

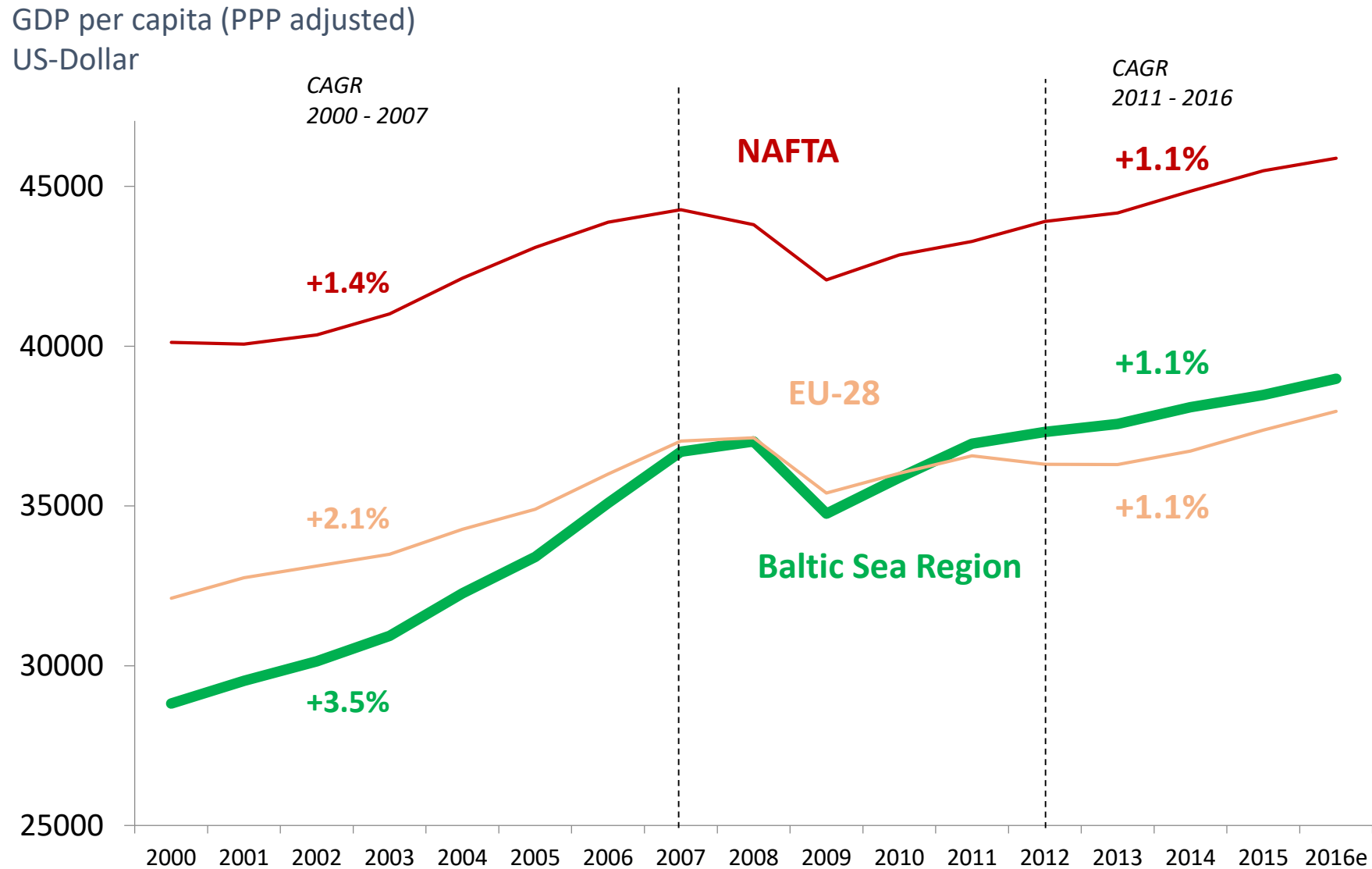
Doing Well Today, Worried about Tomorrow

