However, when it comes to use the public-private financing tool to bridge the gap, they are more sceptical.



Henrik Normann, CEO, NIB

Henrik Normann, CEO, Nordic Investment Bank, is not an optimist: “PPPs is one of those phantoms that suddenly comes up because it sounds nice: it gives a good feeling because of collaboration between the private and the public sectors, and we do not need to demonstrate balance sheets and we can grow without taxpayers paying...”. Looking back at the history of the Nordic market, Mr Normann underscores the fact that only EUR 6 billion had been disposed – evidence that it did not work as it should in reality. He liked the idea of PPPs, but pointed out the many challenges. It was a difficult, costly, time-consuming process. If we wanted to improve the use of PPP, then we needed better specialisation and acceptance of legal structures across Europe, Mr. Henrik Normann noted.

Byron Kabarakis, Project Officer, DG REGIO, European Commission underlined the idea behind the concept. What was important was to understand how PPP was defined. Giving value for money was the crucial idea behind it; the point was how to improve the level of service delivery (private sector had a better understanding of a service-oriented mindset, compared to the public sector).

Mr. Kabarakis emphasised the importance of overcoming mental obstacles and thinking in a modern way. Diversification of projects and development of projects, portfolio were crucial for successful application of PPPs.



Photo: Hasse Ferrold

Anita Fürstenberg, Director for the Baltic Sea Region, European Investment Bank, expanded the definition of the PPP concept. She highlighted three areas where PPPs were handled in EIB: in lending, blending and advising. PPPs had many forms, and what was important was that the risk distribution could be better balanced. The project bonds initiative had been highlighted. There were already projects financed through project bonds in the transport sector. The plan was to continue on to energy and broadband.



## Networking and Project Village

43 exhibitors filled the Networking and Project Village during the two days at the Venue. Close to the Plenary Hall and auditoriums it was a well visited and a positive experience for the participants who walked around in a mix of active partners mirroring the Baltic Sea Region.

### EFINORD NB Forest: re- search-based information on Nordic and Baltic for- ests and forestry.

NB Forest is a regional information and communication portal on forest research in the Nordic and Baltic region. It promotes the dissemination and sharing of forest and forestry-related information and knowledge for the regional forestry community. The motivation, as a researcher or research institution, to participate and contribute to the information portal are multiple. The portal is a unique way to communicate research results and create a network of knowledge for participating institutions.



## Science Link

is a Flagship Project of the EU Strategy for the Baltic Sea Region, financed in part by the European Regional Development Fund. Research co-operation in the Baltic Sea Region is the goal of a transnational network called Science Link. The competitiveness of the region will be developed by accelerating innovation processes. To reach this goal, co-operation in the use of the large scale research infrastructures will be intensified. In the framework of Science Link, commercial users, will have easier access to the state-of-the-art research infrastructures.



## Baltic Deal

Putting Best Agricultural Practices into Work is a Flagship Project of the EU Strategy for the Baltic Sea Region, financed in part by the European Regional Development Fund. Best agricultural practices, measures and investments are demonstrated in a Baltic Deal network of over 120 demonstration farms around the Baltic Sea Region. Baltic Deal provides advisory organisations with improved, cost - efficient methods and tools to support farmers to reduce nutrient loss on farms while maintaining production and competitiveness.



# “You have a special place in my heart”



Crown Prince Frederik of Denmark officially opening the event  
Photo: Hasse Ferrold

Crown Prince Frederik of Denmark:

“This Baltic Sea Region has a special place in my heart. A little more than 20 years ago, I studied political science at the University of Aarhus, and almost by chance my focus ended up on the three Baltic states. At that time, the countries were struggling for their independence from the Soviet Union and later Russia after having officially proclaimed their independence. They were in their childhood of re-establishing statehood and ever since I have followed the countries and the region. Because of that interest, I ended up doing my final thesis on the three Baltic states security and defence policy, which was highly interesting and challenging.”



Hans Skov Christensen, BDF, Crown Prince Frederik, Frank Jensen, Lord Mayor of Copenhagen, Uffe Ellemann-Jensen, Former Chairman BDF, and Andrus Ansip, Prime Minister, Estonia  
Photo: Hasse Ferrold

“It is good to see that co-operation across the Baltic Sea has become like just another day in the office. The profound divisions and conflicts belong to the past. We can be proud of what has been accomplished, both in terms of economic and political stability, and I am pleased to see that so many people are taking active part in the regional co-operation, and that it is a high priority for organizations, private companies, NGO’s and grassroots. I am convinced that you will experience many interesting discussions and as good neighbours you will all end this conference as both winners and better friends.”

## New ideas and visionary proposals



Prime Minister Helle Thorning Schmidt, Denmark arriving  
Photo: Hasse Ferrold

Prime Minister Helle Thorning Schmidt:

“The Baltic Sea Region has the potential to be one of the most prosperous, innovative and competitive regions in the world. And your conference here is about finding ways to seize this potential, particularly by strengthening public-private partnerships, and I strongly recommend this approach...”

Creating growth and jobs for the European citizens has been the primary objective for the Danish Presidency from the very outset and it will remain on the very top of the agenda for the last two weeks. We will actually be sprinting to the finish line to ensure as many concrete results as possible, not least during the end of June.

Dear participants, Ladies and Gentlemen. As you dive into the discussions here in Copenhagen on smarter, greener partnerships, please bear in mind that the difficult economic situation in Europe makes it even more pressing for us to come up with new ideas and visionary proposals. Our continent needs a push forward, and fortunately the Baltic Sea Region is well placed to show the way for Europe.



Photo: Hasse Ferrold

Europe has now shown our international partners that we are prepared to move forward through concrete steps – for Europe it is not just talk: it is also action. I am pleased to note that the Baltic Sea Region and the Baltic Development Forum have taken strong positions on this issue on energy security and energy efficiency.”

## “Time to take the next step towards a digital future”



Photo: Hasse Ferrold

Prime Minister Andrus Ansip:

“Over the years, we have highlighted in this Forum the close marriage between growth and competitiveness – pointed out the needs to remove barriers. We have a good opportunity – if not a duty – to take a lead in cross border e-services in the EU. We are sufficiently advanced in ICT usage within our national borders and should be taking the next and new steps now. Some cross-border exchange is happening. For example, Finnish or Lithuanian citizens and companies can easily use public e-services in Estonia with their domestic e-identity. But this is only one of few examples so far.



Prime Minister Andrus Ansip, Estonia  
Photo: Hasse Ferrold

We should convene a high level task force to prepare the regional digital agenda and see to its implementation. We can do this in the framework of EU’s Baltic Sea Strategy or other existing platforms, and convene key public and private sector representatives of all Baltic Sea countries.

Flagship Project:

### ScanBalt

promotes a globally competitive BSR Health Economy. The flagship serves as an umbrella for a multitude of co-ordinated activities applying to shared visions and values and utilizing a common communication and co-ordination structure. 1) HealthPort: Business acceleration support and training bridging innovative SMEs and health care organisations to strengthen the BSR Health Economy 2) Eco4Life: Bridging academia, administration and SMEs for knowledge based bio-economy in the South Baltics 3) Baltic Alliance against multi-resistant bacteria.



### Imprim - Quality of Health for All

“Three perspectives on Primary Health Care (PHC) development from the ImPrim subprojects were presented. 1. Economic steering of health care, espec. incentive payment schemes and quality indicators for PHC, 2. Nurse empowerment – the specific competence of well educated nurses are today not taken care of in many BSR countries. 3. PHC as an arena for counteracting bacterial resistance. More than 90% of all antibiotics are prescribed in PHC. The need of education and restrictions is great today.”

With similar steps in transportation, energy and digital single market areas we can connect Baltic Sea region more closely together and thereby lay the foundation for future common growth.



**Helmut Dosch, Prof. Dr., Chairman of DESY Board of Directors, Hamburg**

*«We have to get to bridge complex material behavior. This requires knowledge on molecular level, that is why we need these microscopes, but tools do not make science — people do. Building these structures has its loops. Operating a resource for its lifetime of maybe 20 years also requires serious thought.» «This will be a world leading microscope, we would be stupid not to join forces but it is mandatory that we cooperate.»*

## Bridging belts and brains

Hosting about 200 participants, the 2012 BDF Summit and Annual Forum started in Malmö, Sweden on 17 June. The unofficial opening session “Brains and Bridges – Research, Innovation and Growth in the Baltic Sea Region” took place in Restaurant Glasklart’s impressive hall facing the Öresund belt between Sweden and Denmark. In her welcoming speech, Pia Kinhult, First Governor in Region Skåne, pointed out that Öresund no longer divides — it unites. Since the opening of the Öresund bridge in 2000, the Swedish Scania Region and the Copenhagen Region in Denmark have physically merged into a new region

**Anna Stenstam, co-founder of Collidal Resource.**



*“It is very important that these projects are easy to get into – that sparks a lot of creativity. Otherwise you will lose momentum.”*  
*“There must be open doors and I want to be able to buy time and know the deliverables.”*  
*Collidal Resource deals in contract research.*



## Need for fundamental science

The next step is to also scientifically bridge the Öresund. This will happen with the establishment of The European Spallation Source facility outside the City of Lund and a data center in Copenhagen, processing the huge amounts of data that will be produced in Lund.

The facility can revolutionise condensed matter physics - the understanding of materials, be they medicinal or building materials, Colin Carlile, CEO in European Spallation Source explained in his key note.

“Sustainable society require sustainable materials. The ESS could lead to development of superconductors, Carlile said, emphasizing the importance of such facilities being built, even though practical applications might not yet seem obvious.

