

DEFF GLL PRS

BALTIC SEA REGION - INVESTOR'S GUIDE
2012-2013

The BSR Investor's Guide introduces and highlights business and investment opportunities in the Baltic Sea Region, brought to you by the countries of Denmark, Estonia, Finland, Northern Germany, Latvia, Lithuania, Poland, North-Western Russia and Sweden.

The BSR Investor's Guide is divided into two sections. The first section introduces and describes the Baltic Sea Region and the 9 Baltic Countries and main cities. The second section describes the Baltic Sea Region through seven key investment drivers.

Contact information to investment organisations and experts in the Baltic Sea Region as well as to parties involved in the making of this Guide can be found in the end of the report. The main sources of factual information are also listed in the end of the publication.

DENMARK
ESTONIA
FINLAND

N. GERMANY

LATVIA

LITHUANIA

POLAND

N-W RUSSIA

SWEDEN

CONTENTS

FOREWORD	/ 6	DENMARK	/ 14
		THE WORLD'S BEST BUSINESS ENVIRONMENT	
<i>The Baltic Sea Region and the 9 Baltic metropolises</i>		ESTONIA	/ 18
		SUPPORTING FOREIGN INVESTMENTS THROUGH ACTIVE SECTORS	
THE BALTIC SEA REGION	/ 10	FINLAND	/ 22
AN INTEGRATED, SUSTAINABLE AND DYNAMIC MARKET OFFERS YOU THE WORLD'S BEST WORKFORCE		INNOVATIVE FINLAND OFFERS REWARDING INVESTMENT ENVIRONMENT	
		NORTHERN GERMANY	/ 26
		EXCELLENT BUSINESS OPPORTUNITIES	

LATVIA / 30

WHERE THE EAST MEETS THE WEST

LITHUANIA / 34

ADVANTAGEOUS LOCATION

POLAND / 38

STABILITY, STRATEGIC LOCATION
AND PEOPLE

NORTH-WESTERN RUSSIA / 42

LARGE INVESTMENT POTENTIAL

SWEDEN / 46

WELCOME TO INVEST IN THE
FUTURE

Seven Investment Drivers / 50

POLITICAL AND LEGAL STABILITY / 52

DOMESTIC MARKET / 55

BUSINESS COMMUNITY / 61

WORKFORCE / 66

INFRASTRUCTURE / 70

TAXES AND SUPPORT SERVICES / 75

QUALITY OF LIFE / 78

Contacts and sources / 84

FOREWORD

Dear Reader,

This publication is the outcome of an ongoing co-operation between the investment promotion agencies of countries and major cities in the Baltic Sea Region. The guide was originally initiated by Baltic Metropolises, the joint voice of the capitals and major cities of the Baltic Sea Region states, in 2011. The publication of this second version has been coordinated by Baltic Development Forum, which is a networking organisation and think-tank for decision-makers and stakeholders in the Baltic Sea Region.

The Baltic Sea Region has developed itself into the best established macro-region in Europe and the high-level of co-operation activities on all levels has been recognised with the elaboration of the first EU-defined strategy for the region which aims at increasing the prosperity of the region through joint actions.

The Baltic Sea Region can offer investors some of the most innovative countries and metropolises in Europe and indeed in the world. It comprises a large and vibrant markets with about 100 million consumers, and the region combines great potential for growth and dynamic innovation with wide intellectual resources.

The high levels of intra-regional trade, cross-border investments, and the structure of companies and banks have produced a highly integrated economic area. From a global perspective, the Baltic Sea Region has preeminent characteristics. The open economies, level of growth, excellent international connections, high-level of stability of the societies, well-functioning infrastructure, vibrant business communities, highly educated citizens and the high quality of life coupled with a strong cultural and historical heritage offer international investors and businesses outstanding opportunities.

We hope the Baltic Sea Region – Investor's Guide 2012–2013 provides you with interesting and relevant basic information of the countries and cities and gives you the incentive to invest or set up a business in one of Europe's most promising market areas.



Hans Skov Christensen
Chairman, Baltic Development Forum
Former CEO of the Confederation of
Danish Industry



Los Angeles
12 h 25 min

New York
8 h 25 min

THE BALTIC SEA REGION

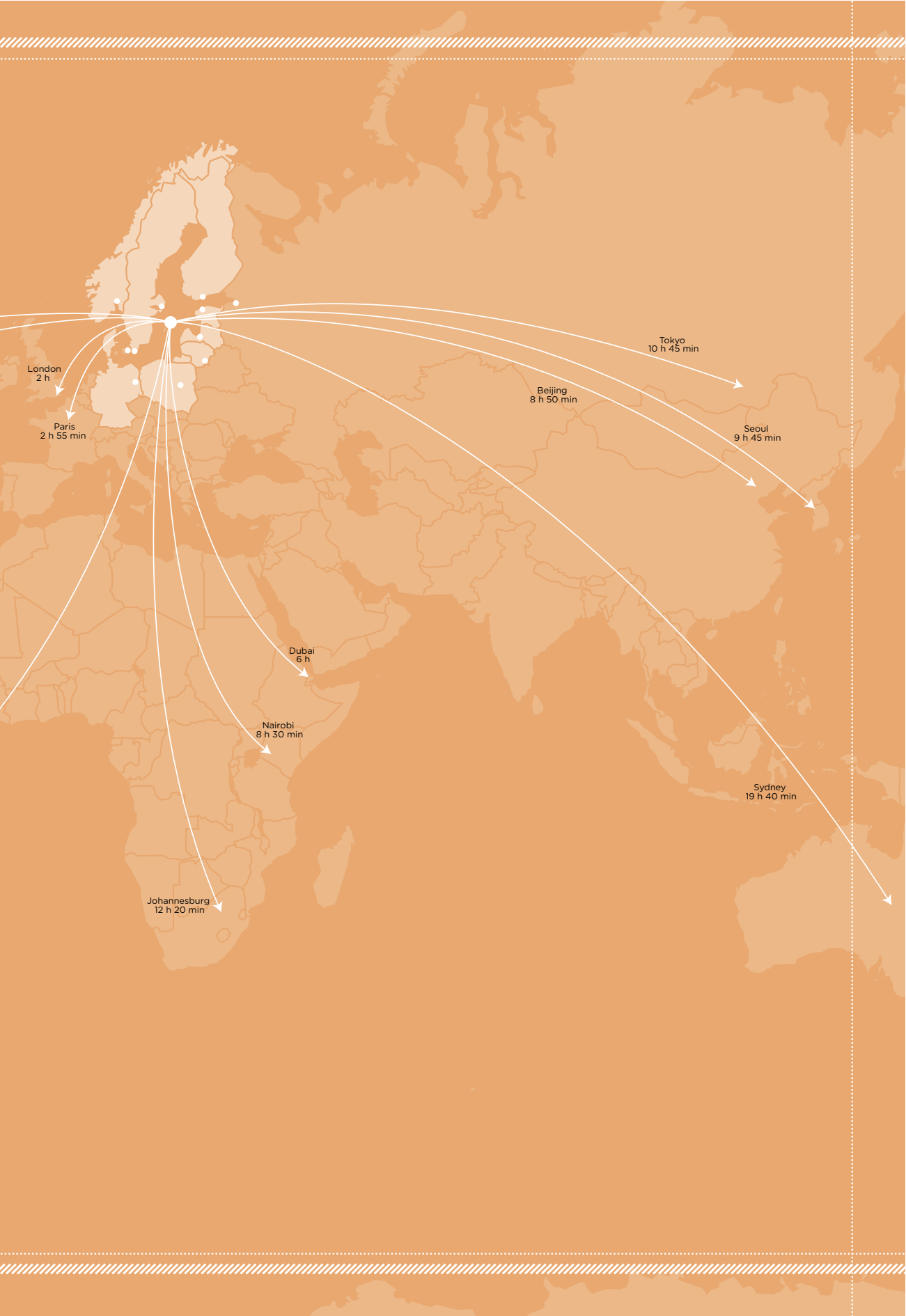
AN INTEGRATED, SUSTAINABLE AND DYNAMIC MARKET
OFFERS YOU THE WORLD'S BEST WORKFORCE

THE COUNTRIES CONSTITUTE ONE OF THE MOST
COMPETITIVE ECONOMIC AREAS IN THE WORLD

A GREEN, CLEAN AND FAMILY-FRIENDLY REGION
WHERE INNOVATION BLOOMS AND ENTREPRENEURSHIP
FLOURISHES

EASY ACCESS FROM ANY CORNER OF THE WORLD

Rio de Janeiro
13 h 30



THE BALTIC SEA REGION /

AN INTEGRATED, SUSTAINABLE AND DYNAMIC MARKET OFFERS YOU THE WORLD'S BEST WORKFORCE

The Baltic Sea Region in Northern Europe is one of the most competitive economies in the world. The region has about 100 million inhabitants and GDP growth above the EU average. The countries in the area are packed with highly-skilled and competitively-priced workforce. The innovative and entrepreneurial spirit of the region is backed up by politically stable and business-friendly societies. Excellent air, sea, road and rail connections both to international and national locations make the region easily accessible from any corner of the world. Not only an alluring place for business, the region also offers a very high quality of life for people of all ages.

The Baltic Sea Region comprises the Baltic states Estonia, Latvia and Lithuania, the Nordic countries of Denmark, Finland, and Sweden as well as Poland, Northern Germany and Russia's coastal districts close to the Baltic Sea.

The Baltic metropolises are the heart of the Baltic Sea Region: The combined strength of Berlin, Copenhagen, Helsinki,

Riga, Stockholm, St. Petersburg, Tallinn, Vilnius and Warsaw create a pool of innovation, talented workforce, active business communities, effective infrastructure, political stability, cultural and historical heritage as well an unrivalled quality of life.

The workforce is highly-skilled and talented

One of the greatest advantages of the Baltic Sea Region is the large, highly-skilled and competitively-priced workforce. It is one of the main factors behind the high level of competitiveness of the region. In fact, the BSR serves the knowledge economy with a higher share of its people than any other in Europe. The people of the BSR are highly educated.

In fact, in many areas, a very high percentage of the working population has completed tertiary education (university degree or equivalent); for example, 35 percent in Finland, 33.5 percent in Denmark and 33.3 percent in Estonia. Many businesses depend on the competencies of the region's steady flow of university graduates to gain a competitive edge.



Sweden

Finland

Russia

HELSINKI

ST. PETERSBURG

STOCKHOLM

TALLINN

Estonia

RIGA

Latvia

COPENHAGEN

Denmark

Lithuania

VILNIUS

BERLIN

Germany

Poland

WARSAW

The supply of highly-educated people is made possible by the abundance of higher learning institutions in the region. The BSR countries host 64 out of the TOP200 universities in Europe according to the Webometrics Ranking of World Universities. Many of these institutions offer education of the highest quality – on par with any in the world. Businesses in the region depend on its highly-educated workforce.

The large number of educational institutions produces a lot of students. While students certainly give their cities a liveliness and creative buzz, they also benefit business. Knowledge-intensive and technology-focused companies in particular make use of the young, talented and open-minded student pool.

Another important aspect to the well-functioning business environment is the good foreign language skills of BSR residents. They are very good both in terms of the number of languages spoken as well as the level to which they can be used. English is the de facto business language throughout the region.

Innovation blooms and entrepreneurship flourishes

The Baltic Sea Region is business-friendly and there is a tangible innovative culture and spirit in the region. Innovation is supported by good cooperation between private companies, public authorities and universities. In addition, there are a wide variety of excellent business clusters and centers of expertise throughout the region. All this enables innovation to bloom and entrepreneurship to flourish.

Innovation capacity is a very important factor for the competitiveness of the BSR. Public expenditure on R&D activities is high; Berlin, Copenhagen, Helsinki and Stockholm are among the regions in the EU with the highest share of GDP spent on R&D. The BSR countries also gain high rankings in INSEAD's Global Innovation Index (2009-2010). For example, out of 132 countries examined, the BRS puts 5 countries in the top 30 (Sweden, Denmark, Finland, Germany and Poland).

Easy access from any corner of the world

The Baltic Sea Region is very well internationally connected with world-class international airports and many airlines serving most any destinations in Europe as well as key destinations in North America, Asia, Africa and the Middle East. The region as a whole has a modern and technologically advanced air, sea, road and rail transport system.

The Baltic Sea is one of the maritime areas with the densest traffic in the world. Both the number and the size of ships have been growing in recent years and this trend is expected to continue. There are many short-haul, cross-border ferry connections that allow the mobility of persons and the integration of regional workforce markets. Ferry connections are also used by trucks to transport goods across borders. Maritime transportation is also well developed for longer journeys, essential for connecting cities and regions located on the shores of the Baltic Sea.

Fast and modern trains serve both passengers and cargo and there is a ongoing heavy investment in rail systems, which is steadily improving cross-border infrastructure and facilities, thus drastically shortening travel times. For instance, the recently launched high-speed Allegro train shortens the travel time between St. Petersburg and Helsinki from 5.5 hours to only 3 hours.

The countries in the Baltic Sea Region have high-capacity road infrastructure, such as motorways, permitting connections among the main metropolitan areas, as well as secondary transport networks that facilitate intra-regional travel and connect rural areas to the primary networks.

Urban public transport is well-developed and well-organised in the region. Buses, trams, subways and commuter trains serve passengers throughout the Baltic Metropolises, which ensures that growth can remain brisk yet sustainable.

A mobile phone in every pocket

Excellent broadband, fiber networks, wireless internet and mobile communications systems encompass the entire region. The high-speed broadband network is expanding rapidly and wireless communication in general is very advanced, which is perhaps why most people in the region have mobile phones.

The Baltic metropolises offer different kinds of real estate and property solutions for businesses. Office, warehouse, manufacturing and retail space is available in numerous locations at competitive prices. The cities also have well-functioning

support services that assist investors and businesses in finding the optimal kind of space as well as other required products and services.

Green, clean and family-friendly

The BSR is a family-friendly, safe region with good education and health care for all. There are numerous schools, day-care centers and elderly homes serving close and extended families. Health care is provided by both public and private institutions and the overall level of care is high.

The BSR has a natural affinity for nature. There are many parks and other recreational areas even within urban areas. The cities are clean and well-maintained. Respect for nature can be felt in the region's approach towards the environment and sustainable development.

The creative spirit is evident throughout the region with a wide variety and abundance of cultural events and activity. Theatre, music, opera, dance, architecture and design are present in daily life. The cities in the area have been internationally recognized for their cultural and design aspects. For example, Tallinn was the official European Capital of Culture in 2011 and Helsinki is the World Design Capital in 2012. Riga and Umeå are designated to be the European Cultural Capitals in 2014.

The Baltic Sea Region is a safe place to live. Societies are politically stable and have well-established legal systems. There is a high level of respect for law, justice, democracy and human rights throughout the area.

D E F
G L L
P R S

DENMARK / THE WORLD'S BEST BUSINESS ENVIRONMENT

The World Bank's doing business report 2012 ranks Denmark 1st for most business friendly climate in Europe. It is not only fast, but also efficient, with highly skilled employees and a famously flexible labor market. Added to all of this is Denmark's safe business environment.

DENMARK 11.30 AM

DENMARK

DENMARK / COPENHAGEN

The World Bank's doing business report 2012 ranks Denmark 1st for most business friendly climate in Europe. It is not only fast, but also efficient, with highly skilled employees and a famously flexible labor market. Added to all of this is Denmark's safe business environment.

Innovations in life science

Thanks to a dense network of universities, hospitals and companies working together within medical technology, biotechnology and pharmaceuticals, the Danish life science industry is an international example of how to successfully turn academic knowledge into commercial business. Denmark has the

third-largest commercial drug development pipeline in Europe, and the second highest investment level within biotech in Europe.

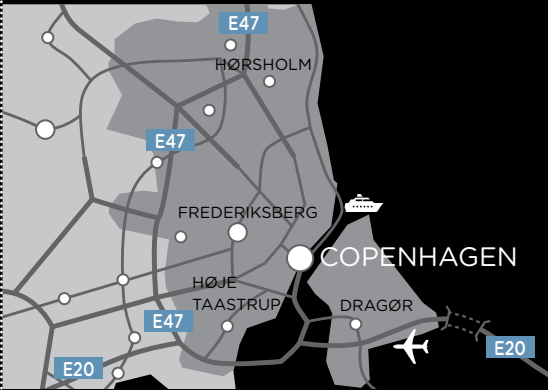
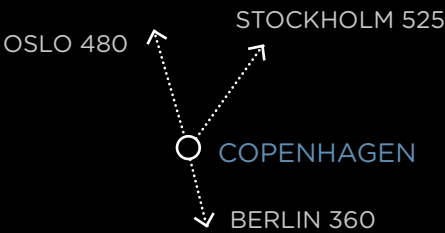
Go green in Denmark!

With 1,100 Danish cleantech companies, 60,000 employees, and a 12 billion Euro export value, Denmark is one of the world's indisputable cleantech centres. Denmark maintains a target of deriving 35% of Danish energy consumption from renewable energy, with 50% coming from wind energy, by 2020, so the business potential in this industry is significant.

The hub for ICT knowledge

Denmark is a frontrunner within Information and Communications Technology (ICT) and a prime location for international companies looking to expand their business. Not only is Denmark praised as the best test market in the world, it also has world-class

DISTANCES (KM):



IT infrastructure with some of the world's highest ICT penetration rates for mobiles, broadband and PC's.

Copenhagen – a leader in human capital

Universities of high quality are among the reasons why the Economist Intelligence Unit has ranked Copenhagen as the third best city in the world in terms of human capital. Highly skilled employees, coupled with a flexible yet secure working environment, make Denmark an ideal place for business.

Innovations in life science

The Copenhagen region is a home for research and development in life science, and home to several major pharmaceutical companies, like Novo Nordisk, LeoPharma and Lundbeck, as well as many biotech enterprises. Thanks to a dense network of

universities, hospitals and companies, the Danish life science industry is an international example of how to successfully turn academic knowledge into commercial business. Medicon Valley, the Danish-Swedish life science cluster, makes it easy to benefit from cross-border co-operation.

Go green in Copenhagen

Denmark is a European hub for cutting edge cleantech companies, research, development, test facilities, and a market full of early adapters. Copenhagen aims to become the world's first CO₂-neutral capital and is also home to the Copenhagen Cleantech Cluster, which makes it a premier location and market for cleantech solutions. For more information, visit www.investindk.com

COUNTRY: DENMARK

CAPITAL CITY: COPENHAGEN

TOTAL POPULATION: 5.4 MILLION (DENMARK),
1.7 MILLION (GREATER COPENHAGEN)

GDP PER CAPITA (NOMINAL): € 40.000 (DENMARK 2011)

OFFICIAL LANGUAGE: DANISH

LOCAL CURRENCY: DANISH KRONE DKK (1 EUR = 7.46 DKK)

MEMBER OF THE EUROPEAN UNION (SINCE 1.1.1973)

KEY ECOSYSTEMS IN COPENHAGEN: LIFE SCIENCE, ICT, CLEAN-TECH.

D E F
G L L
P R S

ESTONIA / SUPPORTING FOREIGN INVESTMENTS THROUGH ACTIVE SECTORS

Several favourable factors have attracted direct foreign investments to Estonia. The most active sectors are financing, manufacturing and real estate activities. With its population of nearly half a million, the capital - Tallinn - is the driving force of the country's economy. Tallinn has both traditional and new branches of industry. Some of the machine building, metal processing, textiles, food and furniture industries date back more than a hundred years, and their production lines continue to be competitive abroad. Electronics and apparatus plants represent the new industrial generation, which is strongly export-oriented.

ESTONIA 10.15 AM

AINOSTSE ESTONIA

ESTONIA / TALLINN

Several favourable factors have attracted direct foreign investments to Estonia. The most active sectors are financing, manufacturing and real estate activities. With its population of nearly half a million, the capital – Tallinn – is the driving force of the country's economy. Tallinn has both traditional and new branches of industry. Some of the machine building, metal processing, textiles, food and furniture industries date back more than a hundred years, and their production lines continue to be competitive abroad. Electronics and apparatus plants represent the new industrial generation, which is strongly export-oriented.

Early adaptors of new technology

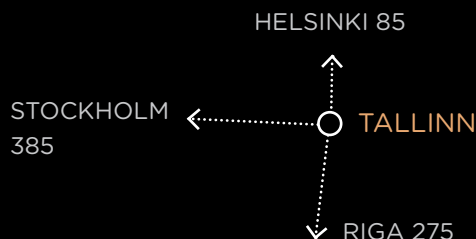
Within a short time span, modern means of communication have become an inseparable part of the daily life of Estonians, with the use of mobile telephones and the Internet being more widespread than in some other EU member states. Different formats of e-commerce and e-government are gaining ground. To date, an e-government system has been developed for the Government of Estonia, enabling it to work and process information electronically.

There will no longer be a need to use large amounts of paper and the movement of documents will speed up considerably.

In the banking sector, 98 percent of people use Internet banking. Several innovative technical solutions and applications have been developed locally, for instance a mobile parking system enabling payment for parking by mobile telephone, MPS (mobile positioning system) and e-tickets



DISTANCES (KM):



for public transport. The attitudes of the population and the size of the country make Tallinn an ideal place for testing new technologies.

Tallinn – The centre of Estonian political and business life

Tallinn houses more than half of the companies operating on foreign capital in Estonia. The Estonian economy is closely connected with those of the neighboring Scandinavian countries. This has attracted extensive foreign investments, facilitated the acquisition of modern expertise, and boosted trade. The service sector dominates the economy of Tallinn, both with regard to profits and the number of people employed. Seven out of ten inhabitants of Tallinn work in the service sector. Business services account for 70 percent of all service sector revenues. The providers of consultancy, accounting, advertising and design services include representatives of international and local companies.

Real estate development has been progressing on a par with the overall fast pace.

Favourable Transit corridor

Estonia is one of the most direct and favourable transit corridors between the developing Eastern markets, Europe and North America. Large investments in infrastructure have brought the ports of Tallinn up to international standards and logistics services are fast and of high quality. Tallinn is one of the biggest ports of the Baltic Sea. The Port of Muuga has the status of a free zone and this enables transit and distribution companies to use more flexible customs procedures. Tallinn International Airport is one of the largest airports in the Baltic States, both by passenger and cargo volumes.

COUNTRY: **ESTONIA**

CAPITAL CITY: **TALLINN**

TOTAL POPULATION: **1.3 MILLION (ESTONIA), 410.000 (TALLINN)**

GDP PER CAPITA (NOMINAL): **€ 11.918 (ESTONIA 2011)**

OFFICIAL LANGUAGE: **ESTONIAN**

LOCAL CURRENCY: **EURO (SINCE 1.1.2011)**

MEMBER OF THE EUROPEAN UNION **(SINCE 1.5.2004)**

KEY ECOSYSTEMS IN TALLINN: **SERVICE SECTOR,**

TOURISM, COMMUNICATION, FINANCING



D E F
G L L
P R S

FINLAND / INNOVATIVE FINLAND OFFERS REWARDING INVESTMENT ENVIRONMENT

Finland has earned a global reputation for innovation, competitiveness and reliability, making it an attractive investment location. The Economist Intelligence Unit currently ranks Finland's business environment as the best in the world.

FINLAND 19.00 PM



Finlands Konstgrafiker The Association of Finnish Printmakers

FINLAND

FINLAND / HELSINKI

Finland has earned a global reputation for innovation, competitiveness and reliability, making it an attractive investment location. The Economist Intelligence Unit currently ranks Finland's business environment as the best in the world.

Rewarding investment environment

As one of the most dynamic and open economies in the world, Finland has a great deal to offer international investors, including reliable infrastructure, a highly skilled workforce and business-friendly policies. Finland also offers an excellent location for doing business in the Baltic Sea Region and Russia, and Helsinki Airport provides the fastest air route from Northern Europe to Asia.

Economy built on innovation

The Finnish economy is knowledge-based and strong on innovation and high-tech industries. Finland is a global leader in

terms of R&D spending per capita and the availability of scientists and engineers. The extensive research co-operation between Finnish universities and the public and private sectors offers good opportunities for international companies. Finland has world-class expertise in many sectors, including the metal, engineering and electronics industries, ICT, forest industry, cleantech, biotechnology, energy, chemicals, shipbuilding, as well as in design and creativity.

Stability and transparency

The consensus-based Finnish political system delivers pragmatic, business-friendly policies and an enviable level of political continuity. Finland is well known for its social and macroeconomic stability, transparent institutions, lack of corruption, low levels of public debt, and narrow interest rate spreads. This creates an unusual degree of predictability and security for international investors. Foreign-owned companies also enjoy the same benefits of and are treated equally compared to their Finnish counterparts.

DISTANCES (KM):



Helsinki – International hub of the region

The capital of Finland, Helsinki, is in the heart of the Baltic Sea Region. Its strategic location makes it an easily accessible hub for businesses and a perfect place to locate regional headquarters – especially if access to Russia and the Baltic states is important.

Highly educated professionals

More than a third of Helsinki inhabitants have higher-level education, which is more than anywhere else in the world. The Finnish school system is a world leader in universal education, as confirmed by PISA studies over and over again. In general, the workforce in Finland has very good ICT and language skills and is known for its strong work ethic and productivity. Finland's world renowned, \$12 billion (p.a.) innovation system owes its success to the researchers and other professionals working in Finland. R&D-intensive companies from around the world

are taking advantage of Helsinki's innovation ecosystem and the international community is well-established, with a strong presence in the city.

A compact, green and healthy city

Helsinki offers a very high standard of living in all aspects. Life expectancy is very high at 83 years for women and 76.3 years for men. Greater Helsinki is home to 1.3 million people. Thanks to its compact size, structure and status, services are plentiful and easily accessible.

Helsinki is a green city with plenty of natural public spaces, parks, playgrounds and other recreational spaces. The Finnish affinity for nature and sustainability also manifests itself through an effective public transportation system, pro-recycling mentality and use of renewable energy sources.

COUNTRY: **FINLAND**

CAPITAL CITY: **HELSINKI**

TOTAL POPULATION (2012): **5.406 814 (FINLAND), 598.000 (HELSINKI)**

GDP PER CAPITA (NOMINAL): **€ 35.150 (FINLAND 2011)**

OFFICIAL LANGUAGE: **FINNISH**

LOCAL CURRENCY: **EURO**

MEMBER OF THE EUROPEAN UNION **(SINCE 1.1.1995)**

KEY ECOSYSTEMS IN HELSINKI: **CLEAN-TECH, ICT, LIFE SCIENCES, DESIGN & CREATIVITY, KIBS (KNOWLEDGE INTENSIVE BUSINESS SERVICE), LOGISTICS**

A man with a beard, wearing a brown, orange, white, and pink striped sweater, is shown from the chest up, leaning over and working on a shoe sole. The background is slightly blurred, showing what appears to be a workshop or factory setting. The text 'DEFGLLPRS' is overlaid on the left side of the image.

D E F
G L L
P R S

NORTHERN GERMANY / EXCELLENT BUSINESS OPPORTUNITIES

Having a central location at the centre of the Baltic Sea Region, the northern German states of Schleswig-Holstein and Mecklenburg-Vorpommern provide great investment opportunities for both international and local businesses. The region has a sound economy that is less prone to economic fluctuations and continuously delivers steady growth. Its strong sectors are mechanical engineering, life sciences, tourism and many more. The region serves as a powerhouse for the maritime industry, which forms the economic backbone of northern Germany.

NORTHERN GERMANY 8.20 AM

NORTHERN GERMANY

NORTHERN GERMANY / BERLIN

Having a central location at the centre of the Baltic Sea Region, the northern German states of Schleswig-Holstein and Mecklenburg-Vorpommern provide great investment opportunities for both international and local businesses. The region has a sound economy that is less prone to economic fluctuations and continuously delivers steady growth. Its strong sectors are mechanical engineering, life sciences, tourism and many more. The region serves as a powerhouse for the maritime industry, which forms the economic backbone of Northern Germany.