“Had there been no Sputnik, there would have be no man on the moon, no Silicon Valley and no iPhones. Had there been no CERN, there had been no hadron collider and no World Wide Web.

**Tina Karlberg, City Account Manager. Siemens Sweden.**

*- Siemens currently uses five percent of its ‘BNP’ for research and development. That is vital for companies as well as countries, in order for companies and society to use less energy and employ smarter materials.*

*“Denmark and Sweden are too small and Europe is too small to engage in big scale scientific facilities. We have to co-orporate.”*

## Twenty years under way

The ESS has been on the radar since the early nineties, yet European leaders have not been able to agree on a location and a financial scheme. Europe must get better at making big decisions on science projects, Colin Carlile warned, quoting Russian writer Turgenyev:

“If we wait for the moment when everything, absolutely everything is ready, we shall never begin.”

**Lars Kolte, Chief Negotiator for the Danish participation in ESS**

*“What matters is not the location of the facilities — it is access to them.”*

*“We cannot stay as rich as we are by producing only teachers. We have to support scientific facilities like this and we have to provide the workforce to produce nuclear scientists and people to interpret the data that ESS will produce.”*

# Sharing Russian success stories

More chairs had to be brought into the auditorium in order to seat keen listeners, attracted by the seminar title “Making success stories with Russia”.

The session confirmed that there are many cases of a fruitful co-operation involving EU and Russian partners established at various levels and engaging various stakeholders. However, these success stories are not always known to the general public. Further efforts are needed to better publicize these achievements and provide inspiration for other stakeholders interested in developing cooperation between EU and Russian partners, was the general opinion among the speakers.



## Expecting the possible

Several components of the EU Strategy for the Baltic Sea Region (EUSBSR) require co-operation with Russia in order to achieve results. Despite growing interest in co-operating with Russian partners, this effort has achieved varying degrees of success and it is widely recognised that this co-operation should be intensified.

However, the strategy states, it is neither reasonable nor realistic to expect non-member states to sign up to an EU Strategy. Therefore, common interests have to be found and common denominators for joint activities in the Baltic Sea Region identified. The strategy of social and economic development of the North-Western Federal District of the Russian Federation and the EUSBSR are good points of departure in a dialogue between partners.

## Using existing frameworks

A number of platforms for co-operation are available, covering a wide range of sectors. These existing frameworks (e.g. the Council of Baltic Sea States (CBSS), Northern Dimension Partnership



in Public Health and Social Well-being (NDPHS), the Nordic Council of Ministers, the Turku process) have to be used as much as possible in establishing and fostering co-operation. It is also important to involve – in addition to national authorities – regional Russian partners like cities, private sector companies and their bodies, universities, and civil society organisations, whose role should be enhanced.

Northern Dimension structures provide a functioning format for implementation of the external aspects of the EUSBSR. In particular, the NDPHS framework provides an example of pragmatic and successful collaboration between the EU and non-EU countries, including in the context of the EUSBSR. The EU Strategy emphasizes multilevel governance and contacts. The Turku process is a new and functioning, bottom-up process involving a variety of Russian stakeholders on regional level and major cities like Turku and Hamburg.



## The SEBA initiative

The Council of Baltic Sea States (CBSS) last year launched the SEBA project. The acronym stands for Modernization Partnership for the South Eastern Baltic Area and focuses on Kaliningrad, Lithuania, and Poland.

The project is still in its initial phase and mainly focuses on local human potential, tourism, natural and cultural heritage, sustainable development, PPP, higher education and youth exchange, but the scope of activities might change in time, Jan Lundin, Secretary General, Council of the Baltic Sea States, said at the SEBA workshop.

For example SEBA is considering engaging in a revival of the Kaliningrad inland waterways. They used to serve agricultural purposes, but are no longer used. Still, they could hold a potential for boosting tourism in the region, Mr. Lundin said.

## Russian Federation takes over CBSS presidency

In July, Germany is passing the presidency of CBSS to the Russian Federation. Alla Ivanova, Head of the Agency for International Affairs in Kaliningrad, does not expect Russia to change the council's agenda radically:

- The important thing is that Russia should express interest to the Baltic Sea Region and probably some new initiatives will be established and announced. Kaliningrad and the Saint Petersburg region are both part of the Region and we would like to be more involved in the processes of the Baltic Sea.

Alla Ivanova hopes that the new presidency will bring more dialogue and more co-operation within the Baltic Sea Region.



Commenting on Russia's positioning in cross-border dialogue, the Program Director underlined bilateral relations as a preferable way. Russia chooses a more individual approach to both regional and global co-operation compared to multilateral frameworks, but positions itself in a way that the rules should not be imposed by the foreign partner, Moshes emphasised.

## Problems to be solved jointly

The next speaker was Slava T. Khodko, Chairman of the Executive Committee of the Association North-West, Russia. In his presentation he underlined the importance of more democracy and more political leadership in contemporary Russia as a precondition of taking Russia to a new level.

Mr. Khodko is one of the initiators of the Strategy for North-West Russia, and highlighted points of possible synchronisation between it and the EU Strategy for the Baltic Sea Region. There are areas of common concern and problems that could be solved jointly, Mr Khodko said.

## Secret success stories

It was noted that a great deal of fruitful cooperation has already taken place with Russian partners and that these successes are too little publicised. The proposal of the City of St. Petersburg, supported by the EUSBSR, to the Turku process to collect and widely promote these success stories was welcomed.

There are more opportunities than constraints for a fruitful collaboration between EU and Russian partners, however, a number of challenges are present, e.g., more needs to be done in designing the funding programmes so that both EU and Russian partners could jointly benefit from financial support. The ongoing work on the preparation of the EU financial framework 2014-2020 is a good opportunity to make improvements in this regard. Other obstacles include, for example, technical problems, such as different technical standards and language barriers.

## Where is Russia heading?

Kari Liuhto Professor on the Russian Economy at Turku School of Economics and Director of Centrum Balticum started out the discussion and addressed the issue where Russia is currently heading.

Mr Liuhto underlined the importance of Russia's reforms, which is not an easy task. Russia will need international co-operation and support in modernising the country. The point is that if Russia fails in its attempts at reform, the consequences will be dramatic for Russia and its neighbors in the Region. There are different recipes of how to achieve success, and the country has enough money and willingness to modernise, but how to accomplish this goal in practice is not easy.

The upcoming Russian accession to the World Trade Organization and the North-West Strategy are vivid examples of the new opportunities for co-operation with Russia. There are many problems that can be solved jointly. However, uncertainties about political and economic reform in the Russian Federation remain. In the Summit session on Russia, five experts tried to provide a general outlook and analysis of the current situation in the Russian Federation.

Program Director at The Finnish Institute of International Affairs, Arkady Moshes started out by stressing how poorly the West has done in predicting political and economical tendencies in Russia since the demise of the Soviet Union. Rapidly changing conditions in Russia still make it difficult to forecast and act accordingly. Still, Russia certainly has an interest in close cross-border co-operation, even though collaboration fades out and disappears on a political level, Mr. Moshes said.



Photo: Hasse Ferrold

## Turku and BSR Co-operation.

The role of local and regional authorities is essential in effective co-operation in the Baltic Sea Region (BSR). The city of Turku – a small giant of BSR networking – is actively promoting collaboration with cities, local governments, universities and chambers of commerce to develop practical co-operation platforms. Several cases will be presented in this session, including the Turku process, activities of the Centrum Balticum policy think-tank, projects of UBC Environmental Commission and the Development and Growth Corridor from Stockholm to St. Petersburg via Turku and Helsinki.



President of the ECO Section in the European Economic and Social Committee, Michael Smyth, expressed optimism regarding Russia's accession to the World Trade Organization and the North-West Strategy. Smyth believes in closer co-operation with the Russian Federation at the local and municipal levels. However, Michael Smyth has doubts as to whether Russia will have macro-regional co-operation as a priority.

According to Michael Pulch, Head of Russia Division, European External Action Service, Russia could certainly benefit from its WTO membership, provided that Russia creates the right economic framework and upholds rule of law – a question also touched upon by Kari Liuhto. The Director of Centrum Balticum said that if Russia fails in reforming its economy and politics, it will have a negative effect on the whole Region.

## Closer co-operation

Michael Pulch underlined the importance of Russia's engagement into the Partnership for Modernisation, as well as bilateral partnerships, for instance in the rule of law and good governance implemented through a series of anti-corruption seminars as well as in technical and economic standards.

Commenting to the question of how the European Union can facilitate dialogue with Russia, Mr Pulch pinpoints the Northern Dimension as a main instrument of co-operation in areas such as energy co-operation, pollution and climate change and, finally, fisheries.



## Back-to-back meetings

At the edge of the conference, back-to-back meetings, bi-lateral meetings, press meetings and parallel thematic seminars were held in different venues.



Some of the meetings took place on M/S Navigator in one of the Copenhagen harbor canals. Here, EU Commissioner Siim Kallas and his Head of Cabinet, Henrik Hollolei, met former BDF Chairman Uffe Elleman-Jensen and BDF Director Hans Brask.

*Photo: Hasse Ferrol*



Svend Erik Hovmand, Chairman, Femern Belt Development(right) and Michael Svane, Director, Confederation of Danish Industry, Transport

## The Fehmarnbelt Fixed Link – A Regional and European Engine of Growth

Are you curious about the tunnel that Femern A/S plans to build? Would you like to know more about how the large scale infrastructure project will not only shape a new Fehmarnbelt Region but will also bring the people of the Western Baltic Sea Region and Europe closer together? The presentation elaborated on the project and the opportunities it brings for economic growth and deeper co-operation in the spheres of business, science, the labour market and culture.

Flagship Project:

### **Maritime Development Center of Europe (MDCE)**

represents the Danish Maritime Cluster. MDCE is a member of the European Network of Maritime Clusters. MDCE also represents ShortSea Promotion Denmark. We deliver an inspirational framework and facilitate growth by supporting knowledge, idea sharing and project development between our members. MDCE supports Danish Quality Shipping and the Danish Maritime Cluster: an agenda for growth.

# Fruitful matchmaking



## Baltic Business Arena provides a stepping stone to new markets in the Baltic Sea Region

Baltic Business Arena 2012 was a matchmaking event for small and medium enterprises organized as part of the BDF Summit in Copenhagen. The event was a successful follow up to the first BBA in 2011 in Stockholm. With main topics like cleantech, renewable energy, sustainable construction, life science and ICT, the event demonstrated that the Baltic Sea Region holds strength positions and key competences within areas of green growth.



Andrzej Król, CEO, Norpolhaus

- I wish there would be more events like this. Especially in the field of clean tech, says Andrzej Król, CEO of Norpolhaus, one of 66 small and medium enterprises and trade organisations represented at the Baltic Business Arena.

It is the first time that small and medium sized companies had the opportunity to book face-to-face meetings with other companies at a Baltic Development Forum Summit, but not the last, hopes Andrzej Król. His Krakow-based company is currently exporting its wood frame houses mainly to Norway. He hopes Baltic Business Arena will prove to be a short cut to other markets.

## Perfect mix

The Polish CEO just finished a meeting with Mikael Håkansson from the non-profit organisation European Minds - a meeting that might prove fruitful, Mr. Håkansson says. His office is currently involved in a mining project in Northern Sweden, that requires construction of housing for a total 12,000 mine workers.



Matchmaking in BBA

European Minds is a consulting company offering support in developing EU strategies, EU applications, transnational projects and partnerships

- We are here to broaden our network to include, first of all, more authorities, but also more companies in the Baltic Sea Region, Mikael Håkansson explains.

While he is focusing on the Baltic Business Arena, some of his colleagues are covering the political sessions and workshops at the Summit. For Mikael Håkansson, the whole event constitutes the perfect mix of politics and business.



Dorota Isajuk, Advisor, BISNEP

## Business and regional development

Dorota Isajuk also represents a non-profit organisation. She is an Advisor at BISNEP (Business and Innovation Support for North-East Poland), addressing the challenges faced by small – and

medium-sized companies in the Białystok region in North-West Poland.

The Białystok region is one of the poorest regions in Poland and Ms. Isajuk sees events like BBA as a means of boosting economic growth in the region by providing local companies with partners and customers in the Baltic Sea Region.

At Baltic Business Arena Dorota Isajuk has set up meetings with other non-profit organisations, but also companies. She attends networking conferences regularly but is impressed by the BBA event and Swedish innovation company Almi, which handles the logistics at Baltic Business Arena.

## Stepstone

Artis Treimanis is impressed too. The 21-year-old entrepreneur is representing the small Latvian enterprise Svecu Darbnica, specialising in candle making kits.

- I had really good meetings at the Business Arena and a lot of new ideas, Treimanis says.

- I guess I represent the smallest company at the business arena this year, Artis Treimanis emphasises with an optimistic smile.

*The Baltic Business Arena 2012 is supported by Enterprise Europe Network, the Swedish Agency for Economic and Regional Growth and the Swedish Institute.*



Artis Treimanis, Svecu Darbnica

It is the first time he has attended a matchmaking event and he hopes Baltic Business Arena can become a stepping stone on the five – employee Ventspils-based company's road to the Scandinavian markets.



# State of the Region Report: 2011 was a good year 2012 figures give concern for the nearest future

Serving as a warm up for the Summit/Annual Forum – and serving as a solid background and an inspiration for the debates – the State of the Region Report was presented Monday morning for a fully packed Plenary Hall.

The annual State of the Region Report is still an appreciated institution, measuring economic performance and prosperity in the Baltic Sea Region, used by governments, organisations, financial institutions and private actors.

The 2012 report is authored by Christian Ketels, Principal Associate of Harvard Business School in cooperation with Ryan Weber, MSc, Research Fellow at Nordregio – Nordic Centre for Spatial Development and professor Olli-Pekka Hilmola, Lappeenranta University of Technology.

The subtitle of this year's report "The Top of Europe Bracing Itself for Difficult Times: Baltic Sea Region-Collaboration to Sustain Growth" hinted at a more uncertain future.



Christian Ketels presenting the Report  
Photo: Hasse Ferrolid

"What we see in our economic data is that the Baltic Sea Region has actually had a very good year behind us. We did better in 2011 than the rest of Europe and we also did better than our own expectations have been when we last time met in Gdansk."

Christian Ketels, Principal Associate, Harvard Business School, emphasised that the differences in economic performance basically are related to the policies of the past. The Baltic Sea Region is reaping the benefits of solid policies not only in the years since the crisis but also in the run up to the crisis.

Looking to the nearest-term future, Christian Ketels warned about believing that the fine figures for growth and prosperity 2011 will go on. "The future looks much more uncertain. The data that has been coming in over 2012 already have been more negative and the basic story here is that we are not just the top of Europe, we are part of Europe. So we need to brace ourselves for what is going to come" he noted.



Photo: Hasse Ferrolid

"I am an optimist, absolutely. We have earned our better performance over the last couple of years. We still have the ability to make the right kind of choice, but there is no doubt about it: the weather around us is quite rough and we have to deal with a difficult period ahead."

One of the things that Mr. Ketels found worrisome is that the global crisis has changed the structural thinking of the Baltic Sea countries. As a result, companies have lost world market share in the export markets. The Nordic countries have been hit especially hard by the changes.

"We are not as strong as we used to be on exports," Mr. Ketels said. "The good news is that we still have some of our economies among the most competitive locations in the world."



Globally, we have lost market shares  
Photo: Hasse Ferrolid

The last part of the State of the Region Report deals with green growth that can be defined as anything from CO<sub>2</sub>-pricing, different outlooks on environmental technology, or maybe a fundamental restructuring of our economy, Mr. Ketels noted.

"There are huge opportunities here. This is one of the regions in the world that can position itself to be a world market leader. But again it is about regional collaboration. If we can find a common language to these things and if we can find a common political will to push forward is a little unclear," Mr. Ketels stated.

## Small states in a turbulent global market place

Director of Landfall, Dr. David Skilling from Singapore, expert in small countries' behaviour in the global market – commented the "Warming Up with the State of the Region Report" from Christian Ketels – as the report foresees big challenges for the smaller countries in the Baltic Sea Region if the region fails to match the rapid changes going on, especially in emerging markets like Latin America and Africa.



Dr. David Skilling, Director of Landfall  
Photo: Hasse Ferrolid

“You must figure out the next generation of growth. Many of the traditional sectors that the region has – that have been globally competitive – have got some weakness around them, so identifying those sectors and areas of real competency, that are going to be the next generation of growth, is very important if the region is to sustain its strong competitive position against a group of countries, that fundamentally are very hungry and are driving very, very fast,” was the advice from Dr. David Skilling. Dr. Skilling encouraged the region to diversify its export strategies in the global market, knowing that there is not one single recipe.



The audience at the “Warming Up” session  
Photo: Hasse Ferrold

“The region to outsiders like myself has done exceptionally well in a quite troubled environment, but it is a much more challenging world out there – much more competitive – much more turbulent – and the small states in the region will need to double down and continue to work even harder and more creatively to succeed,” concluded David Skilling.

## Are the Baltic Sea Region countries leaders in green growth?

Dan Jørgensen, Member of the European Parliament, Denmark, took up the issue of green growth from the State of the Region Report:

“My provocative question is ‘Are there any signs that we will be a leading region on this issue?’ Surely there are more signs that some countries will go ahead and maybe join forces with other countries, other places in the world, then there are signs that we as a region really do this in collaboration,” was the question to Mr. Ketels.



MEP Dan Jørgensen commented on green growth part in the Report  
Photo: Hasse Ferrold

Dan Jørgensen pointed out two ways to look at green growth: the conventional view of saving energy, using alternative sources and producing by more green technology in your normal production, and then green technology as such.

For both ways of looking at green growth, there are very big differences in how the political will is and what is actually being done in the region. He therefore called for giving the issue the utmost effort.

“The way we produce and consume energy will transform fundamentally in the next 20-30-50 years. This will happen regardless of the will to do something to fight climate change. This will happen because of the pressure on the world’s resources,” noted Dan Jørgensen.



“Give green growth the utmost effort”  
Photo: Hasse Ferrold

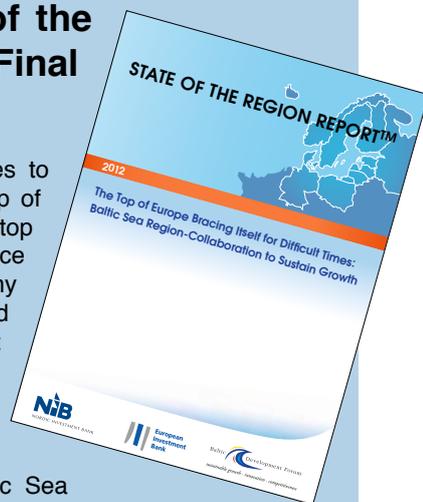
Christian Ketels agreed with the more pessimistic notions from Dan Jørgensen about the Baltic Sea Region being a leader in the green growth area:

“The investments made, and the determination to be the new leader in these markets is huge from countries like US, China and Germany. So success in this region will not come automatically and we need to be very clear that only because we see ourselves as very ecologically oriented, that does not make us world winners on this. There are challenges in our region, so we need to find a solution and maybe that solution is to be collaboration of a part of this region. But this is an opportunity for us to lose. We cannot afford it.”