Workforce and life

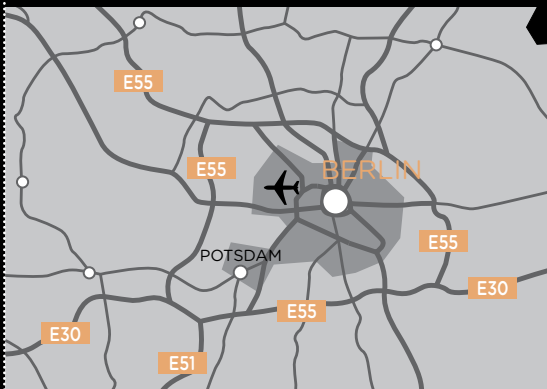
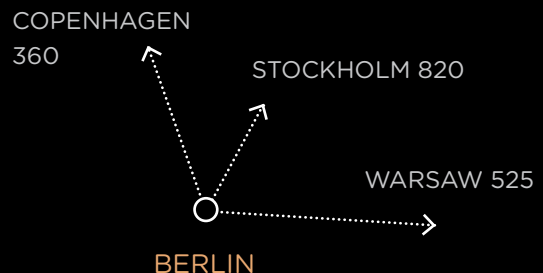
The two states have a vast number of advanced and competent service centres, with focus on information and communications technology, as well as business process outsourcing. This is due to a highly qualified workforce that is able to handle the most

difficult requirements set by their international clients. The labour force is highly educated and ranks among the top regions within OECD. The combination of excellent linguistic skills and high professional and educational qualifications supported by a crucial locational factor makes the region a great investment opportunity.

Tourism and location

For tourists, the region offers a vast number of possibilities, with its gothic buildings and excellent infrastructure. The region is a great place to visit as a tourist and the seaside provides several sights, particularly for nature- and sport-oriented tourists. Wellness seekers will be able to enjoy some of the most capable spa and recreation experiences in Europe. Annually, the region serves millions of hotel customers and is one of Germany's most popular holiday destinations, where a high level of comfort and hospitality can be enjoyed. Furthermore, the tourism industry serves as a great investment opportunity by actively supporting investors, hotel operators, and project developers. Local authorities are involved at every stage of a project's

DISTANCES (KM):



implementation, ensuring the best possible opportunities for growth. Furthermore, the tourist industry serves as a great investment opportunity by actively supporting investors, hotel operators, and project developers. The local authorities are at every stage of a projects implementation, ensuring the best possible opportunities for growth.

Berlin – All the makings of a true business hub

The German capital, Berlin, is a vibrant metropolis in the heart of Europe and one of the most unique and attractive business locations imaginable. Thanks to its exceptional location and transport options, prime real estate and workforce, as well as seamless co-operation between science and industry, it attracts interested investors from near and far.

Excellent location and connections

One of Berlin's major advantages as a business location is its state-of-the-art transportation system. Berlin boasts ten main-line railway

routes and a comprehensive public transport system, making the city an ideal and convenient traffic hub. The city's location at the heart of Europe is another key factor promoting the penetration of new markets. Businesses will find it hard to resist Berlin's inexpensive real estate in prime locations, its efficient and highly qualified workforce, and its ever-expanding group of future-oriented industries. Whether it is the media or the solar industry, they are all putting down roots in Berlin.

Science and industry in unison

Investors will find Berlin's strategic cross-linking of science and industry both profitable and efficient. The configuration includes close and effective co-operation between the business community and the city's four major universities, eleven technical colleges and more than eighty research institutes. The density, quality and diversity of Berlin's many scientific and research institutes are unique in Europe. Together with Berlin's many other advantages, these factors help foster an extremely investor-friendly climate.

COUNTRY: GERMANY (MECKLENBURG-VORPOMMERN AND SCHLESWIG-HOLSTEIN)

POPULATION: 4.5 MILLION (COMBINED TOTAL FOR THE TWO REGIONS IN 2010)

GDP PER CAPITA (NOMINAL): € 31.400 (GERMANY 2011)

LANGUAGE: GERMAN

LOCAL CURRENCY: EURO

MEMBER OF THE EUROPEAN UNION: SINCE 25.03.1957 (A FOUNDING MEMBER)

KEY REGIONAL ECOSYSTEMS: MECHANICAL ENGINEERING, MARITIME

INDUSTRY, AUTOMOTIVE AND AVIATION, BPO AND IT SERVICE CENTRES,

LOGISTICS AND PORTS, RENEWABLE INDUSTRY, LIFE SCIENCES AND TOURISM.

D E F
G L L
P R S

LATVIA / WHERE THE EAST MEETS THE WEST

With Latvia's strategic location among the Baltic States, the city of Riga is the perfect gate for business in the eastern hemisphere. With a port to the gulf of Riga and the Baltic sea, and borders with Estonia, Russia, Belarus and Lithuania, Latvia offers a most convenient place to establish your business in Northern Europe.

Saldus ģimnāzija
JK Sonare

LATVIA 19.40 PM

LATVIA

LATVIA / RIGA

With Latvia's strategic location among the Baltic States, the city of Riga is the perfect gate for business in the eastern hemisphere. With a port to the gulf of Riga and the Baltic sea, and borders with Estonia, Russia, Belarus and Lithuania, Latvia offers a most convenient place to establish your business in Northern Europe.

Central part of the Baltic Sea Region

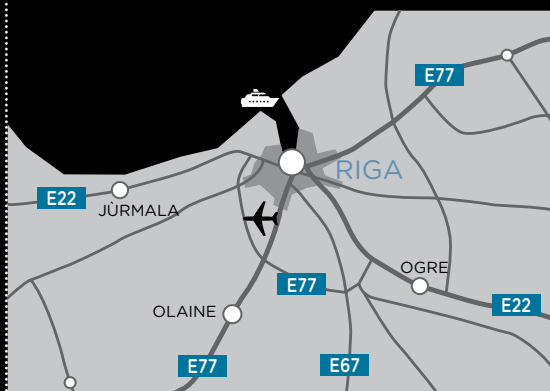
The Baltic Sea Region is one of the most rapidly growing regions in Europe. Latvia plays a determining role in the building of this new and competitive business region. With its pro-business strategy, Latvia is well prepared and particularly keen to welcome companies in most business areas.

Being situated in the middle of the Baltic Sea region, it has an easy access to the markets of Russia and other CIS countries, as well as resources from EU countries and a market of over 100 million consumers.

Historically, the development of Latvia has been largely determined by its geographical location – being situated in the middle of the Baltic Sea region, it has an easy access to the markets of Russia and other CIS countries, as well as resources from EU countries and a market of over 100 million consumers. The fact that Latvia is located on the crossroads joining the markets of the West and the East now contributes to the improvement of social and economic situation of the city.

Riga – The city of opportunities!

Riga, the capital of Latvia, has always been economically active, with a strong development potential. Today, it is one of the largest



DISTANCES (KM):



Baltic metropolises, and one of the most significant players in the Baltic Sea Region, having been recognised as one of the most attractive areas for investment and business activities.

Attractive investment destination

Riga is the backbone of Latvia's economy; it attracts up to 80 percent of all foreign direct investment. Latvia encourages investors with its liberal taxation policy, numerous tax incentives for establishing businesses in special economic zones, few bureaucratic obstacles for doing business, low business start-up costs, and comparatively low production and service costs. Riga's main asset is its workforce, who are highly educated, qualified, motivated and skilful. Production enterprises based on innovations, ambitious projects in real estate and transport infrastructure, and a well-developed and modern IT infrastructure are the factors that turn Riga into

an attractive investment destination. More information at www.investinriga.com

Economic development strategy based on high value added

The economy of Riga is aiming towards high added value emphasising knowledge based industries and services with a high value potential. Riga strategic priority sectors include Life Sciences, ICT, Electronics and Electrical Manufacturing and Engineering, Mechanical Engineering & Metalworking, Professional and Scientific Services, Education as well as Transport & Logistics, Hospitality & Entertainment.

COUNTRY: LATVIA

CAPITAL CITY: RIGA

TOTAL POPULATION (2011): 2 MILLION (LATVIA) 657.424 (RIGA)

GDP PER CAPITA (NOMINAL): € 9.277 (LATVIA 2011)

OFFICIAL LANGUAGE: LATVIAN

LOCAL CURRENCY: LATVIAN LATS LVL, (1 EUR = 0.70 LVL)

MEMBER OF EUROPEAN UNION (SINCE 1.5.2004)

KEY ECOSYSTEMS IN RIGA: COMMERCIAL SERVICES, FINANCE, MANUFACTURING, REAL ESTATE, TOURISM, RETAIL, TRANSPORT & LOGISTICS

D E F
G L L
P R S

LITHUANIA / ADVANTAGEOUS LOCATION

With one of the best-educated and most multi-lingual workforces in Europe, an unrivalled communication infrastructure and a passion for serving international markets, Lithuania has attracted major corporations like Barclays, Western Union, Cisco, IBM, Siemens, and Computer Sciences Corporation, among others.

LITHUANIA 1.15 AM

LITHUANIA

LITHUANIA / VILNIUS

With one of the best-educated and most multi-lingual workforces in Europe, an unrivalled communication infrastructure and a passion for serving international markets, Lithuania has attracted major corporations like Barclays, Western Union, Cisco, IBM, Siemens, and Computer Sciences Corporation, among others.

A great place to do business

Strategically situated between the Nordic region, Russia and the CIS, Lithuania has focused its investments over the past twenty years on education and training, technology, transportation infrastructure, developing a business-friendly environment and economic stimulus and stabilisation programmes. As a result, Lithuania today boasts one of the most impressive economic growth rates in Europe. The World Bank's

2012 Ease of Doing Business Index, the 2012 Index of Economic Freedom prepared by The Heritage Foundation, and the Wall Street Journal has rated Lithuania as a great place to do business.

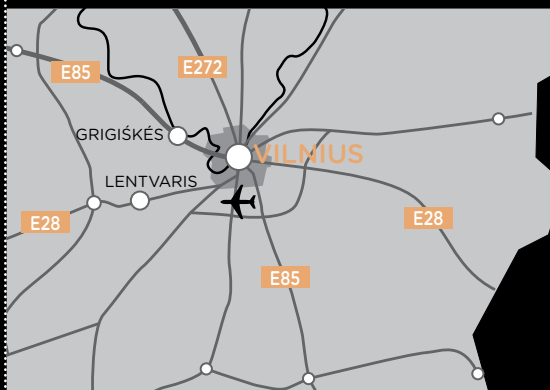
Invest in Lithuania

Lithuania is recognised as one of the EU's prime transport hubs, and also boasts unrivalled Internet speeds and a competitive tax and salary structure. The country has one of the most pristine environments in Europe, and a quality of life that is among the highest in the world.

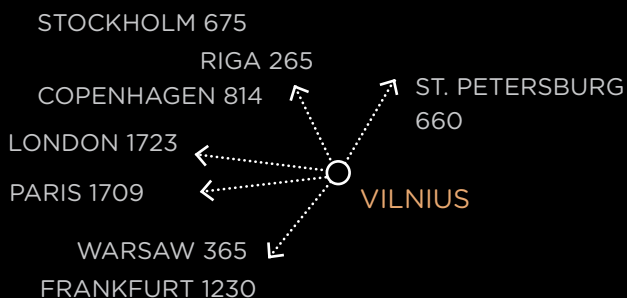
Let Lithuania demonstrate what makes this country such a great investment destination. And let INVEST LITHUANIA help make your move here pay off.

Vilnius – A business city with talent and efficiency

The Lithuanian capital city, Vilnius, is also the centre of the country's political, economic,



DISTANCES (KM):



social and cultural life. Dubbed the “City of Eastern Europe’s Future” by the Foreign Direct Investment magazine, Vilnius has surprised the world with its strength and rapid growth in all spheres of business.

From long history to innovations

Vilnius was the official European Capital of Culture in the year 2009. It was also the first city in Eastern Europe and among the Baltic States to attain that coveted title. Thanks to its long history and cultural background, the city is a notable travel destination.

Vilnius University, established in 1579, is the oldest of its kind in the Baltic countries. Strong scientific traditions have given the city an edge in research and development work. Vilnius has a very sophisticated biotechnology sector, and the business concentration in Santara Valley gathers pharmaceutical companies, scientists, researchers, and educational institutions for medical research.

Growing skills and resources

The city’s population is growing steadily. Vilnius’ most important natural resource is its population, which boasts excellent multilingual skills and is one of the best educated workforces in the region. The labour market grows by more than 40,000 multi-lingual graduates each year, and another 200,000 are in the pipeline, as these students are currently studying at the country’s 23 universities and 23 colleges. 90 percent of Lithuanians speak at least one foreign language, and 50 percent of its people speak two foreign languages.

COUNTRY: LITHUANIA

CAPITAL CITY: VILNIUS

TOTAL POPULATION: 3.2 MILLION (LITHUANIA) 554.000 (VILNIUS)

GDP PER CAPITA (NOMINAL): € 9.952 (LITHUANIA 2011)

OFFICIAL LANGUAGE: LITHUANIAN

LOCAL CURRENCY: LITHUANIAN LITAS LTL (1 EUR = 3.45 LTL)

MEMBER OF THE EUROPEAN UNION (SINCE 01.05.2004)

KEY ECOSYSTEMS IN VILNIUS: FINANCIAL SERVICES, SHARED SERVICES AND BUSINESS PROCESS OUTSOURCING, INDUSTRIAL ENGINEERING, LIFE SCIENCES, ICT AND LASERS.

D E F
G L L
P R S

POLAND / STABILITY, STRATEGIC LOCATION AND PEOPLE

Poland is a leader in investment in CEE with the amount of investments visibly exceeding the FDI in the countries of the region. Moreover, since its 1989 transformation, a stable increase in the FDI flow to Poland every year has been observed, even during the recent economic crisis.

POLAND 7.25 AM

wyjscie →

POLAND

POLAND / WARSAW

Poland is a leader in investment in CEE with the amount of investments visibly exceeding the FDI in the countries of the region. Moreover, since its 1989 transformation, a stable increase in the FDI flow to Poland every year has been observed, even during the recent economic crisis.

Stability and political coalitions

The key to Poland's success is one word: stability. Poland is the only country in the EU that registered constant economic growth even during the recent crisis years. Poland is a leader in the region because of its policy, strategic location, and first of all, people.

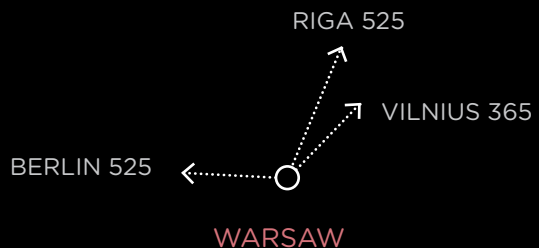
Moreover, even during political rearrangements, Poland's stability has been confirmed by its stable government, whose firmness was confirmed by the ruling coalition

continuing for a second term. Poland is located at the crossroads between West and East, as well as North and South. What is more, Poland is the EU border country with the post-soviet region. This means two things – investors in Poland not only get access to the whole common EU market, but also convenient investment location for products aimed at Eastern markets, along with – what is worth noting – secure EU regulations.

The Polish people

One of the key assets of Poland is our people. Although Poland is no longer a provider of cheap labour, we offer a very good price/quality ratio. The Polish labour force is young and well educated: Poland has the greatest number of students in Europe, most of whom speak foreign languages. As a result, Poland has become number one location in Europe for BPO/SSC centres, recording extraordinary growth rates in this sector.

DISTANCES (KM):



Warsaw – In the heart of Central Europe

Poland's capital Warsaw is one of the fastest growing cities in Europe. Investors choose Warsaw for its central location in Europe, convenient international travel connections, a developed telecommunication network, as well as economic and political stability. Warsaw offers an attractive business environment with a full range of modern business services and well-trained and competitively-priced professionals familiar with western standards. The city embraces its glorious past and is at the same time wholeheartedly changing into a modern metropolis.

Building potential

The construction sector of Warsaw has huge potential. During the past few years, the value of Warsaw's development projects surpassed 5 billion USD. Most of them were made possible by the involvement of foreign capital.

The demand for high-class office space is still enormous. Future development plans in Warsaw offer many investment opportunities. Many of these plans are based on infrastructure development, regarding roads, railways and airports. Most foreign companies also invest in Warsaw Business processing outsourcing sector. Warsaw has become the focal point of foreign investments and a driving force in the development of the entire country's economy.

City of high education and culture

Warsaw has a large pool of qualified labour and contains some of the finest institutions of higher education in Poland. It is home to four major universities and over 74 smaller schools of higher education. The high level of education of city inhabitants makes Warsaw a multilingual city. English, Russian and German are the most commonly spoken foreign languages among the workforce in Warsaw.

COUNTRY: **POLAND**

CAPITAL CITY: **WARSAW**

TOTAL POPULATION (2011): **38.5 MILLION (POLAND) 1.7 MILLION (WARSAW)**

GDP PER CAPITA (NOMINAL): **€ 9,300 (POLAND 2010)**

OFFICIAL LANGUAGE: **POLISH**

LOCAL CURRENCY: **POLISH ZLOTY (1 EUR = 4.20 PLN)**

MEMBER OF THE EUROPEAN UNION **(SINCE 1.5.2004)**

KEY ECOSYSTEMS IN WARSAW: **FINANCIAL SERVICES,
BPO/SSC, EDUCATION, TRADE, LOGISTICS**

D E F
G L L
P R S

NORTH-WESTERN RUSSIA / LARGE INVESTMENT POTENTIAL

The district possesses large investment potential amid moderate investment risks, contains 11 subjects of the Russian Federation, is the place of residence for 10 percent of the country's population, and the point of origin for 11.3 percent of industrial goods. In some investment ratings, the north-west occupies a high position, as its regions attract large volumes of foreign direct investment. The district presents a broad range of industries and possesses a rich material resource base.

NORTH-WESTERN RUSSIA 14.00 PM

NORTH-WESTERN RUSSIA

NORTH-WESTERN RUSSIA / ST. PETERSBURG

The district possesses large investment potential amid moderate investment risks, contains 11 subjects of the Russian Federation, is the place of residence for 10 percent of the country's population, and the point of origin for 11.3 percent of industrial goods. In some investment ratings, the north-west occupies a high position, as its regions attract large volumes of foreign direct investment. The district presents a broad range of industries and possesses a rich material resource base.

Open to investment

The development of fair business conditions is crucial for the preservation of high economic growth rates. Expansion of the powers of local authorities increases the attractiveness of investments in the north-west. During recent years, a policy of decreasing

the tax burden has been pursued at a federal level. Moreover, at present there is a discussion on lowering the VAT. Mechanisms for private-public partnership are also gradually gaining development impetus.

Large number of industries

The most attractive branches of economy are metal working, iron and the nonferrous industry, the food industry, wood processing, pulp and paper industries, fuel industry, fishery, automobile manufacturing, ship-building, instrument making, electrical engineering, chemical enterprises, and the military-industrial sector. Overall, there are 4,251 industrial enterprises in the regions of the district.

One of the most promising economic development directions of the district is the establishment of production clusters that can help to solve particular social and economic problems, having multiple effects on different spheres of regional economy. Investment activity in the district is conducted by the North-west Development and Investment Promotion Agency.



DISTANCES (KM):



St. Petersburg – One of the largest European cities by population

St. Petersburg is one of the largest European cities by population. The biggest strategic resource of the city is the large number of highly educated and professional workers present in all sectors of the economy. Furthermore, St. Petersburg is the centre for attracting professionals from the entire north-western Russian region. This allows companies to select the best personnel to suit their needs.

Supporting foreign investments

Investors are guaranteed transparent rules for conducting business, equal access to land plots, and to transport and energy resources. For those who are ready to participate in its development, St. Petersburg provides all the necessary conditions for conducting business in an effective, stable and safe manner.

Economic powerhouse

St. Petersburg is one of the most important economic centres of the Russian Federation. In 2009, foreign direct investment to the city amounted to 5.5 billion USD. The leading investing countries are Belarus, Switzerland, Germany, Cyprus, Great Britain, Finland, Kazakhstan, China, Sweden, the USA, the Republic of Korea, and Belgium. St. Petersburg has been favourably evaluated by the 2.000 foreign companies that operate within it.

The gateway to Russia

The city is also one of Europe's most important transportation centres, and is located on the intersection of the transport routes connecting Scandinavia and Europe, the central regions of Russia and the Baltic states.

COUNTRY: **RUSSIA**

CAPITAL CITY: **MOSCOW**

TOTAL POPULATION (2011): **143 MILLION (RUSSIA)**

11.6 MILLION (MOSCOW), 4.8 ST. PETERSBURG

GDP PER CAPITA (NOMINAL): **€ 10.473 (RUSSIA 2011)**

OFFICIAL LANGUAGE: **RUSSIAN**

LOCAL CURRENCY: **RUBLE, RUB (1 EUR = 41.61 RUB)**

NOT A MEMBER OF THE EU

KEY ECOSYSTEMS IN ST. PETERSBURG: **COMMERCIAL SERVICES, FINANCE, REAL ESTATE, TOURISM, RETAIL AND TRANSPORT & LOGISTICS**

D E F
G L L
P R S

SWEDEN / WELCOME TO INVEST IN THE FUTURE

Sweden has a long tradition of openness and free flows of trade, investment and people. The country stands out as one of the largest recipients of foreign investments in the world, relative to its size. At the same time, Swedish companies are heavy investors abroad. This has fostered one of the most competitive business communities in the world - and doing business in Sweden is to do business in the world.

SWEDEN 6.15 AM

SWEDEN

47

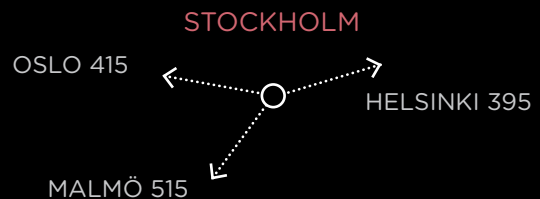
SWEDEN / STOCKHOLM

Sweden has a long tradition of openness and free flows of trade, investment and people. The country stands out as one of the largest recipients of foreign investments in the world, relative to its size. At the same time, Swedish companies are heavy investors abroad. This has fostered one of the most competitive business communities in the world – and doing business in Sweden is to do business in the world.

Competitive business sectors and business opportunities

In the realm of cleantech, competitive business opportunities are found in bioenergy, biofuel, wind power, green buildings, heating/cooling, waste/recycling and water /wastewater. Often ranked as a leading ICT nation, specific business opportunities in the ICT sector that stand out are communication systems, industrial IT, visualisations, mobile terminal software, positioning/GIS and data centres. In the life science field, attractive business opportunities and leading research environments are found in biomaterials, point-of-care and sensors, pharmaceutical development, biopharmaceutical manufacturing, clinical trials and health care. Owing to both the abundance of natural resources and intense research, material science is another highly competitive sector, exhibiting a range of business opportunities in, for example, cellulosic fibres, polymers and petrochemicals, textiles, mining, minerals and metals. Last but not least, the services industry

DISTANCES (KM):



comprises several business sectors with competitive edges, such as logistics, regional headquarters, retail, and travel and tourism.

Stockholm – World-class skills in a globally connected location

Stockholm and its surroundings offer a diverse and innovative business environment, further enhanced by its excellent location in the heart of the Baltic Sea Region. Often referred to as the “Capital of Scandinavia,” the city is bustling with talented people and know-how.

Home of skills, research and tech

Stockholm is among the most knowledge-intensive and innovative regions in the world, and has a very impressive history as a leading global supplier of innovative solutions and products in various industries. Swedes are known for their open-minded culture. This, combined with their ability to work across scientific disciplines and bring together

corporate and academic research, puts Stockholm in a superb position to deliver results in any given situation.

A Scandinavian hub with established international connections

Stockholm is currently one of the most important consumer areas in the Baltic Sea Region, and it is growing quickly. Thanks to its cosmopolitan atmosphere, Stockholm is a popular choice for international companies looking for a test market. In addition to operating in Sweden, Stockholm’s location is ideal for doing business in the rest of Scandinavia and Northern Europe as well. Stockholm accounts for a significant share of both consumers and economic activities in the region. The Stockholm region offers fertile soil for growing your business, because the geographic position makes Stockholm the only location where overnight delivery services can reach capitals and major cities in Scandinavia and the Baltic Sea Region by truck.

COUNTRY: SWEDEN

CAPITAL CITY: STOCKHOLM

TOTAL POPULATION: 9.3 MILLION (SWEDEN),

1.9 MILLION (GREATER STOCKHOLM)

GDP PER CAPITA (NOMINAL): € 41.00 (SWEDEN 2011)

OFFICIAL LANGUAGE: SWEDISH

LOCAL CURRENCY: SWEDISH KRONA SEK (1 EUR = 8.50 SEK)

MEMBER OF THE EUROPEAN UNION (SINCE 1.1.1995)

KEY ECOSYSTEMS IN STOCKHOLM: ICT, LIFE SCIENCE, CLEANTECH, FINANCIAL SERVICES, AUTOMATION, TRAVEL AND TOURISM, LOGISTICS, CONSTRUCTION

“SEVEN INVESTMENT DRIVERS /
ARE FACTORS THAT HAVE STRONG
INFLUENCE ON DECISION-MAKING
WITH REGARD TO INTERNATIONAL
INVESTMENT PROJECTS.

1. Political and legal stability /

The Baltic Sea Region is politically stable and has well-established legal systems. The political and legal systems around the BSR are business friendly and handle investing in the region in a clear and transparent manner.

5. Domestic market /

The Baltic Sea Region is Europe's fastest growing area. Global competitiveness of the BSR countries is high – proven also by the steady growth of foreign direct investments into the region.

2. Business community /

The Baltic Sea Region is business friendly and there is a tangible innovative culture and spirit in the region. There are a wide variety of excellent business clusters and centers of expertise throughout the region.

6. Workforce /

One of the greatest advantages of the Baltic Sea Region is the large, highly skilled and competitively priced workforce. It is one of the main factors behind the high level of competitiveness of the region.

3. Infrastructure /

The Baltic Sea Region is very well internationally connected with world-class international airports and many airlines serving numerous destinations in all continents. Excellent broadband, fibre optic networks, wireless internet and mobile communications systems encompass the entire area.

7. Taxes and support services /

The Baltic Sea Region offers competitive personal and corporate tax rates as well as tax benefits, tax breaks and support from structural funds to businesses. Business support services are comprehensive and there are a large number of business, science and technology parks and business incubators in the area.

4. Quality of life /

The Baltic Sea Region is safe, clean and very family friendly in many ways. Services are provided from the youngest to the very oldest of family members. The area has a natural affinity for nature. Creativity and culture are also highly appreciated.

Political and legal stability /

The Baltic Sea Region is politically stable and has well-established legal systems. Throughout the region, there is a high level of respect for law, justice, democracy and human rights. The political and legal systems around the BSR are business friendly and handle investing in the region in a clear and transparent manner. Corruption levels are very low in the majority of the Baltic Sea Region countries.

All Baltic sea Region countries, with the exception of Russia, belong to the European Union. EU membership requires transparency, an effective and well-functioning legal system and a level of economic stability.

The EU countries all belong to the Schengen Area. The Schengen Area operates like a single state for international travel purposes, with border controls for travellers travelling in and out of the area, but with no internal border controls. Estonia, Finland and Germany are part of the European Monetary Union (EMU).

Estonia joined EMU on January 1st, 2011. According to Bloomberg, the entry of Estonia to the euro region combined with the country's recent entry to the OECD has attracted a wave of foreign-investor interest. Euro adoption removes currency risks and exchange costs for exporters and investors. Latvia and Lithuania plan to join the EMU in 2014 and Poland is to follow in 2015.