## From the State of the Region Report: Final observations

The Baltic Sea Region likes to think about itself as the Top of Europe. In many ways, it is: top in its economic performance over the last year, as in many years before; European and strongly exposed to what happens in the southern parts of the EU, now and in the years to come.

2011 was a good year for the economies of the Baltic Sea Region. The recovery was generally solid, and in many dimensions, better than what had been expected. Exports are part of the reason, both in terms of trade within the Region and in exports towards other parts of the world economy.



Domestic factors played their role, too. Higher employment rates and a more stable fiscal outlook supported private demand. In its wake, public cutbacks could be less severe and had fewer negative repercussions than in other parts of Europe.

However, 2011 was also a year in which the differences that exist across the Region were markedly felt, not just between the more developed economies in the Northwest and the less developed ones in the Southeast.

.....Competitiveness across the Baltic Sea Region remains solid. Here, too, the data clearly reveal how different the competitiveness profiles and challenges are across the Region. The Nordic countries and Germany benefit from strong institutions that have supported overall sound macroeconomic policies and generally solid business environments.

## **State of the Region Report 2012**

### **The Top of Europe Bracing Itself for Difficult Times: Baltic Sea Region-Collaboration to Sustain Growth**

#### **Key Messages**

The Baltic Sea Region's solid economic performance in 2011 has been a reward for its strong response to the 2008/2009 global crisis. Both exports and domestic demand contributed to growth.

The view a few months into 2012 suggests significantly more difficult times ahead; the risks are squarely focused on the downside. The Baltic Sea Region's deep linkages with the rest of Europe tie its performance to the path the European economy will take.

The crisis has led to a step-change in the structural evolution of the global economy. The Baltic Sea Region has lost export market share, but solid foreign direct investment suggests that this is a reflection of firms choosing to internationalise differently, not the result of lost competitiveness.

Country-specific differences within the Region are significant, and have grown during the recovery. While there are signs of solid catch-up between the Region's less and more advanced economies, policy challenges within these groups differ widely.

Competitiveness fundamentals are broadly in line with prosperity levels, and parts of the Region continue to be global leaders in competitiveness. Priorities in upgrading competitiveness differ from country to country and are related to both individual policy areas and the integration of activities across them. Regional collaboration is an important tool for specific competitiveness challenges.

The EU Baltic Sea Region Strategy has significantly enhanced co-ordination across existing organisations, networks, projects, and financing tools. This has been achieved by 'repurposing' the existing structure of institutions and policies, that largely were developed in a different context. If the ambition is higher, more fundamental changes in this institutional architecture are needed.

Transportation infrastructure and green growth are two topics of specific importance for the Baltic Sea Region and its future competitiveness. In both areas, regional collaboration is, given the nature of the Region, critical to make full use of the existing opportunities.

# DeepWater think-tank and the Political State of the Region



DeepWater session: General Secretary Halldor Asgrimsson (left) Professor Bernd Henningsen and Tobias Etzold (right)

The second report, from the Baltic Sea Region think-tank DeepWater, provides a brief overview of major political developments in all the countries around the Baltic Sea. However, the main issues are 'leftovers' from the 2011 report: Russia, Kaliningrad, Norway and Iceland.

"At the end of the report we take up coherence and a special article on Rightwing Populism in the Northern Europe," noted professor Bernd Henningsen from Humbolt University in Berlin, one of the authors of the report mainly sponsored by the Nordic Council of Ministers and published by Baltic Development Forum.

Tobias Etzold, Project Leader, German Institute for International and Security Affairs – also one of the authors – stated that the report researchers found the Baltic Sea Region "in good health." "The region is the only economic growth motor in the EU. It could and should be used better in the future", Tobias Etzold stated at the parallel session in the Networking Village.

## The Nordic dimension

Iceland and Norway are defined as "members" of the Baltic Sea Region by history and by the comprehensive co-operation these countries have always had in the area. Therefore, Halldor Asgrimsson, Secretary General, Nordic Council of Ministers does not feel that the two countries are "outsiders."



Halldor Asgrimsson, Bernd Henningsen and Tobias Etzold

"The Nordic countries are big actors in the region. And as smaller countries we can help the co-operation by using our experience and trust to solve the existing challenges," stressed Mr. Asgrimsson who – in his session speech – did not hide that he sometimes experienced a lack of trust between, for example, the EU and Russia – sometimes also between the Baltic States and Russia.

He is very optimistic about improvement in the nearest future of the co-operation with Russia, now that it has taken over the Presidency of the Council of the Baltic Sea States and will be member of the WTO.

## A virtual think-tank

The members of the research network DeepWater will continue its academic work as a virtual think-tank. "There is still a big need for knowledge and research in our region," concluded Professor Bernd Henningsen.

## From the executive Summary of the Political State of the Region Report – Dilemmas and Coherence in the Baltic Sea Region:

The 2012 Political State of the Region Report focuses on Russian Baltic Sea Region policies, the development of the Russian Baltic Sea exclave Kaliningrad, and two countries outside the core region that were not covered in the first report – Norway and Iceland – and their relationship to the BSR and BSR policies. The article on Russia deals with the involvement of the country in regional co-operation, the attempts of the other countries of the region and the EU to involve Russia, and related difficulties.

The chapter on the Kaliningrad area draws an up-to-date sketch of the situation of this Russian Baltic Sea exclave, providing an overview of progress, relevant issue areas and remaining challenges, risks and difficulties.

Norway and Iceland have a special relationship with the BSR, as they are geographically not part of the region, but participate in most of the regional co-operation arrangements. As for these countries, the most interesting questions are whether they are still real outsiders in the region or have become a kind of insider or semi-insider.

If they are considered to be in, the next question is whether they are in for real, whether they have a genuine interest in the region or whether the interest and engagement is rather half-hearted and symbolic only.





Photo: Hasse Ferrold

## A digital single market with fewer cross-border barriers

The Digital Agenda is a flagship initiative of the EU 2020 Strategy aiming at developing a digital single market where cross-border barriers are reduced or removed.

The parallel Summit session “The Baltic Sea Region – a Shortcut to the Digital Single Market” took up the challenges using the recommendations from the BDF/BCCA report “Priorities towards a Digital Single Market in the Baltic Sea Region” as impetus for the introductory inputs from the panel and the following discussion.

Linnar Viik, European Institute of Innovation and Technology, called the report a distilled set of ideas that can take us a step forward. He was sure that private companies play a crucial role in developing e-government services. Those that can implement cross-border solutions are able to learn and scale that practice to the EU level.

Kaj Juul-Pedersen, President Sitella, Denmark, underlines that in the Baltic Sea Region “we are not dogmatic. We are pragmatic. So we should make it absolutely simple and easy to use all kind of digital services. Let’s make them simple first and then digital afterwards”.



Jørgen Abild Andersen, Ministry of Business and Growth

Jørgen Abild Andersen, Director General, Telecom, representing Ministry of Business and Growth, Denmark, summed up the work being done by the Danish Presidency. There exists great potential in ICT in the EU and in particular cross-border e-procurement has a Baltic Sea region interest. There is a huge economic potential, especially for SME’s.

David Mothander, Nordic Policy Counsel, Google, Sweden made the point that we need to unleash data driven innovation by providing a framework to stimulate innovation. “We need to modern-

ise copyright systems and safeguard privacy. There is a lack of sense of urgency regarding copyright systems in Europe.

Robert Czarnecki, Vice President, Ericsson, Poland, remarked that the cost of rolling out the infrastructure is very high. This is a major barrier to entry. Nevertheless, rolling out broadband has huge potential to attract private investors and global operators. Mobility is a fantastic growth driver.

During the final summary, the following conclusions were made about the Baltic Sea Region (BSR): the BSR has a unique opportunity to set an example for the rest of Europe. BSR can show the way to the Digital Single Market. Finally, the BSR can become the leading voice in Europe establishing a framework for digital innovation.

Flagship Project:

### Roskilde University (RUC)

aims to bring research and society together. It stands for innovative forms of knowledge creation and for problem-oriented, as well as interdisciplinary research. Out of this tradition, four research projects have arisen that deal with the emerging Femern Belt Region: The Mental Bridge (Den Mentale Bro), BeltScience, Green STRING Corridor and regioSKILLS. Their common goal is to support a forward-looking, cross-border cooperation to benefit the regional development and local population of the area.

Flagship Project:

### Priority Area 12 - Education and Youth

The quality of life is deeply linked to high education levels. Common actions and increased exchange of good practices will make the region even more attractive in the future. As well, mobility, in particular student exchange programs within the region, are the best way to learn from one another and create a true “we-feeling” in the region. In this priority there are presented three flagship projects: the Baltic University Programme, the BSR Quick and the Baltic Training Programme.

Flagship Project:

## **BONUS Science for a better future of the Baltic Sea Region.**

The Baltic Sea environment cannot be protected and neither can its goods and services be exploited sustainably without understanding various interconnections between human society and the ecosystem. BONUS is a research and development programme of the eight Baltic EU member states and the EU. It supports the development of fit-for-purpose regulations, policies and management practices responding to the environmental and societal challenges of the Region.