Countries and their membership in international organisations

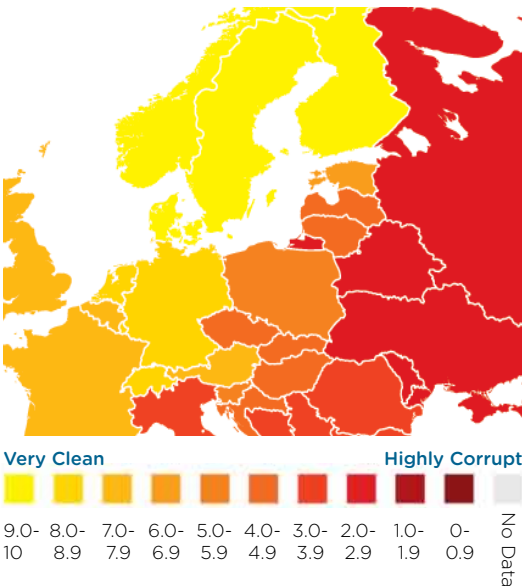
	EU	SCHENGEN	OECD	WTO	NATO	UN	Currency	Value against Euro
Denmark	•	•	•	•	•	•	Danish krone	1 EUR = 7.46 DKK
Estonia	•	•	•	•	•	•	Euro	
Finland	•	•	•	•		•	Euro	
Germany	•	•	•	•	•	•	Euro	
Latvia	•	•	•	•	•	•	Lat	1 EUR = 0.70 LVL
Lithuania	•	•	•	•	•	•	Litas	1 EUR = 3.45 LTL
Poland	•	•	•	•	•	•	Zloty	1 EUR = 4.20 PLN
Russia			•			•	Rouble	1 EUR = 41.61 RUB
Sweden	•	•	•	•		•	Swedish krona	1 EUR = 8.50 SEK

LOW LEVELS OF CORRUPTION

In international comparisons, the Baltic Sea Region countries have a transparent and non-corrupt political system and business environment. According to Transparency International's Corruption Perceptions Index (CPI), the region hosts many of the most non-corrupt nations in the world.

Corruption Perceptions Index* 2011

Source: Transparency International.



*Transparency International (TI) defines corruption as the abuse of entrusted power for private gain. This definition encompasses corrupt practices in both the public and private sectors. The Corruption Perceptions Index (CPI) ranks countries according to perception of corruption in the public sector. The CPI is an aggregate indicator that combines different sources of information about corruption, making it possible to compare countries.

Corruption Perceptions Index 2011, ranks and scores

European Union and Western Europe (Russia added)
Source: Transparency International

RANK	COUNTRY	CPI 2011 SCORE
1	New Zealand	9,5
2	Denmark	9,4
2	Finland	9,4
4	Sweden	9,3
5	Singapore	9,2
6	Norway	9
7	Netherlands	8,9
8	Australia	8,8
8	Switzerland	8,8
10	Canada	8,7
11	Luxembourg	8,5
12	Hong Kong	8,4
14	Germany	8
29	Estonia	6,4
31	Spain	6,2
32	Portugal	6,1
35	Slovenia	5,9
39	Malta	5,6
41	Poland	5,5
50	Lithuania	4,8
54	Hungary	4,6
57	Czech Republic	4,4
61	Latvia	4,2
66	Slovakia	4,0
69	Italy	3,9
75	Romania	3,6
80	Greece	3,4
86	Bulgaria	3,3
143	Russia	2,4

ST. PETERSBURG FIGHTS CORRUPTION

Russia's track record in the CPI index is worse than for most of the BSR countries. However, Russia and the city of St. Petersburg have started a serious battle to eradicate corruption and reduce bureaucracy for business.

In March 2006, the State Duma passed legislation to move Russia's Constitutional Court (Supreme Court) from Moscow to St. Petersburg with the official aim of encouraging a greater separation of power in the Russian government and helping to curb corruption in St. Petersburg. In 2008, the State Duma passed a bill intended to reduce the multitude of inspections and red tape that companies are subjected to.

The bill seeks to further limit the number and total duration of planned state inspections of a company as well as ban law enforcement agencies from carrying out tax inspections without a request from tax authorities and from confiscating documents without providing companies with stamped photocopies.

In December 2008, the Duma passed a package of anti-corruption legislation, including a more simplified Criminal Code to make it easier to bring corrupt judges to account.

In April 2010, the President approved an Anti-Corruption Strategy for 2010-2011, which includes a paragraph on criminalising foreign bribery.

Domestic market /

The Baltic Sea Region is Europe’s fastest growing area. The total population in the area is around 100 million and it is the best educated in Europe. The region’s GDP is growing and inflation levels are relatively low. Global competitiveness of the BSR countries is high – proven also by the steady growth of foreign direct investments into the region.

TOTAL POPULATION

The BSR has a population of around 100 million, equivalent to one fifth of the EU’s population. The total land area is approximately 3.2 million km², resulting in a population density of about 30 inhabitants per km².

The main 9 Baltic metropolises have a total population of approximately 18 million people. Most of the cities continue to attract new national and international inhabitants. Birth rates have been rising in, for example, Helsinki and Stockholm bringing about growth in total population.

Country	Total population
Germany	81.5 million
Denmark	5.4 million
Finland	5.4 million
Latvia	2 million
Sweden	9.3 million
Russia	143 million
Estonia	1.3 million
Lithuania	3.2 million
Poland	38.5 million

City	Total population
Berlin	4.5 million
Copenhagen	1.7 million
Helsinki	598 000
Riga	657 500
Stockholm	1.23 million
St. Petersburg	4.8 million
Tallinn	410 000
Vilnius	554 000
Warsaw	1.72 million

HIGHLY EDUCATED WORKFORCE

The population in the Baltic Sea Region countries is highly educated. The educational level of the workforce is one of the main factors explaining the high competitiveness of the BSR economic area.

The BSR includes three countries with the highest share of highly educated workforce in the EU (Finland, Denmark, Estonia). The high level of education of the workforce is reflected in the fact that the Baltic Sea Region has one of the largest shares of people employed by the knowledge economic area in the EU.

EUROPE'S FASTEST GROWING MARKET

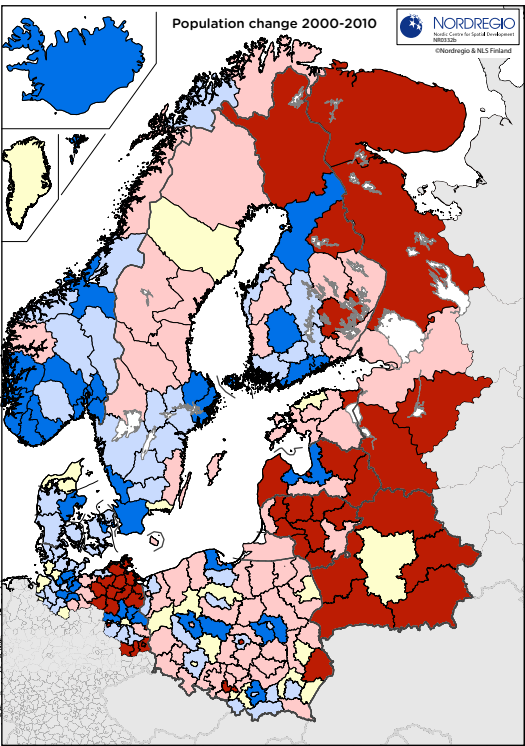
Real GDP growth has been above the EU average, and according to some measures the region has been one of the world's top performing macro-regions. There are several key factors behind the region's attractiveness and competitiveness, such as strong productivity and workforce mobilisation.

Despite the economic turmoil of the past years, the Baltic Sea Region remains among the most competitive economies in the world. The region is set to grow 3.1 percent in 2011. There are naturally differences between the different countries, but in the long run, growth trends look good and the GDP outlook is positive.

Overall population change in BSR cities 2000-2010

Source: Nordregio

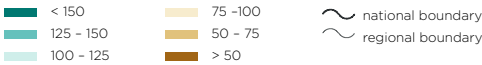
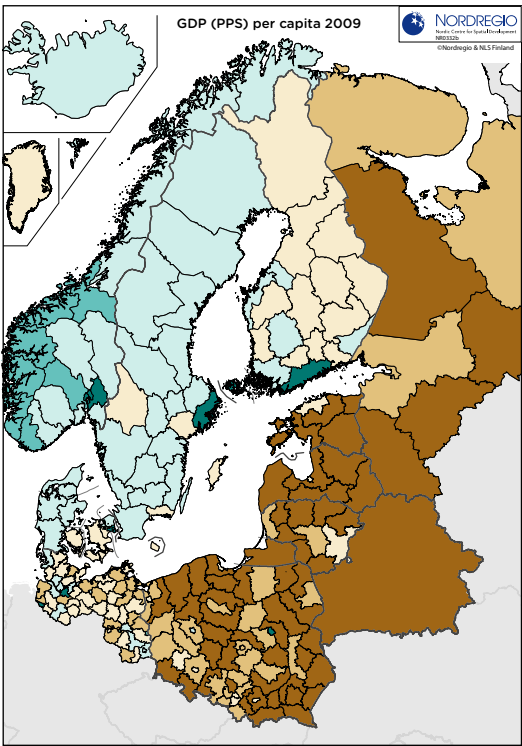
Annual average change in population per 1000 inhabitants in NUTS3 regions.



GDP (PPS) per capita 2009

Source: Nordregio

Gross domestic product (GDP) per capita in purchasing power Standards (PPS)



Real GDP Growth in BSR countries 1997-2012*

Source: Eurostat



* Note: Growth rates for 2012 are forecasts. The graph show the average growth rate of the BSR and does not take into consideration the size of the economies

Three out of the ten Baltic Sea Region countries belong the to European Monetary Union and have Euro as their currency: Estonia, Finland and Germany. the other countries have national currencies as listed here.

Inflation rates throughout the BSR have been and remain relatively low. This is good for the region's economy as consumers and businesses are better able to make long-range plans because they know that the purchasing power of their money will hold.

Country	Currency	Value against Euro
Finland	Euro	
Germany	Euro	
Latvia	Lats	1 EUR = 0.70 LVL
Lithuania	Litas	1 EUR = 3.45 LTL
Poland	Złoty	1 EUR = 4.20 PLN
Russia	Russian rouble	1 EUR = 41.61 RUB
Sweden	Swedish krona	1 EUR = 8.50 SEK
Denmark	Danish krone	1 EUR = 7.46 DKK
Estonia	Euro	

Economic conditions around the Baltic Sea ¹⁾

Source: Swedbank, October 2011, Baltic Sea Analysis

	GDP growth ²⁾ (%)			Inflation (CPI %)			Current account balance (% of GDP)			Fiscal balance (% of GDP)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Denmark	1.7	1.3	1.7	2.2	2.9	1.7	5.1	4.8	4.3	-2.8	-3.8	-4.0
Estonia	2.1	7.6	3.2	3.0	4.8	2.7	3.6	3.2	2.4	0.1	0.1	-1.0
Finland	3.6	2.8	1.3	1.2	3.5	3.0	1.9	0.5	1.2	-2.8	-1.1	-0.8
Germany	3.7	2.9	1.1	1.2	2.3	1.9	5.7	5.3	4.9	-3.3	-1.7	-1.1
Latvia	-0.3	4.2	3.0	-1.1	4.5	2.4	3.0	-0.2	-0.7	-8.3	-5.0	-2.8
Lithuania	1.4	6.3	4.2	1.3	4.0	2.5	1.5	-2.0	-2.5	-7.1	-5.2	-3.0
Russia	4.0	4.5	4.2	6.9	8.7	7.5	4.0	4.0	3.0	-6.5	-3.0	-2.5
Poland	3.8	3.7	3.0	2.6	4.0	3.0	-4.5	-5.0	-5.1	-7.9	-5.5	-4.2
Sweden	5.6	3.9	1.1	1.2	3.1	2.3	6.2	6.6	6.3	-0.2	-0.2	0.2
GDP for Baltic Sea countries in total ⁴⁾	2010			2011			2012					
	3.7 (2.6)			3.6 (3.1)			2.6					

1. The report also covers Ukraine, not reported here.

2. Not calendar-adjusted.

3. Percentage increase using 2010 GDP weights (PPP).

The figure from the June 2010 forecast is in parentheses.

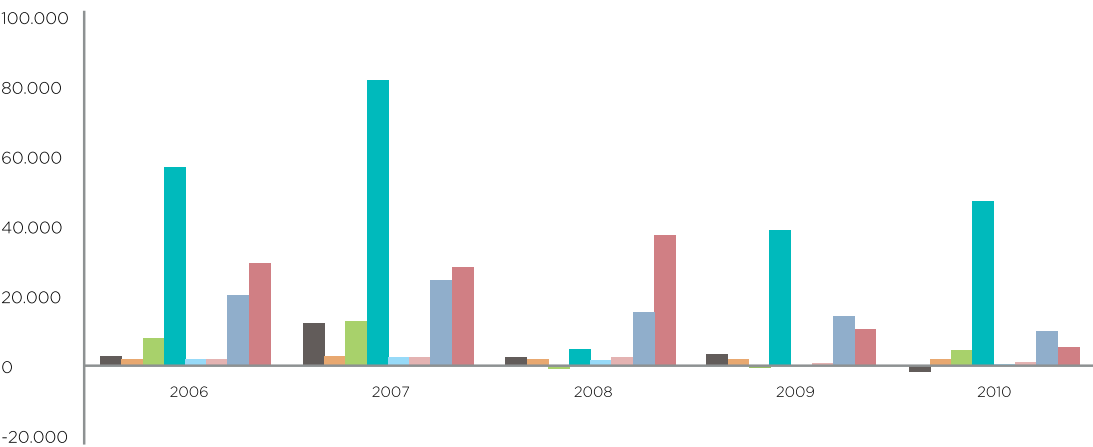
A STEADY INCREASE OF FOREIGN DIRECT INVESTMENTS

The BSR countries have attracted growing levels of foreign direct investments (FDI). The presence of foreign companies strengthens competition on the domestic market, leads to an inflow of knowledge and capital, and creates better linkages to foreign locations. Foreign investors have become a significantly more important part of the region's economy.

All Baltic Sea Region countries experienced the nominal value of inward foreign investments increase in 2007. In the Baltic countries, particularly in Estonia and Latvia, inward FDI stocks increased by 25 – 30 percent. Finland was the one with the largest improvement in FDI inflows and inward stock values. Russia and Denmark experienced the highest absolute year-to-year increase in FDI inflows. When examining FDI numbers for 2008-09, in spite of the global Economic downturn, the BSR remains an attractive region for investors.

FDI flows 2006-2010 to BSR countries (excluding Russia)

Source: UNCTAD



Economy

Denmark	Estonia	Finland
Germany	Latvia	Lithuania
Poland	Sweden	

MEASURE: US Dollars at current prices and current exchange rates in millions

DIRECTION: Direct investment in reporting economy (FDI Inward)

SERIES: Foreign direct investment flows

Business community /

The Baltic Sea Region is business friendly and there is a tangible innovative culture and spirit in the region. Innovation is supported by a highly talented workforce and cooperation between private companies, public authorities and world-class educational facilities. In addition, there are a wide variety of excellent business clusters and centers of expertise throughout the region. All this enables innovation to bloom and entrepreneurship to flourish.

Innovation capacity is a very important factor for the competitiveness of the BSR. The large share of people with tertiary education is crucial in innovation economy. Many of the most dynamic activity sectors depend on the ability and know-how of university graduates and their capacity to absorb new knowledge and learn new skills. In fact, the BSR serves the knowledge economy with a higher share of its people than any other region in Europe.

The BSR countries gain high rankings in INSEAD's Global Innovation Index 2011. For example, out of 125 countries examined, the BSR puts five countries in the top 25 (Sweden, Finland, Denmark, Germany and Estonia).

INSEAD Global Innovation Index 2011

Source: INSEAD

The Global Innovation Index (GII) examines how countries benefit from innovation through the use of enablers that stimulate innovation and outputs that are the results of innovation activities.

There are five enabler pillars including Institutions, Human Capacity, General and ICT Infrastructure, Market Sophistication and Business Sophistication and two output pillars of Scientific Outputs and Creative Outputs and Well-Being.

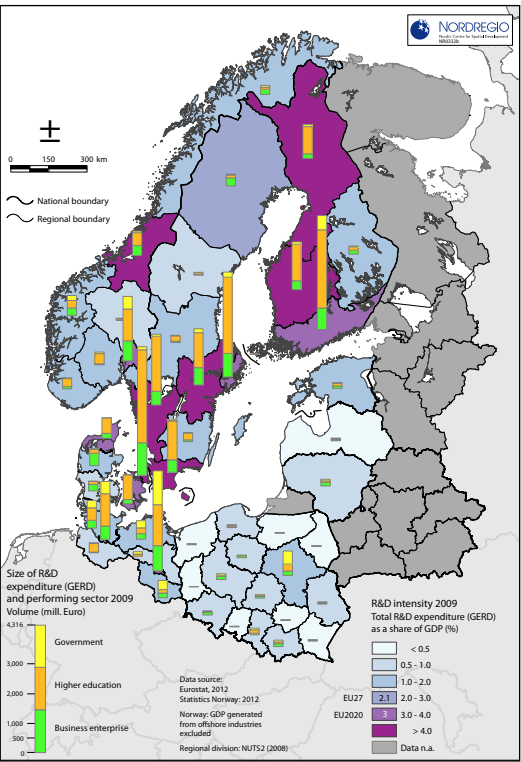
GII 2009-2010 Overall Rankings

Switzerland	1
Sweden	2
Singapore	3
Hong Kong, China	4
Finland	5
Denmark	6
United States of America	7
Canada	8
Netherlands	9
United Kingdom	10
Iceland	11
Germany	12
Ireland	13
Israel	14
New Zealand	15
Korea Rep.	16
Luxembourg	17
Norway	18
Austria	19
Japan	20
Australia	21
France	22
Estonia	23
Belgium	24
Hungary	25

Societies in the BSR have high respect for research and development (R&D). Public expenditure on R&D activities is high; Berlin, Copenhagen, Helsinki and Stockholm are among the regions in Europe with a very high share of GDP spent on R&D. On average, the countries in the BSR spend 2.2 percent of their GDP on R&D, which is above the EU 27 average of 1.9 percent.

R&D intensity and expenditure 2009 in the Baltic Sea

Source: Nordregio



HIGH LEVEL OF PATENTING

Patenting is an important indicator of innovative capacity, both from companies and research institutions. Most researchers consider patents a useful indicator for innovation in general, even though innovation occurs in many forms that do not involve patents. Patents in the United States are particularly important indicators, because the US is the most attractive market for patent use. Patenting also contributes to a location's knowledge stock and thus increases the opportunities for local companies to further improve their productivity.

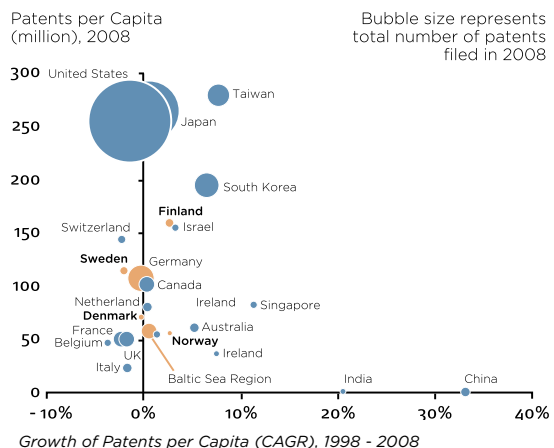
In patenting, the Baltic Sea Region remains one of the most important innovation hubs in the global economy. In 2008, the Baltic Sea Region accounted for 4.2 percent of patents filed in the US by non-US based institutions. This puts the BSR 5th in the international country ranking.



Tekes, the Finnish Funding Agency for Technology and Innovation, is the most important public organization for funding R&D in Finland with an annual budget of 600 million euros. © TEKES, Pasi Hytti.

Level and growth rate of patenting in the US

Source: State of the Region report 2009
Baltic Development Forum



WELL-FUNCTIONING BUSINESS CLUSTERS AND PRODUCTIVE CENTERS OF EXPERTISE

There are a wide variety of excellent business clusters and centers of expertise throughout the region. The cooperation between the public sector, universities and companies ensure that society is using resources from different areas in order to share knowledge and create effective, sustainable and future-oriented solutions.

Cooperation between the different sectors brings many benefits; improved products and services, new jobs and a thriving local economy. An example is Medicon Valley, a life sciences cluster that spans the island of Zealand in Eastern Denmark, including Copenhagen, and the Skåne Region of Southern Sweden. Medicon Valley is one of Europe's strongest life sciences clusters. It attracts great attention from international investors, mainly because of the well-driven biotech companies producing a steady flow of new products.

Berlin Adlershof is one of the most successful high-tech locations in Germany. Embedded in an overall urban development concept, this integrated Science, Business and Media location has been growing on an area of 4.2 km² since 1991. At the core of the concept is the WISTA Science and Technology Park with 400 companies, 11 non-university research institutes and six scientific institutes of the Humboldt University in Berlin.

THE BALTIC METROPOLES MAIN BUSINESS ECOSYSTEMS ARE:

Berlin: Media, Information & Communication Technologies, Optical & Microsystems Technology, Life Sciences, Clean Technologies, Traffic and Mobility, Service Industries

Copenhagen: Life Science, ICT, Creative and Entertainment, Cleantech

Helsinki: Cleantech, Construction & Real Estate, Design & Creativity, ICT, KIBS (Knowledge Intensive Business Services), Leisure & Entertainment, Life sciences, Logistics, Retail & Wholesale

Riga: Commercial services, Finance, Manufacturing, Real estate, Tourism, Transport

Stockholm: ICT, Life science, Cleantech, Financial services, Automation, Travel & tourism, Logistics, Construction

St. Petersburg: Shipping and transit, Construction industry, Oil and gas trade, Brewery and distillery industry

Tallinn: Logistics, Service sector, Tourism, Communication, Financing

Vilnius: Financial services, Shared services and business process outsourcing, Travel & Tourism, Life Sciences, ICT & Lasers, Real estate, Logistics & storage

Warsaw: Financial and insurance services, Real estate, Professional services, Scientific and technical activities, Administrative and support service activities, Education, Human health and social work activities, Accommodation and catering

World rankings of Financial Market Development

8th Pillar – Financial Market Development

Source: Global Competitiveness Report 2011-2012, World Economic Forum

Attribute	Fin	Swe	Den	Pol	Ger	Est	Lat	Lit	Rus
Availability of financial services	19	6	23	54	18	47	81	77	119
Affordability of financial services	9	10	26	57	23	58	68	72	112
Financing through local equity market	40	12	34	55	41	60	104	92	98
Ease of access to loans	7	6	28	71	54	58	81	114	91
Venture capital availability	9	6	24	79	37	31	55	101	88
Soundness of banks	8	17	78	60	87	57	115	86	129
Regulation of securities exchanges	4	3	13	30	52	37	71	50	116
Legal rights index	39	76	8	8	39	39	8	76	105
World Ranking (of 142)	9	11	17	34	39	41	60	89	127
World ranking (of 139)	4	13	18	32	36	45	86	89	125

STABLE FINANCIAL INSTITUTIONS IN MODERN ECONOMIES

A sound and well-functioning financial sector is a prerequisite for sustainable growth in today's world and the Baltic Sea Region offers exactly that. An efficient financial sector allocates resources saved by a nation's citizens, as well as those entering the economy from abroad, to their most productive uses. It channels resources to entrepreneurial or investment projects with the highest expected rates of return.

The banking sector needs to be trustworthy and transparent, and financial markets need

appropriate regulation to protect investors and other actors in the economy at large.

In general, the economies in the Baltic Sea Region are open, structured and well-regulated. The efficient banking sector ensures daily operations and sound financial institutions (stock exchange, investment banks, insurance companies) further support businesses.

One of the greatest advantages of the Baltic Sea Region is the large, highly-skilled and competitively-priced workforce. It is one of the main factors behind the high level of competitiveness of the region. In addition to the high educational level, the population in the BSR countries has excellent language skills ensuring smooth and effective daily business encounters.

The people of the BSR are highly educated. In fact, in many areas, a very high percentage of the working population has completed tertiary education (university degree or equivalent); for example, 35 percent in Finland, 33.5 percent in Denmark and 33.3 percent in Estonia. Many businesses depend on the competencies of the region's steady flow of university graduates to gain a competitive edge.

TOP CLASS EDUCATIONAL FACILITIES

The supply of highly-educated people is made possible by the abundance of higher learning institutions in the region. Many of these institutions offer education of the highest quality – on par with any in the world. According to Webometrics, The Baltic Sea Region countries have 76 universities in the TOP 500 of the Webometrics Ranking of World Universities. Examples of these universities include:

- The Aalto University in Helsinki was created from the merger of three Finnish universities: The Helsinki School of Economics, Helsinki University of Technology and

the University of Art and Design Helsinki. The new university was established in 2010, and it hosts six schools in total. The combination of six schools opens up new possibilities for strong multi-disciplinary education and research.

- The KTH Royal Institute of Technology in Stockholm was founded in 1827. Education and research cover a broad spectrum from natural sciences to all the branches of engineering as well as architecture, industrial engineering and management, urban planning, work science and environmental engineering. In addition to the research carried out by KTH's Schools, a large number of both national and local Competence Centres are located at KTH. It accounts for one-third of Sweden's technical research and engineering education capacity at university level.

- Poland's largest university is the University of Warsaw (UW), established in 1816. The University of Warsaw has throughout its history played a major role in the intellectual, political and cultural life of Poland, and has been recognized throughout the world as a leading academic centre in this part of Europe.

Each year about 17,000 young people enroll as students at the University of Warsaw. The presence of educational institutions results in high numbers of students. Warsaw, for example, has 162 students per 1000 inhabitants. The Baltic Metropolises not only host a large number of students, but also a large number of academic staff at universities and teachers of higher education.



Riga has a highly-educated and multilingual workforce, with a Northern European culture and work ethic.

While students certainly give their cities a liveliness and creative buzz, they also benefit the business ecosystem. Knowledge-intensive and technology focused companies especially make use of the

young, talented and open-minded student pool. Businesses in the region depend on its highly-educated workforce.

EXCELLENT LANGUAGE SKILLS

Another important aspect to the well-functioning business environment is the good foreign language skills of BSR residents. They are very good both in terms of the number of languages spoken as well as the level to which they can be used. English is the de facto business language throughout the region.

The most widely known languages in BSR Countries (exluding Russia)

Source: Special Eurobarometer. Europeans and their languages, 2006

Three most widely known languages - % country

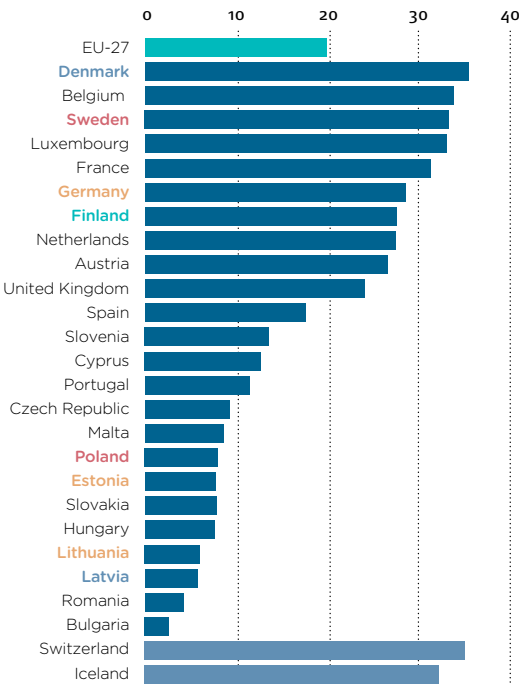
Denmark	English	86%
	German	58%
	French	12%
Estonia	Russian	66%
	English	46%
	German	22%
Finland	English	63%
	Swedish	41%
	German	18%
Germany	English	56%
	French	15%
	Russian	9%
Latvia	Russian	70%
	English	39%
	Polish	23%
Lithuania	Russian	80%
	English	32%
	Polish	15%
Poland	English	29%
	Russian	26%
	German	19%
Sweden	English	63%
	German	30%
	French	11%

COMPETITIVELY PRICED WORKFORCE

The cost of workforce varies between the Baltic Sea Region countries, but on a global scale the price of the highly educated and highly skilled labour is competitive.