Photo: Christian Ketels, Principal Associate, Harvard Business School

## **Future must be shaped, not predicted**

According to Christian Ketels, Principal Associate at Harvard Business School, the approach to innovation in Region Skåne can be seen as an attempt to move innovation thinking forward.

“People used to try to figure out where the markets of the future are.

(...) We ended up all chasing the same things and only few regions were successful. That’s when clusters got popular, because it was a movement in the opposite direction. They are better at focusing at own strengths, capabilities inherent to your region, the Harvard scholar explained.

It has its limitations. Strengthening your strength is great if you have a lot of strengths, but it is often not sufficient if you need to build new strength and the world is constantly changing.”



## **Hang-arounds**

Karin Nygård Skalman, Program Manager of BSR Stars in VINNOVA, emphasised in her speech the need to build up one’s own local capabilities, strengths and your offers.

She also underscored the need to have counterparts in another countries, but still accept that there will be hang-arounds – partners that are not that exceptionally strong, but who can contribute to other things, Karin Nygård Skalman said.

## **Clusters as an innovation tool**



White spaces are the black holes of organisational theory – areas between boxes in an organization chart, where things ‘fall between the cracks’, resulting in misunderstandings and delays. However, much innovation stems from the open areas between present specialisations or special markets.

- These interrelations or overlaps create interfaces or areas where new capabilities can be formed. White spaces can be identified and transformed into new innovative activities, Arne Eriksson, Manager at Arne Eriksson Consultancy, said, opening “Innovation by Bridging White Spaces”.

## **Governance thinking**

The session focused on how white spaces in clusters can be eliminated and how clusters may become players in an emerging context for innovation.

Lennart Svensson, Head of Innovation Department in Region Skåne, presented the regional innovation strategy, focusing on Information and communications technology, food, life science inter alia.

Public organisations tend to talk about governance, be it at the regional, national, or European level. Business does not have this perspective, Lennart Svensson said, urging other regions to set aside traditional thinking, while of course still co-operating with regional, national and international institutions.



Prize winner Professor Lars Börjesson, ESS with Hans Skov Christensen, Chairman BDF (right) and Michael Svane, CEO Danish Transport Federation, DI Transport (left)

## Professor Lars Börjesson receives the Baltic Sea Award 2012

"I am deeply honoured. I think it is a very big prize and it is a general prize, so it goes to science, research and development," said Professor of Condensed Matter Physics Lars Börjesson, upon receiving this year's Baltic Sea Award at the Gala Dinner Monday evening at the venue "Docken" during the Baltic Development Forum Summit in Copenhagen.



Baltic Development Forum Gala Dinner  
Photo: Hasse Ferrold

Börjesson chairs the steering committee at European Spallation Source and MAX IV laboratory to be built outside of Lund in the southern part of Sweden. The spallation facility is most likely to revolutionise material research in Europe, making it possible to examine new materials on an atomic and molecular scale. Lars Börjesson is hesitant to predict exactly what to expect from the new facilities.

"Almost all scientific forecasts have turned out to be wrong. What we can say is, that we will get a truly magnificent tool for doing physics and also life science," said the Swedish professor.



### 20 years under way

The spallation project has been on the political agenda since the late nineties, and that is worrisome, finds Börjesson. Actually the Americans took the European project drawings built their spallation source from them, which it has been running for four years now. In the meantime, we have been preparing something that is even better, but is a shame that that it has taken such a long time, said the Baltic Sea Award winner, emphasising the need for bigger coherence in the decision making for European science.

### Demola honored with the Baltic Sea Region Innovation Award

Demola has been awarded as the best cross-border and cross-sector innovator within sustainable growth and global development. Demola received the Baltic Sea Region Innovation Award 2012. The aim of the award is to promote global competitiveness and innovative development in the Baltic Sea Region, through groundbreaking methods and smart solutions to common challenges.



The jury's criteria for selecting Demola is that they are "a common open platform where students and universities develop new products and services and, together with companies, create real solutions to existing problems and challenges. Demola has, under the leadership of Ville Kairamo, made outstanding, innovative achievements in facilitating Baltic Sea region co-operation in general and in contributing to the development of a creative open platform concept in Finland and the wider Baltic Sea Region."

- I am very surprised and happy to receive the award. It is great recognition and shows that we are on the right track. But this is just the start. We will speed up and co-operate closer with the countries around the Baltic Sea, and we will also intensify co-operation with the EU, said Ville Kairamo, Head of Demola Network.

Baltic Sea Innovation Award – Ville Kairamo, leader of Demola congratulated by Walter Deffaa, Director-General, DG-Regio, European Commission.  
Photo: Hasse Ferrolid

## Gala Dinner at Docken

This year, the traditional BDF Gala Dinner took place at Docken, a venue with an old Baltic Sea history. The now modernised buildings once were an important deployment area during the Cold War for cars and other goods that should go by ship to Finland, in that way avoiding the Iron Curtain. At that time, the area was called the Finland Quay. Monday evening the guests were sailed to the Gala Dinner.





## Competition and convergence in the Baltic Sea Area energy markets

- We are making progress — but relatively slow progress. That was the message of Deputy State Secretary in the Danish Energy Agency, Hans Jørgen Koch at the session “Convergence or Competition: Energy Agenda for the Baltic Sea Region? “ According to Mr. Koch, the countries of the Baltic Sea Region are increasingly being interconnected by pipelines and high-voltage corridors, but more must be done in order to bring competition into markets where it does not exist, while at the same time exploiting all opportunities to co-operate on topics that cannot be dealt with on the regional and national levels.



Hans Jørgen Koch, Deputy State Secretary, Danish Energy Agency

### Getting energy islands off the map

Director-General for Energy at the European Commission, Philip Lowe, emphasized that several EU Member States in the Baltic

area are entirely dependent on only on one supplier through principally one pipeline for certain sources of energy. That in itself is an obstacle in creating choice and competition in the market for energy supplies.

The goal must be to remove these energy islands – countries being entirely dependent on one source of energy – from map of the EU, Lowe said.

If we don't get convergence in terms of a common approach, we will look pretty weak and we'll be useless in negotiations with our outside suppliers. I happen also to be in charge of negotiation on Baltic Electricity Agreement with the Russian Federation. If we are not unanimous of purpose in our approach in negotiations with the Russian Federation, we ask for trouble, warned the Director-General for Energy.



Philip Lowe, Director-General for Energy, European Commission

Flagship Project:

## Izodom

is a Polish company specialised in the construction of highly energy-saving and passive buildings. We deliver guidelines and trainings, as well as special construction elements, which are applied by local construction companies – its houses use only 5-10% of energy needed by traditional houses. Its accomplishments are the creation of 3,000 energy-efficient villas, construction of about 50 passive houses, erection of kinder gardens, train stations, a project involving energy-efficient social houses and the construction of 12,000 other energy-efficient buildings Europe-wide.

area, a connection between Latvia and Lithuania to ensure that the significant gas storage capacities in Latvia are joined up by Lithuanian system and the question of the potential for combined use of LNG facilities in the eastern Baltic.

Flagship Project:

## NEFCO

is an international financial institution owned by the five Nordic countries Denmark, Finland, Iceland, Norway and Sweden. NEFCO finances environmentally-related projects and investments primarily in Russia, Ukraine, Estonia, Latvia, Lithuania and Belarus in order to generate positive environmental effects for the Nordic region. At present, the funds administered by the corporation are valued at some EUR 540 million.

## Detecting market signals

Gatis Abele, Deputy State Secretary at the Latvian Ministry of Economics, said that much can be achieved by liberalising the market, providing investors with more signals.

We still have obligations to lower emissions and increase production of renewable energy. Doing so is increasingly difficult without clear market signals, Abele said.

Zygmantas Vaiciunas, Deputy Energy Minister of Lithuania, in his turn emphasised infrastructure, EU regulation and implementation of existing programmes as key elements in securing safe, secure, sustainable, affordable energy for all Baltic Sea states. Especially energy terminals, interconnections between the three Baltic states and the connections to, for example, Poland, should be approached in a comprehensive manner.

This would benefit the whole region and of course it would be more cost-efficient, said Mr. Vaiciunas.

## Energy efficiency projects in Russia

The newly started RENSOL project focuses on energy efficiency and renewable energy solutions in Kaliningrad Region, Russia. In the session “Regional Energy Solutions: Kaliningrad Case“, experts on implementation and financing of energy efficiency and renewable energy sources were invited to share their experiences.

## Rates of interest

Managing Director of Nordic Environment Finance corporation, NEFCO, Magnus Rystedt has experience from 60 EE projects in different Russian regions and stressed that many Russian municipalities are economically weak, limiting their ability to engage in energy efficiency projects in the first place. Subsidies play another key role.

If municipalities do not pay for energy, they have no incentive to launch energy efficiency projects, Rystedt said.

Predictability is also an issue for the projects. Local banks expect payback times of about a year. Jaakko Henttonen, Director of Northern Dimension Environmental Partnership in the European



Zygmantas Vaiciunas, Head of Strategic Planning Division, Ministry of Energy, Lithuania

## Corporation and convergence

The Baltic countries need both regulations implemented and new interconnections decided upon, Director-General for Energy Lowe said.

The strategy linked to creating competitive markets is one that we in the Commission will be strongly pushing because without regulation, implemented by all Member States concerned, we are not going to get it. If we do not get the necessary interconnections, then we will not be able to meet what the Heads of State and Government of the EU have asked for, which is to complete the internal market by the end of 2014, to allow trade with and investment in electricity gas to open for sale of energy, hopefully before 2014.

Among infrastructure projects discussed at the session were the possible construction of new nuclear power plants in the Baltic



Eva Hjalmered, Head of Secretariat, UBC Energy Commission

Bank for Reconstruction and Development, does not expect local banks to be able to give loans to energy efficiency projects in near the future.

## Pulling together

The Swedish city Oskarshamn's UBC Energy Commission has run several projects in Russian regions, including sewage treatment projects and energy efficiency training for municipal staff.

Eva Hjalmered, from the commission secretariat, underlined the importance of politicians and civil servants speaking the same language when engaging in energy efficiency projects.

## Local ownership

Tero Ahonen, Researcher at Lappeenranta University of Technology, is in charge of energy saving pilot projects in Russia. By providing better windows, insulation, ventilation one can make multiple savings on primary energy, Tero Ahonen explained. The difficult part is to adapt this knowledge and how to motivate people, how to make things feasible and concrete in regions where natural resources have so far been plentiful and cheap.

Also, Magnus Rystedt touched the question of personal involvement.

There needs to be a knowledge base. In order to have local ownership in projects, you need local understanding.



Photo: Hasse Ferrold

## Nordic Council of Ministers

is the formal co-operation between the governments of the five Nordic countries: Denmark, Finland, Iceland, Norway and Sweden, including the Faroe Islands, Greenland and Åland. The Nordic Council of Ministers has an extensive network in the Baltic Sea Region and a strong commitment to contribute to the implementation of the EU Strategy for the Baltic Sea Region. At the stand in Networking Village, a number of discussion topics relevant to the Baltic Sea Region were presented.

## Tillväxtverket

The Swedish Agency for Economic and Regional Growth facilitates innovation in businesses and regions, and helps make it easier to run a company. Our work contributes to sustainable growth. Tillväxtverket is a national agency with offices in nine locations.

Verksamt.se is a website where Tillväxtverket, in co-operation with other government agencies, have brought together and structured information and services of value to companies.

Flagship Project:

## BSR Stars,

a Flagship Project of the EU Strategy for the Baltic Sea Region, speeds up innovation in the Baltic Sea Region by linking companies, universities and clusters. The focus of the programme is to tackle big challenges for the region and provide innovative solutions to them. A first step is StarDust, a project which includes challenge – driven innovative development in the field of clean water, mobile telecommunication, wellness and multi-functional kitchen solutions for elderly people. and marine products and transportations. The project is financed in part by the European Regional Development Fund.



## Boosting Baltic bio-fuel potential

Sustainable biomass production and sustainable bio-energy are topics high on the political agenda. Technologies are now beyond the labphase and into the testplant phase. This requires large-scale funding and strong co-ordination. In the session “Sustainable Bioenergy – the Baltic Sea Region as a Global Leader“, representatives from science, the private sector, NGOs and inter-governmental organisations discussed how to make the Baltic Sea Region be a global leader in sustainable bio-energy.



Claus Feldby, Professor Copenhagen University

### Cross regional research

For Claus Felby, Professor at Faculty of Life Sciences, University of Copenhagen, there is no doubt when it comes to producing sustainable bio-fuels: the Baltic Sea Region has facilities second to none.

We have everything it takes: large quantity of biomass production (agriculture and forestry), international research and pilot-scale facilities, Felby said, stressing that research activities are often national and there is a great need for research co-operation in the macro-region.

As global demand for sustainable bio-fuel technology increases, biomass and bio-energy provide a large potential for growth and development, especially in rural areas.

More co-ordination and regional R&D is needed. It calls for a new look at our research infrastructure and it is therefore a political issue. We need to create large research clusters and facilities across national borders, Felby said.

### Certification a must

Representing the business perspective in the session was Martin Porsgaard, SAS. The Scandinavian airline operator is one amongst many private companies who need sustainable bio-fuels. Today SAS uses 1.2 million tonnes of fuel, but by 2020 the company wants to cut emissions per passenger – kilometer by 50 percent.

Our aim is to blend in as much bio-fuel as possible, but the bio-

fuel has to be certified, Porsgaard stressed. Sustainability is a key for future growth in aviation and creates a demand for solid sustainability criteria for biomass. There is a battle for resources and we need bio-fuels now in order to not lose the competition.

## Planning

Michael Krug from Bioenergy Promotion Project, Freie Universität Berlin emphasised that biomass is a renewable, but limited resource and that its use for energy and non-energy products should be planned wisely.

To create strong horizontal action we must co-operate better with other initiatives, Krug said, suggesting the creation of a bio-economy panel for the Baltic Sea Region, which would have the EU Commission as the driving force but include stakeholders.

## Maritime potential

Joanna Przedzimirska from the EU-funded Submariner project, in her speech drew attention to the fact that 1/3 of the Baltic area is covered by the Baltic Sea, which is a crucial potential source of energy.

Micro-algae are efficient for producing oil products and have a large production potential. There are also potentials in co-production with mussels, Ms Przedzimirska explained, stressing that the time perspective is long, and we need more research and time for marine biomass production.

## Opportunities and obstacles

Senior advisor in the Nordic Council of Ministers Geir Oddsson explained that the Nordic Council of Ministers is preparing an application for a Horizontal Action within the EUSBSR. The emphasis is on cross-sectoral and cross-border approaches.

“We need to look at the advantages and disadvantages of multiple uses of biomass and co-operate to avoid further fragmentation,” Oddsson said.

The senior advisor sees both opportunities and challenges. First of all, comprehensive criteria for sustainable biomass production and use are needed, as are decision tools.

There is no waste, only resources, but trade barriers must be looked at, Oddsson said, stressing that the Nordic Council of Ministers is closely co-operating with North-Western Russia and Poland.

The full title of the EU strategy on bioeconomy is “Innovating for Sustainable Growth: a Bioeconomy for Europe”.



# How to meet the future challenges of the Baltic Sea



Photo: Hasse Ferrold

The Baltic Sea is still one of the most polluted seas in the world, but progress has been made. EU regulations, regional and national projects have had a good effect, but there is still a lack of long term plans for the Sea.

Pauli Merriman, Programme Director, WWF Baltic Ecoregion Programme, in the parallel Sustainable Water session, called for realistic scenarios that could reduce the growing gap between plans and action. “The private sector must be mobilized and the political will to use the framework must be better”, she said.

Monika Stankiewicz, Executive Secretary, Helsinki Commission, HELCOM noted, that we will not have a clean Baltic Sea as we knew it 100 years ago “but we can reach a pleasant and satisfactory solution if we act promptly”.

## No more buzz words

“Let’s get beyond the buzz words ‘green and blue growth’”, was the proposal from Henrik Dissing, Chief Advisor, Danish Nature Agency. He believes in public-private partnerships as a good possibility to help the project to save the Sea, “if we can get the private sector go from passive buyer into proactive, dynamic pre-server”.

Mr. Dissing found that there will be a place for SME’s in PPP. “The better we can present the future market conditions the more interest there will be from them”.

Matti Spolander, Advisor, The Federation of Finnish Industries, looked at the challenges from a global point of view. “If there is no global solution there will be no local solution”. He emphasized that regulations in the Baltic Sea always hit Finland the hardest because it is almost totally dependent on maritime transport.



Steen Sabinsky, CEO, Maritime Development Center of Europe  
Photo: Hasse Ferrold

Steen Sabinsky, CEO, Maritime Development Center of Europe, emphasised that it is not only the shipping that pollutes the Baltic Sea. He foresees that the EU and the countries around the Baltic Sea must spend “a lot of taxpayer money to avoid the pollution”.

## Back-to-back meeting agreed

The three new objectives of the communication of the EU Strategy proposed by the EU Commission were 1) Clean shipping: elimination of illegal discharges by 2020 2) Safe shipping: 20 percent reduction in accidents by 2020 and 3) Increased co-operation between maritime surveillance authorities, will be issues on next year’s ministerial meeting.

The session moderator, Hans Brask, Director, BDF, proposed to

set up a back-to-back meeting – alongside the ministerial meeting – to promote the public-private partnership HELCOM model. This meeting should gather stakeholders outside the sectors and thereby expand the dialogue. The speakers of the Sustainable Water session agreed, calling it “a fresh idea”.



Photo: Hasse Ferold

Flagship project:

## **C.A.S.H**

project aims to develop practical solutions to make international road freight transport safer, more predictable and affordable in the Baltic Sea Region. This is done by improving co-operation between authorities, harmonising training of inspection officials, and testing safety equipment and IT systems to be used by relevant authorities. The project is co-ordinated by Turku School of Economics in Finland, as part of the University of Turku.

Flagship project:

## **CleanShip and InnoShip**

are two integrated projects supporting the Save the Sea objective of the EU Strategy for the Baltic Sea Region. This flagship project promotes measures to reduce emissions from ships into the atmosphere. In total, 39 formal partners contribute to the two projects, which are financed in part by the EU Baltic Sea Regional Programme, and which transform innovations into operations to reduce emissions at sea while retaining the competitiveness of Baltic shipping, and promoting infrastructure for bunkering of LNG, sewage treatment, and the increased use of shore side electricity.

Flagship project:

## **Aquabest**

Aquaculture has been the fastest growing food production sector globally during the last two decades. It is widely accepted that aquaculture has great potential to feed growing human populations in the era of declining wild stocks. The Aquabest project strives to demonstrate that Baltic Sea Region aquaculture has the potential to become a sustainable and responsible food production system, accepted by all stakeholders.

Flagship project:

## **SMOCS – Sustainable Management of Contaminated Sediments**

in the Baltic Sea. How to handle such sediments is a major problem. The stabilisation/solidification method reduces the environmental impact and improves technical properties, thus making it possible to reduce costs and conserve natural resources. The main outcome of the project is a guideline for the management of contaminated sediments and handling alternatives.