Average hourly labour costs in Euros in business economy* of full time employees 2008 (exluding Russia)

Source: EUROSTAT



* Enterprises employing 10 or more employees; excluding agriculture, fishing, public administration, private households and extra-territorial organisations; Ireland, Greece and Italy, not available.

The “gold and oil” of Vilnius is its population with the best multilingual skills and one of the best educated workforces throughout the European Union. The labour market is being supplied by more than 40,000 multi-lingual graduates each year. Another 200,000 are in the pipeline as these students are currently studying at 23 universities and 23 colleges of the country. 90 percent of Lithuanians speak at least one foreign language, every second person speaks two foreign languages, and every third speaks English.

In the BSR countries, employers are responsible for social security payments of their employees, on top of the normal salary. The level of these payments varies between 12 and 30 percent. Other labour costs vary from 0.2 percent to 9.6 percent.

In the Baltic Metropolises, the average salaries are somewhat higher than the national averages. Below are some examples of average salaries in the cities:

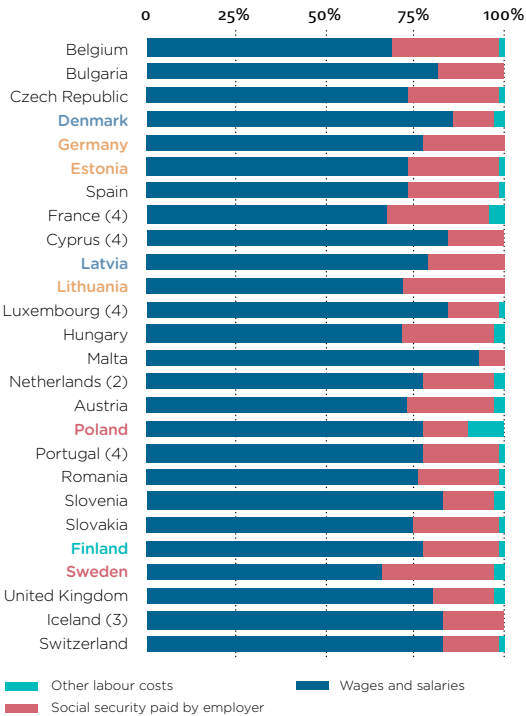
- Average gross salary in Riga in 2009 was 755 EUR per month which was approximately 100 EUR higher than the Latvian average.
- Average salaries in Vilnius in 2009 amounted to 1 009 EUR per month, 18 percent higher compared to the national level.

- Average salaries in Tallinn in 2009 amounted to 868 EUR per month and were 12 percent higher comparing to national level.
- Average salaries in Warsaw in 2009 amounted to 1 063 EUR per month and were 38.8 percent higher compared to the national level.
- Average salaries in Helsinki in 2008 amounted to 3 202 EUR per month and were 11.3 percent higher compared to the national level.

Source: Analysis on investment drivers in 11 cities of the Baltic Sea Region. Kantor Doradcy w Zarządzaniu Sp. z o.o., 2010.

Breakdown of labour costs in business economy 2008, % share of total labour costs (exluding Russia)

Source: EUROSTAT



The Baltic Sea Region is very well internationally connected with world-class international airports and many airlines serving most destinations in Europe as well as key destinations in North America, Asia, Africa and the Middle East. Urban public transport is well-developed and well-organised with buses, trams, subways and commuter trains serving passengers throughout the region. Excellent broadband, fibre optic networks, wireless internet and mobile communications systems encompass the entire area. The region hosts a wide array of competitively-priced real estate and property solutions.

Extensive and efficient infrastructure is critical for ensuring the effective functioning of the economy. Well-developed infrastructure reduces the effect of distance between regions, integrates the national market and connects it to markets in other countries and regions.

EXCELLENT AIR, SEA, RAIL AND ROAD TRANSPORT SYSTEMS

High quality infrastructure and extensive transport networks are characteristic to the Baltic Sea Region. The region as a whole has a modern and technologically advanced air, sea, road and rail transport system, which enables businesses and entrepreneurs to get their goods and services to market in a secure and timely manner and facilitate the movement of workers to the most suitable jobs.

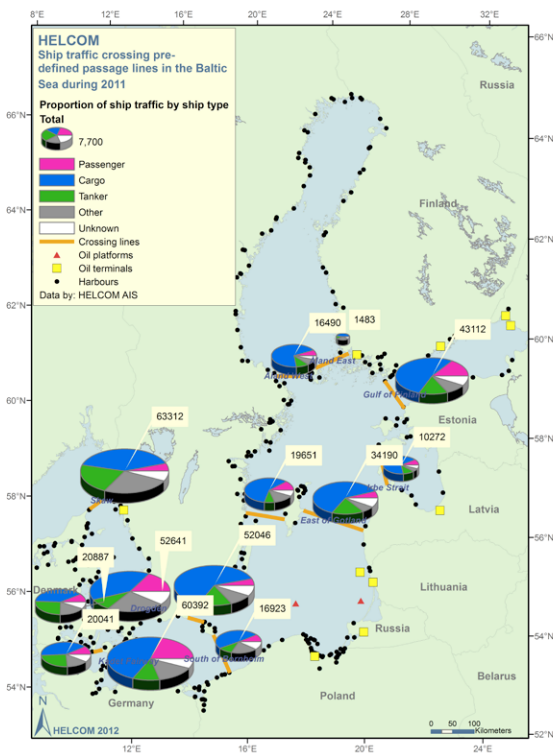
Fast connections between the Baltic Metropolises are a welcome convenience for international business. All major cities in the region have a large number of flights between themselves and some have special, high-speed rail connections. Also, the connections between the airports and the city centres are comprehensive and accessible.

The Baltic Sea is one of the maritime areas with the densest traffic in the world. Both the number and the size of ships have been growing in recent years and this trend is expected to continue. There are many short-haul, cross-border ferry connections that allow the mobility of persons and the integration of regional workforce markets.

Ferry connections are also used by trucks to transport goods across borders. Maritime transportation is also well developed for longer journeys, essential for connecting cities and regions located on the shores of the Baltic Sea.

Maritime routes or ship traffic in the Baltic Sea 2010

Source: HELCOM



Riga is a well-developed centre of transport infrastructure. The city is the main transport junction between the east and west.

Fast and modern trains serve both passengers and cargo and there is a ongoing heavy investment in rail systems, which is steadily improving cross-border infrastructure and facilities, thus drastically shortening travel times. For instance, the recently launched high-speed Allegro train shortens the travel time between St. Petersburg and Helsinki from 5.5 hours to only 3 hours.

The countries in the Baltic Sea Region have high-capacity road infrastructure, such as motorways, permitting connections among the main metropolitan areas, as well as secondary transport networks that facilitate intra-regional travel and connect rural areas to the primary networks.

Examples of international flight connections to the BSR

London	2 h
Paris	2 h 55 min
New York	8 h 25 min
Los Angeles	12 h 25 min
Rio de Janeiro	13 h 30 min
Tokyo	10 h 45 min
Beijing	8 h 50 min
Seoul	9 h 45 min
Sydney	19 h 40 min
Dubai	6 h
Nairobi	8 h 30 min
Johannesburg	12 h 20 min

RELIABLE PUBLIC TRANSPORT MAKES THE CITIES WORK

A reliable and extensive public transport network not only makes things work, but increases the quality of life in the cities. In all cities public transport is well-developed and well-organised. Buses, trams, subways and commuter trains serve passengers in the Baltic Metropolises. Most of the region remains free from burdensome traffic jams – largely because of excellent public transportation. Each city has a long-term plan for infrastructure development (road, railways, airports) including public transport.

A WIDELY-SPREAD COMMUNICATIONS NETWORK

An extensive and reliable telecommunications network allows for a rapid and free flow of information, which increases overall economic efficiency by helping to ensure that businesses can communicate quickly and smoothly.

The Baltic Sea Region has excellent broadband, wireless internet and mobile communications networks that encompass the entire region.



Thanks to the most extensive fibre optic network in Europe and a city-wide coverage of UMTS mobile broadband, Berlin keeps you connected to the world. © Berlin Partner GmbH/Scholvien

Many BSR countries are leaders in ICT. In Sweden and Finland, this is a result of the presence of Ericsson and Nokia. Denmark and Germany have rapidly developed good hard and soft infrastructure for their respective economies.

In every city the number of mobile phone users is growing, and simultaneously the number of landline users is declining. Access to the Internet is spreading fast. Denmark and Sweden have the greatest number of regular Internet users in Europe.

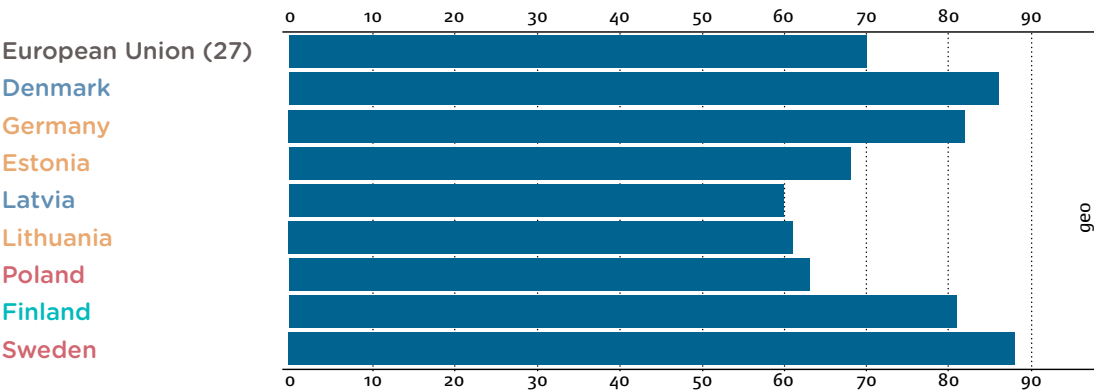
REAL ESTATE AND PROPERTY SOLUTIONS AVAILABLE FOR EVERY NEED

The Baltic Sea Region has a vast array of office, warehouse and other space available. Prices vary according to city and type of space and they are competitive especially when compared to general Western Europe price levels. For example, in Vilnius in 2009, there was 26 700 m2 total office space available with 15 – 19 percent vacancy rate, and lease price of 5.8-12.20 EUR/m².

Percentage of households that have internet access at home in BSR countries in 2010 (excluding Russia)

Source: EUROSTAT

All forms of Internet use are included. The population considered is aged 16 to 74.



FOCUS ON SUSTAINABILITY IN ENERGY PRODUCTION

In the Baltic Metropolises, businesses can depend on interruption-free supply of electricity. The BSR is one the world's leading regions in energy efficiency and in sustainable energy production.

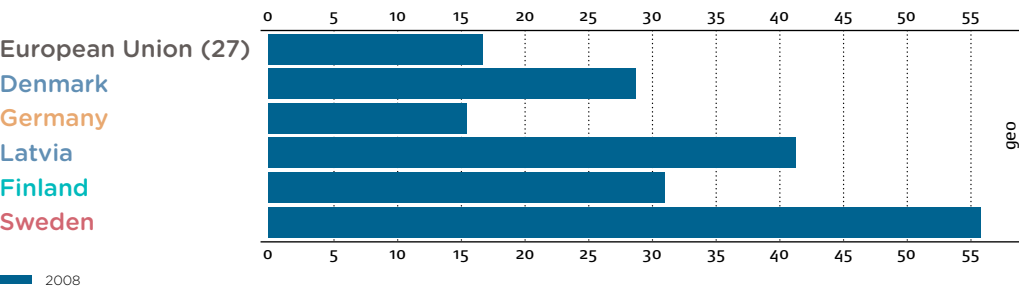
The countries in the region put strong focus on finding solutions to produce energy efficiently and from renewable resources to meet the EU 20/20/20 targets. Production of energy from renewable resources has lower environmental impacts and reduces

greenhouse gas emissions. Also, it improves the energy independency of countries and regions by reducing the need for imports.

The BSR countries have different renewable energy production profiles. Latvia, Russia and Sweden utilise extensive river basin resources for hydropower. Estonia, Finland and Lithuania mainly rely on biomass for their production of renewable energies. Denmark, Germany and Poland call on a wider variety of sources (wind power, solar power, hydropower, waste, biomass, biofuels).

Electricity generated from renewable sources - % of gross electricity consumption 2008 (selected countries)

Source: EUROSTAT



This indicator is the ratio between the electricity produced from renewable energy sources and the gross national electricity consumption for a given calendar year. It measures the contribution of electricity produced from renewable energy sources to the national electricity consumption. Electricity produced from renewable energy sources comprises the

electricity generation from hydro plants (excluding pumping), wind, solar, geothermal and electricity from biomass/wastes. Gross national electricity consumption comprises the total gross national electricity generation from all fuels (including autoproduction), plus electricity imports, minus exports.

Taxes and support services /

The Baltic Sea Region offers competitive personal and corporate tax rates as well as tax benefits, tax breaks and support from structural funds to businesses. Starting up a business in the region is fairly smooth. Business support services are comprehensive: legal, financial, HR, administrative, marketing, sales and PR services, just to name a few, are available. The Baltic countries Metropolises host a large number of business, science and technology parks and business incubators.

Despite a common belief of high tax rates in Europe, personal and corporate taxes are competitive throughout the BSR and in general are considered worthwhile investments. For example, Corporate Income Tax in Berlin and in Riga amounted to only 15 percent in 2009.

Tax systems in general are stable and transparent in the Baltic Metropolises. This helps potential investors evaluate and prepare for business in the region.