## **Baltic Manure – Turning manure problems into business opportunities**

How do we make business out of manure? Currently the majority of the manure in the Baltic Sea Region is not utilised properly, since most often manure is considered a waste product and not a resource. In Baltic Manure, we work to stimulate innovation and technology development in the manure management area to broaden the conception of manure as a resource, thereby creating business opportunities. We focus on technologies for utilisation of manure for fertilizer and bio-energy.

# Gateways and Gaps in the EUSBSR Communication flow

The workshop on communicating was based on the results from a new analysis report from DEA Baltica, who – in a web questionnaire – had collected more than 160 stakeholders' views. Additionally, more than 200 interviews were made.

“All in all they were satisfied with the information they got on the EU Strategy for ‘the Baltic Sea Region,’” noted Partner and Senior Consultant of DEA Baltica, Sandra Spule, who presented the report.



## The European Council endorses the Revised Strategy for the Baltic Sea Region

The General Affairs Council has endorsed the revised strategy for the Baltic Sea Region and thereby given its support to a long row of very important issues for the regional co-operation work.

For instance, it has agreed to the objectives “Save the Sea”, supporting the various efforts to obtain good environmental status in the sea; “Connect the Region”, promoting mainly transport and energy connections; and “increase Prosperity”, which will deepen the Single Market and include climate change adaption and the social dimension. At the same time, the Council welcomed the proposal of promoting awareness of the Strategy among the wider public by establishing an interactive web-based tool for sharing experiences and best practices.

Read the Council conclusions on the completion of the review of the European Union Strategy for the Baltic Sea Region on this webpage:

<http://www.bdforum.org/cmsystem/wp-content/uploads/dokument.pdf>



Anthony Jay, Head of Media and Communication, CBSS  
Photo: Hasse Ferrolid

The analysis pointed out both strengths and weaknesses in the communication flow. Anthony Jay, Head of Media and Communication, Council of the Baltic Sea States, proposed strengthening professional communicators, for example by using PR companies. “We need not only communication but also smart marketing”, he said.

Jean-Marc Venineaux, DG Regio, was satisfied that the report had identified the problems and that it could be a good starting point for better and more active communication.

The moderator, Ulf Wikström, Project Manager, INTERACT point Turku called for better story-telling. He invited all to find 5-6 good stories to show that communication gives added value to the EUSBSR. He underlined that the outcome of the report will be a basis for the future development of Communication activities led by INTERACT and the Task Force for Communication.





## Integrating Europe Through Macro-regions

Macro-regions represent a relative new feature of European integration. With the strategies for the Baltic Sea Region and the Danube Region in place, other EU countries reflect on adopting the idea.

For the Danube Region, according to Dr. Johannes Kyrle, Secretary-General, Ministry of Foreign Affairs, Austria, the Danube strategy is working as planned and on schedule. Operational implementation is about to begin, shared Dr. Kyrle, who foresees great potential, for example in increasing transportation capacity on the Danube. However, the Danube Strategy needs more visibility.



Dr. Johannes Kyrle and Udo Aldegren at the macro-region session

Udo Aldegren, Rapporteur for the Baltic Sea Region Strategy, Committee of Regions, finds macro-regions to be an important tool. Progress has been made in defining common problems and increasing dialogue: therefore, the member states and the EU should look to macro-regional approaches to create the umbrella and guidelines in the regions.

Conclusion: The success of the EU Strategy for the Baltic Sea Region will indicate the success potential for other macro-regions.

Flagship Project:

### HELCOM

The Helsinki Commission will showcase selected highlights of the wide variety of its work - especially the ones which most organically combine HELCOM's Baltic Sea Action Plan (2007-2021) and the EU BSR Strategy. HELCOM cooperation is unique in bringing together various types of actors from different institutions, sectors and interest organisations to find common solutions to improve the state of the Baltic Sea and to ensure its sustainable use.



Photo: Hasse Ferrold

Flagship project:

### COMPASS

aims to find ways how the agricultural sector can produce the daily food for the region's 90 million inhabitants while contributing to a healthier Baltic Sea. Project partners from nine countries in the Baltic Sea catchment work together, to create win-win solutions for agriculture and environment, by advancing transparency of policies and practices.

Flagship project:

## EUSBSR Priority Area 14

aimed to reinforce maritime accident response capacity and protection from major emergencies around the region. One of its Flagship Projects, BRISK – on sub-regional risks of associated with oil spills in the BSR and led by HELCOM – has recently finished providing successful results. With the recent kick-off of the Flagship Project 14.3, this Priority Area has embraced a wider regional all-hazard approach.

## Reviewing the Action Plan

The EUSBSR Action Plan is being reviewed, to be completed by the end of 2012. An important element of this review has been to introduce objectives, indicators and targets, at the Strategy level and for each Priority Area: and Horizontal Action. These should allow us to measure the success of the Strategy, but also focus efforts on the most urgent challenges.

At the parallel session on the Action Plan Jean-Marc Venineaux, DG Regional Policy, European Commission, noted the importance of using the review to ensure that all priority areas and horizontal actions remain relevant and demonstrate how each area or action benefits from the presence of the Strategy.



Henryka Mosciska-Dendys, Deputy Director, Ministry of Foreign Affairs, Poland, finds the Strategy “complex” and hopes that the newly-dedicated Polish language webpage will help potential partners to participate. At the same time, she expects the action plan to be more proactive.

Other debate issues were that the local level must be properly funded into the programmes, private sector, NGOs and citizens need to be more involved in the Strategy, and maybe not all programmes need to take place under the auspices of the Strategy.



Photo: Hasse Ferrold

Flagship project:

## The INTERACT Point Turku

stand is highlighting the new visual identity for the EUSBSR, and is also inviting programmes to provide an overview on the projects that they are funding, and that supports the EUSBSR implementation. It is stressed that EU funding programmes are a significant funding source to overcome jointly defined challenges of the Baltic Sea Region. Taking into account one of the EUSBSR principles: “NO new funding,” the EU funding programmes are a crucial funding source for its implementation.

## Region Zealand and the Capital Region of Denmark

STRING is the political cross-border partnership between Hamburg and Schleswig-Holstein in Germany, the Capital Region of Denmark and Region Zealand in Denmark, and Region Skåne in Sweden. Our vision is that the STRING region will be the driver behind a North European green growth corridor, consisting of the STRING region in a functional partnership with our neighboring regions. The STRING organisation is structured around five themes: Infrastructure, Tourism and Culture, Science and Development, Green Growth, and Cross-border Barriers.

## Connecting Europe – Smart and Green partnerships

# Summing up the results of the BDF Summit and the Commissions Annual Forum in Copenhagen



Walter Deffaa, Director-General, DG Regional Policy, European Commission

Walter Deffaa noted a true commitment to help tackle environmental and economic challenges facing this Region head on, and to ensure that sound finance and growth go hand-in-hand. He emphasised that the BSR has real potential to be a model region in this respect.

The Commission's proposals for the new cohesion policy will support efforts to promote smart specialisation that can help us deliver.

The historically close networks in this Region are admired by many in the rest of Europe. They follow developments closely, because – as they say – if a macro-regional strategy does not work in the Baltic Sea Region, it will not work anywhere.

Let us show our European colleagues a good example by letting “Strategy thinking” become a reflex at all levels of government and across all the different ministries involved.

## BDF will push the public-private dialogue



Hans Skov Christensen,  
Chairman, Baltic  
Development Forum

First of all, the discussions these past three days have shown that public-private co-operation and dialogue are important. The visit to ESS and the award winner of the Baltic Sea Award reminded us that also the academic community needs to be part of the dialogue.

Second, new ideas came up. As regards

the Baltic Sea itself, it was proposed that we should take new initiatives to broaden the discussion. We have proposed to organise a back to back event next to the next HELCOM ministerial, where the private sector will also be invited.

As well, the Baltic Business Arena is a new initiative. Match-making between SMEs should be part of the public-private dialogue. We will consider how to improve this aspect.

The digital agenda initiative that we have taken together with Swedish partners has been welcomed. The Estonian Prime Minister Andrus Ansip participated in a closed meeting and he supports a continuation of this initiative. The Digital Single Market process should continue, he said.

I have also mentioned that we will explore how to organise a Competitiveness Council consisting of CEOs, economists, bankers and researchers. If it can effectively promote the public-private dialogue, we will pursue this idea. Hopefully such a council could meet next year at the BDF Summit.

We have a good tradition in agreeing where to meet next time before we go back to our respective countries. During our conference, BDF has agreed to have a Summit in Turku in Finland in 2014. We are looking forward to coming to this important Baltic Sea Region city, which has become a centre of regional activities.

We do not hope, however, that we should wait so long. Therefore, we are in a good contact with the Latvian Government about organizing a Summit in Riga, Latvia in 2013. We will let you know the outcome of these talks as soon as possible.

Next year we will not be together with the Annual Forum. It is a little sad since we have really enjoyed it the last two years. At the same time, it is good to define our own role and our own identity. We know that the Annual Forum during the Lithuanian Presidency of the EU Council will ensure that our regional cooperation continues.

We wish you good luck.

## Next year's Annual Forum in Lithuania



Asta Radikaite, Deputy Director, European Affairs Department, Ministry of Foreign Affairs, Lithuania



In a year – July 2013 – Lithuania takes over EU’s steering wheel – naturally effective implementation of the Strategy will be one of our major priorities: an area where we will build on the Danish achievements. At that time, we expect to have a solid action plan aligned with Europe 2020: financial resources aligned with the objective of the Strategy. We expect to have a strategy for the Baltic Sea Region ready to accelerate with new energy in 2014 the beginning of the new EU Multi Annual Framework.

At the same time we will have an assessment of macro-regional strategy to be published by the Commission in a year, which we await with great interest, because it will set prospects of concepts of this new method of co-operation.

So in this context – and in agreement with the European Commission – the next Annual Forum will be held in Lithuania in autumn 2013.

## The cooperation taken into the next generation



Kim Jørgensen, Under-Secretary for European Affairs, Ministry of Foreign Affairs, representing the Danish EU Presidency

*“It is really magnificent that so many people at all levels have shown their commitment for the Baltic Sea Region, and even though the Baltic Sea Strategy is an internal EU strategy it is also extremely important that the issue of Russia and other countries who are not adjoining to the EU has been debated.*

*And I think that this event and the work that the Baltic Sea Development has done is taking the Baltic Sea co-operation into the next generation – looking back from the early nineties.”*

# Copenhagen Conference a success

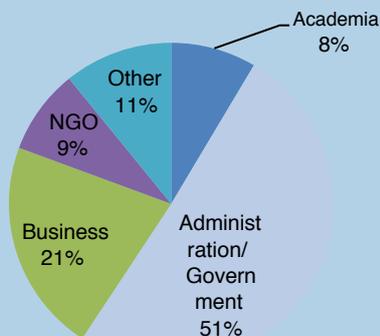
The overall responses regarding the conference were positive: an overwhelming number of respondents viewed the conference as a success. The conference covered the current political and economic situation, and the main area of interest for respondents was the EU Strategy for the Baltic Sea Region. The most popular session this year was Warming up with the State of the Region Report. The main reason for participation was to network, and the Networking Village was highly rated. A vast amount of respondents viewed the service of the organisers of the conference very positively and found the choice of venue to be excellent. Also, the more informal parts of the conference – the Gala Dinner – were rated highly.

This year's conference gathered ca. 850 participants, during which 106 questionnaires were conducted with our participants – representing approximately 14% of all participants.

## Registered Participants by Sector

Source: Conference Manager System

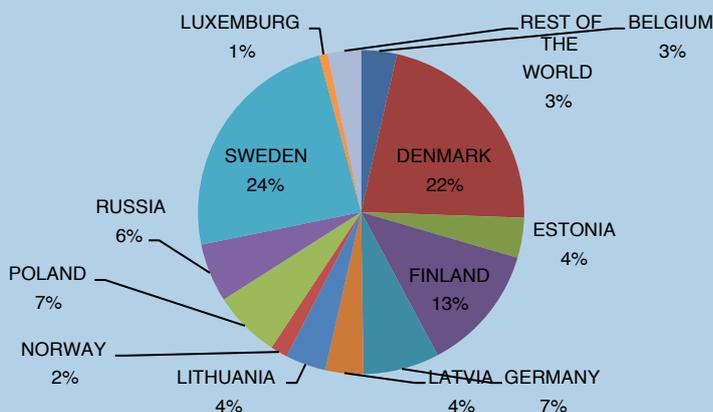
51% by Administration/Governmental institutions; 21% by Business; 8% by Academia; 9% by NGOs; 11% by other sectors. Accredited Media is not included in this chart.



## Registered Participants by Country

Source: Conference Manager System

Sweden (24%), Denmark (22%), Finland (13%), Germany (7%), Poland (7%), and Russia (6%) were most represented amongst participants, adding up to 79%.



You can find all the results from the questionnaires on [www.bsr2012.eu](http://www.bsr2012.eu)

## Joint Statement Connecting Europe – Smart and Green Partnerships

Co-operation in the Baltic Sea Region is not an exclusive or introvert's exercise. On the contrary, it has always been open to neighbouring countries, Europe and the world in general. The international audience at the 14th Baltic Development Forum (BDF) Summit and the European Commission's 3rd Annual Forum on the EUSBSR ("the conference") confirmed in many ways the international and global approach prevailing in the region.

With the adoption of the EU Strategy for the Baltic Sea Region (EUSBSR) the link between regional and wider European co-operation has become explicit and manifest. The title of the conference captured this point: the European connectedness. The present economic crisis in Europe further underlined the situation: we are heavily interdependent. It is hardly possible to be a winning region in Europe, if Europe in general is not doing well. This is especially clear to the Baltic Sea Region countries that represent many small and open economies that are vulnerable and exposed to changes in the international economy.

Investments, partnerships and new regional projects were taken up during the three days of conference and discussed in the light of the economic challenges which face Europe. Most keynote speeches made this link, with key questions addressed during the Conference being "How is it possible to kick-start the economy while maintaining sound public finances?" and "How can cross-border projects within energy, transport/logistics and ICT/the digital agenda contribute".

The past few years have changed the economic and social conditions in Europe. From many voices in the EU today, there is a growing realisation that it is no longer possible to treat the EU as one in all respects. Our needs are increasingly interdependent, but our challenge is that these needs often require zone-specific responses. Not least in this context, it was confirmed that the EUSBSR is the right framework to proactively promote smart and green growth and the balance of traditional infrastructure projects with innovative approaches.

As such, the Baltic Sea Region, already one of the most highly integrated macro-regions in the world, is continuing to develop new ways in which actors at all levels can pursue common interests while mitigating unwelcome externalities. The historically close networks are admired by many in the rest of Europe. Their eyes are on the BSR because – as they say – if a macro-regional strategy does not

work here, it will not work anywhere. The general outcome of the conference was positive: it is possible, and many different stakeholders are interested and willing to take active part in the macro-regional development. More than 850 people participated and the long list of projects that were displayed and presented was an impressive reminder of the commitment that exists.

With the updated Action Plan for the EU Baltic Sea Region Strategy, it is possible to focus on how to ensure maximum impact and results where it matters most. Despite the diversity in terms of backgrounds, the conference served to highlight a common resolve:

1) We do not accept that Europe's quasi-internal Sea is among the most polluted waters in the world, and we respond by calling for a better alignment of policy and funding, closer partnerships among all stakeholders and high-level political commitment. This is in line with the Strategy's new "Save the Sea" objective.

2) We are committed to ensuring that this Region's vast and sometimes difficult geographic conditions do not impede trade, mobility and energy reliability. That is why agreed-upon transport and energy projects should be completed as soon as possible. This is in line with the Strategy's new Connect the Region objective.

3) And finally, the conference demonstrated true commitment to help tackle economic challenges head on, and to ensure sound finance and growth go hand-in-hand. This is in line with the Strategy's new "Prosperity" objective. The Baltic Sea Region has real potential to be a model region in this respect. The European Commission's proposals for the new cohesion policy will support our efforts to help the region deliver.

The recent decision to identify objectives, indicators and targets for action, endorsed by actors from the highest levels to those nearest the ground – or the sea – will provide vital checks on the extent to which political actors are ready to move from words to deeds. The regular inclusion of Baltic Sea Region topics in relevant meetings of the EU Council of Ministers will give further teeth to the proposed actions, as will high-level events like the Summit/Forum.

## A litmus test for commitment

The conference turned out to be a very timely reminder to all stakeholders to embrace the EU negotiations ahead of the 2014-2020 financial period to make sure that partnership agreements and operational programmes reflect the needs of the Strategy. When the EUSBSR was launched in 2009, we were in the midst of a programming period and there were fewer opportunities to adjust existing plans to the new strategy. Now we all have the possibility – and responsibility – to facilitate the implementation of the Strategy, by linking objectives with programmes and other financial instruments.

It will in many ways be a litmus test for how committed the Member States are. Ensuring sufficient resources and aligning policies and funding are key to the success of the Strategy moving forward. In this sense, the conference was an eye opener to many. It is important now to maintain the energy and diversity of participants. The Danish Presidency of the EU Council expected that new Council conclusions would give further political encouragement to the process, and the Lithuanian Government promised to ensure a continuation of the high-level attention during their EU Presidency in the second half of 2013.

Holding the Summit and Forum together was a good way to ensure the representation of different stakeholders and not least to include more private sector representatives in the work of the Strategy. The integration of the business networking within the Baltic Business Arena was a new feature which ensured the participation of small and medium - sized enterprises. As well, the strong engage-

ment of regional and local authorities is key to the Strategy's success, and good examples of this co-operation were underlined by representatives of, for example, the UBC, BSSSC and BaltMet at the event.

The Conference also served as an important platform for information exchanges on the various processes on all levels. It was also a good reminder of the fact that there is a need to make decision-making accessible and understandable to the general public, not least to the directly involved stakeholders. Initiatives are taken in order to ensure broader participation and information.

The event also testified to the importance of co-operation with Russia, for instance in the framework of the Northern Dimension and the Council of Baltic Sea States (CBSS) and new initiatives like the South East Baltic Area (SEBA). Through a range of projects in, for instance, water, wastewater, solid waste and energy efficiency, these frameworks are helping to deliver real benefits to the entire Region. At the sub-national level, the Turku Process, supported by the EUSBSR, provided a model and structure within which cities and regions in Russia could cooperate with EU partners around the Baltic to meet common challenges in environmental, economic and socio-cultural fields.

Messages on how to focus the on-going review of the Action Plan of the Strategy were passed throughout the conference, and would now be taken into account. The European Commission hoped to present the updated, focused Action Plan by the end of 2012.



International volunteers at the Conference



The BDF staff at the conference

## ORGANISERS



## STRATEGIC PARTNERS



## MEMBERS



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