Examples of tax rates in Baltic Sea Region Countries

Country	Corporate Income Tax	Personal Income Tax	Capital Gains Tax	VAT
Denmark	25%	Up to 55.38%	42%	25%
Estonia	21%	21%	21%	20%, 9%, 0%
Finland	24.5%	49%	32%	23%, 13%, 9%
Germany	29.48%	Up to 45%	25%	19%, 7%
Latvia	15%	25%	15%	21%, 21%, 0%
Lithuania	15%	15%	15%	21%, 9%, 5%, 0%
Poland	19%	Up to 32%	19%	23%, 8%, 5%, 0%
Russia	20%	13%	Varies	18%, 10%
Sweden	24.5%	Up to 59%	30%	25%, 12%, 6%

CLEAR PROCEDURES FOR SETTING UP A BUSINESS

The procedures for setting up a business are clear and well structured in all 11 cities. In some cities most of the formalities can be handled via the Internet and electronically. For example, in Estonia you can start a business via the Internet; all formalities can be handled in this way. The simplified procedures make Tallinn a very friendly city for both large and small investors.

BUSINESS SUPPORT SERVICES TO ANY SITUATION AND NEED

The Baltic Metropolises put emphasis on creating attractive and innovative conditions for investors. Latvia has four special economic zones of which one is in Riga (The Riga Free Port). The special economic zones offer special benefits for businesses; for example a 80 percent rebate on corporate income tax (CIT), 0 percent VAT for most goods and services provided to companies in free zones or exported out of them, 0 percent VAT for most goods and services supplied in the free zones, including construction services.

All the countries and cities host a number of business, technology and science parks, business incubators and offer a wide range on business support services. The business incubators and technology parks assist investors as well as start-ups in the early years of their existence. Science and technology parks support the development of

In Finland, ExpertFinder.fi gives quick and easy access to an extensive and validated pool of local experts that provide business support services to satisfy every business need.

local and regional economy through the promotion of innovative entrepreneurship. A number of organisations offer a wide range of services to support entrepreneurs. These services include, for example, legal advice, financing, recruiting, administrative support, sales and marketing, management and business consulting, ICT, warehousing and facility services.

In Finland, for example, expert advisory services are provided to current and potential entrepreneurs by Employment and Economic Development Centres (TE Centres), regional business services, New Business Centres, business incubators, NYP Business Services in Helsinki and municipal business development services. Invest in Finland and the Finnish Venture Capital Association act as networks to help with financing or other services.



In Warsaw you can find a wide range of business service providers. Need your windows cleaned? Our highly qualified, dynamics workers are on the job! © Paweł Czarnecki

Ease of Doing Business Ranking 2010*

Starting up a business –attribute**. Source: World Bank.

Economy	Year	Ease of Doing Business Rank	Starting a Business				
			Rank	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in Min. Capital (% of income per capita)
Denmark	DB2010	6	27	4	6	0.0	38.6
Estonia	DB2010	17	35	5	7	1.7	23.2
Finland	DB2010	11	29	3	14	0.9	7.2
Germany	DB2010	21	84	9	18	4.7	0.0
Latvia	DB2010	27	51	5	16	2.1	14.2
Lithuania	DB2010	26	98	7	26	2.4	31.1
Poland	DB2010	73	115	6	32	17.9	15.3
Russia	DB2010	116	104	9	30	2.7	1.8
Sweden	DB2010	18	42	3	15	0.6	28.5

*Economies are ranked on their ease of doing business, from 1 – 183. A high ranking on the ease of doing business index means the regulatory environment is more conducive to the starting and operation of a local firm. This index averages the country's percentile rankings on 9 topics, made up of a variety of indicators, giving equal weight to each topic.

**Doing Business records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business. These include obtaining all necessary licenses and permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities. The ranking on the ease of starting a business is the simple average of the percentile rankings on its component indicators.

Quality of life /

The Baltic Sea Region is safe, clean and very family friendly in many ways. Education and healthcare is available for all. Services are provided from the youngest to the very oldest of family very members. The respect for nature can be experienced in the numerous parks and green areas in the urban metropolises. Creativity and culture are highly appreciated, which is evident in the wide variety and number of cultural events, activities and institutions.

All BSR countries are ranked with Very High Human Development or High Human Development in the UNDP Human Development Index (HDI) 2010. HDI is a summary composite index that measures a country's average achievements in three basic aspects of human development: health, knowledge, and income. The HDI was created to emphasize that people and their capabilities should be the ultimate

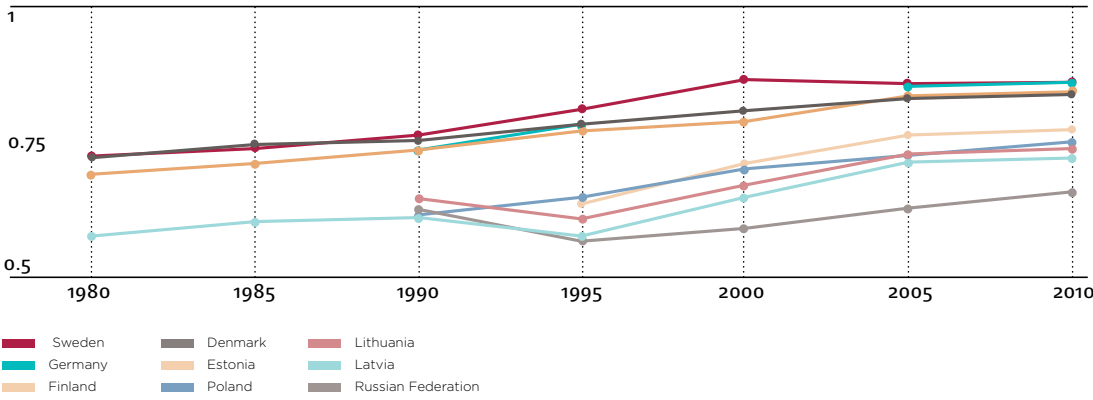
criteria for assessing the development of a country, not economic growth alone. The BSR countries all show major improvements in their rankings between 1980 and 2010.

All children in the BSR countries have access to education. Primary and secondary schools are numerous, and there are also many international or language-focused schools in the Baltic Metropolises. Every city hosts universities, colleges and other schools of higher education that are top of class in the world. It is no surprise that the population of the Baltic Metropolises has the highest education level in the world.

Talented and ambitious youth comes to study in Warsaw's universities and institutes of technology. They bring liveliness to the beautiful city and ensure the steady flow of professional and skilled employees.

The Human Development Index, development in BSR countries 1980 - 2010

Source: Human Development Reports, UNDP





The most important asset of Vilnius: its people, their wisdom, interaction, their dreams, imagination, creativity and happiness. © Effectus.

There are numerous day-care centers and pre-schools for small children. In the other end of the spectrum of human life, there are many elderly peoples' homes serving the more experienced members of society.

In the BSR countries, health care is provided by both public and private institutions. The number of physicians per number of inhabitants is highest in the world and the level of health care is high. The health care systems benefit from the strong focus on research and development in medicine, biotechnology and life sciences in general.

The BSR has a natural affinity for nature. The cities are clean and well-maintained. There are parks and other recreational areas even in the very hearts of the Baltic Metropolises. The inhabitants often choose to spend their free time in these green and refreshing areas.

The respect for nature can be felt in the region's approach towards the environment and sustainable development.

leaders in Cleantech and environmental solutions.

The creative spirit and respect for many forms of culture is evident throughout the region. The cities provide a wide variety and abundance of cultural events and activities: theatre, music, opera, dance, architecture and design. Cultural activities are not only organized by official institutions, but also by smaller, alternative citizen initiatives.

The cities in the region have been internationally recognized for their cultural and design aspects. For example, Tallinn was the official European Capital of Culture in 2011 and Helsinki is the World Design Capital in 2012. Riga and Umeå are designated to be the European Cultural Capitals in 2014.

The Baltic Sea Region is a safe place to work and live. The societies are politically stable and have well-established legal systems. There is a high level of respect for law, justice, democracy and human rights throughout the area.

DID YOU KNOW ?

The Junibacken story book world in **Stockholm's** Djurgården is based on beloved characters by Astrid Lindgren and other children's authors. The Story Train takes you on an amazing journey through the magical fairy tale world.

Lithuania is historically one of the most prestigious and successful teams in international basketball. The enthusiastic Lithuanian fans follow their team and the sport with true fervor. **Vilnius** hosted the European Basketball Championship in 2011 (EuroBasket 2011).

The Suomenlinna fortress in **Helsinki** is one of the biggest sea fortresses in the world. It was founded in 1748 on islands off the coast of Helsinki. It was included in UNESCO's World Heritage List in 1991 as a unique monument to European military architecture. Suomenlinna is one of Finland's most popular tourist attractions as well as a district of the city of Helsinki, with a permanent population of more than 800.

Berlin is definitely world's number one nightlife city - you can find everything from pubs housed in derelict ruins to funky beach bars and nightclubs. Underground, avant-garde, progressive, hip, electro, pop, indie, rock, and contemporary live music - all in just one city. Especially in the techno department Berlin is recognised as a leading light around the world.

Every summer, the **Riga** Opera Festival marks the end of the Latvian National Opera's performance season with an overview of the best moments of the previous year. The festival is highly anticipated by both Latvian audiences and opera-lovers from abroad.

Warsaw was home to the famous composer Frédéric Chopin (1819 - 1849). Chopin is remembered today as one of the great masters of Romantic music and a piano virtuoso. The composer's spirit is still felt in the numerous musical festivals in the capital of Poland.

For more than two centuries the Mariinsky Theatre in **St. Petersburg** has been presenting the world with a plethora of great artists. The masterpieces of Tchaikovsky, Mussorgsky and Rimsky-Korsakov, to name a few, have received their premieres in the Mariinsky Theatre. Today, the Mariinsky Theatre is home to the Mariinsky Ballet, Mariinsky Opera and Mariinsky Orchestra.

Copenhagen Fashion Week has during the past few years developed into a large and renowned event with an international scope. Copenhagen Fashion Festival is aimed at not only professionals, industry and press, but also invites the public to experience Copenhagen's transformation into a fashion Mecca of shows, exhibitions, concerts, trend shows, exclusive designer clearance sales and parties.

Tallinn's famous Old Town is a combination of cobblestone lanes and iron street lamps, Gothic spires and medieval markets, alluring cafés and top-class restaurants. Built between the 13th and 16th centuries, the Old City is packaged within a mostly-intact city wall and dotted with guard towers.

SOURCES

PUBLICATIONS /

Analysis on investment drivers in 11 cities of the Baltic Sea Region.
Kantor Doradcy w Zarządzaniu Sp. z o.o. 2010.

The European Union Strategy for the Baltic Sea Region.
Background and Analysis. European Union 2010.

Global Competitiveness Report 2011-2012.
World Economic Forum 2012.

Special Eurobarometer. Europeans and their languages.
Eurobarometer 2006.

State of the Region report 2009. Boosting the Top of Europe.
Baltic Development Forum 2009.

WEBSITES AND STATISTICAL SERVICES /

Baltic Sea Report 19.10.2011 www.swedbank.lv
[www.newsroom.swedbank.com/en/Publications/2011/
Baltic-Sea-Region- Report-2011/](http://www.newsroom.swedbank.com/en/Publications/2011/Baltic-Sea-Region-Report-2011/)

The Corruption Perceptions Index (CPI) 2011.
Transparency International.
www.transparency.org/policy_research/surveys_indices/cpi/2011

Ease of Doing Business Ranking 2010. World Bank Group.
www.doingbusiness.org

Eurostat. The statistical office of the European Union 2012.
<http://epp.eurostat.ec.europa.eu>

HELCOM maps and data. Helsinki Commission HELCOM 2012.
www.helcom.fi

Human Development Report 2010. UNDP (United Nations
Development Programme). *<http://hdr.undp.org/en/>*

INSEAD Global Innovation Index 2009-2010. INSEAD Business
School for the World. *www.globalinnovationindex.org*

Nordregio maps and graphs. Nordregio Nordic Center for Spatial
Development 2012. *www.nordregio.se*

UNCTAD statistics. UNDP (United Nations Conference on Trade
and Development) 2011. *www.unctad.org*

CONTACT INFORMATION

MEMBERS OF THE BALTIC SEA REGION INVESTMENT PROMOTION
AGENCIES INITIATIVE AND CONTRIBUTORS TO INVESTOR'S GUIDE /

INVEST IN FINLAND

www.investinfinland.fi

INVEST IN SWEDEN

www.investsweden.se/world

INVEST IN RIGA

www.investeriga.lv/en

GREATER HELSINKI PROMOTION

www.helsinkibusinesshub.fi

INVEST IN DENMARK

www.investindk.com

POLISH INFORMATION AND FOREIGN INVESTMENT AGENCY, INVEST IN POLAND

www.paiz.gov.pl

INVESTMENT AND DEVELOPMENT AGENCY OF LATVIA

www.liaa.gov.lv/eng/home/news

ASSOCIATION NORTH-WEST RUSSIA

www.en.n-west.ru

ENTERPRISE ESTONIA

www.eas.ee/en

**BALTIC SEA REGION INVESTMENT EXPERTS WHO
HAVE CONTRIBUTED TO INVESTOR'S GUIDE /**

City of Helsinki, Department for
International Relations
www.hel.fi

Aalto University School of
Economics, Center for Markets
in Transition (CEMAT)
www.aalto.fi

Baltic Development Forum
www.bdforum.org

Research Institute of the Finnish
Economy (ETLA)

Berlin Partner Brüssel, Berlin
Business Representation
www.berlin-partner.de

Greater Helsinki Promotion Ltd.
www.helsinkibusinesshub.fi

City of Riga, Riga City Council,
Foreign Affair Office
www.riga.lv

City of Warsaw
www.um.warszawa.pl

Vilnius City Municipality,
Urban Development Department
www.development.lt

CONTACT INFORMATION

PRODUCERS OF THE BSR INVESTOR'S GUIDE /

PROJECT COORDINATION:

Baltic Development Forum

Mr Marcus Andersson

E-mail: ma@bdforum.org

Ms Katarzyna Dygul

E-mail: kdy@bdforum.org

CONTENT PRODUCTION:

Greater Helsinki Promotion Ltd

FitComm & Pohjoisranta OY

Baltic Development Forum

Members of the Baltic Sea Region

Investment Promotion Agencies Initiative

VISUAL DESIGN AND LAY-OUT:

Kuudes Kerros

Ms Päivi Korteniemi

Ms Piëtke Visser

Mr Jarmo Mustonen

Ms Marie Strandin