Observations from the 2016 State of the Region-Report

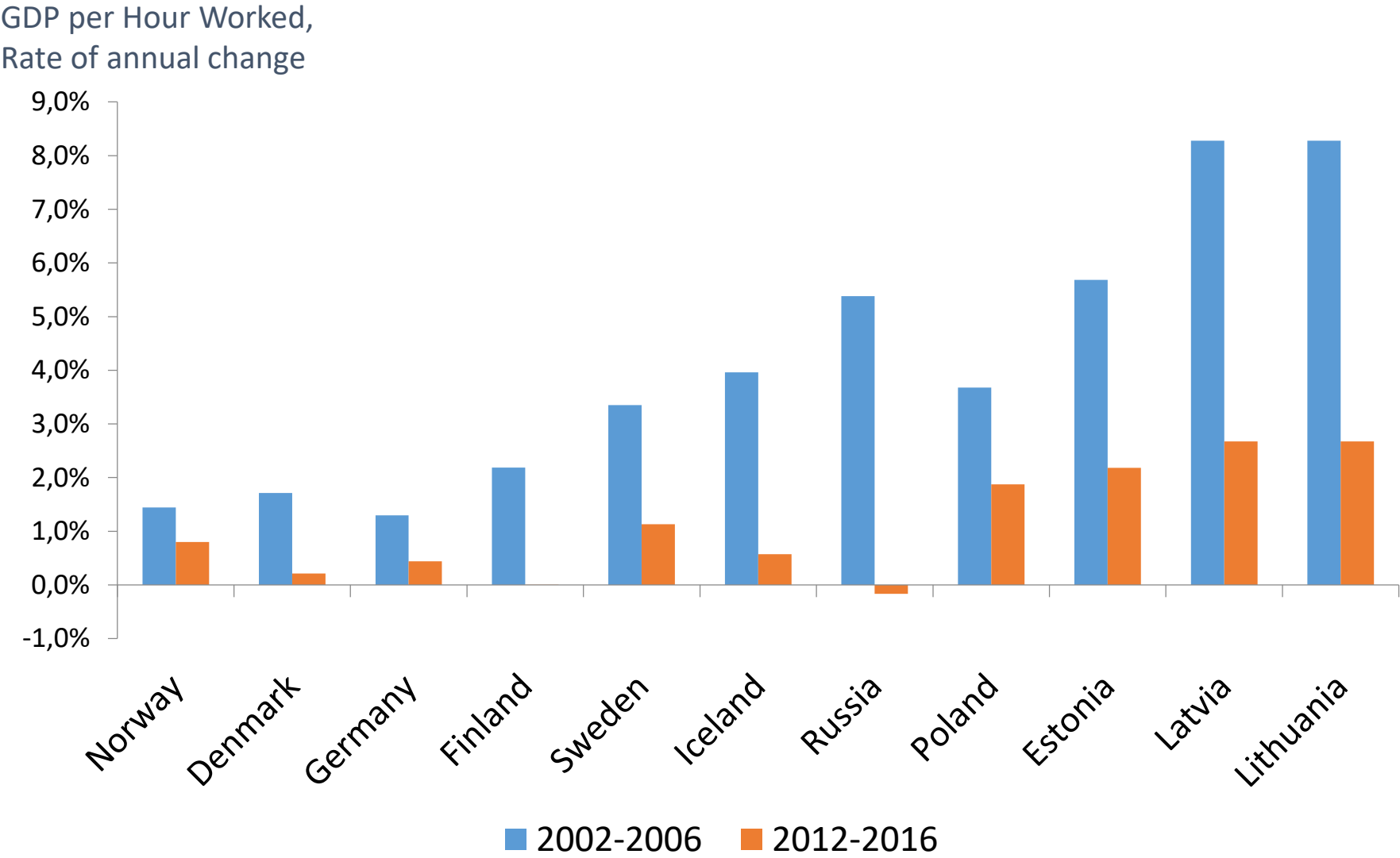
Christian Ketels, Harvard Business School

- Current economic performance
- The Baltic Sea Region in the Global Economy
- Competitiveness
- What lies ahead...

Prosperity Performance Pre- and Post Crisis

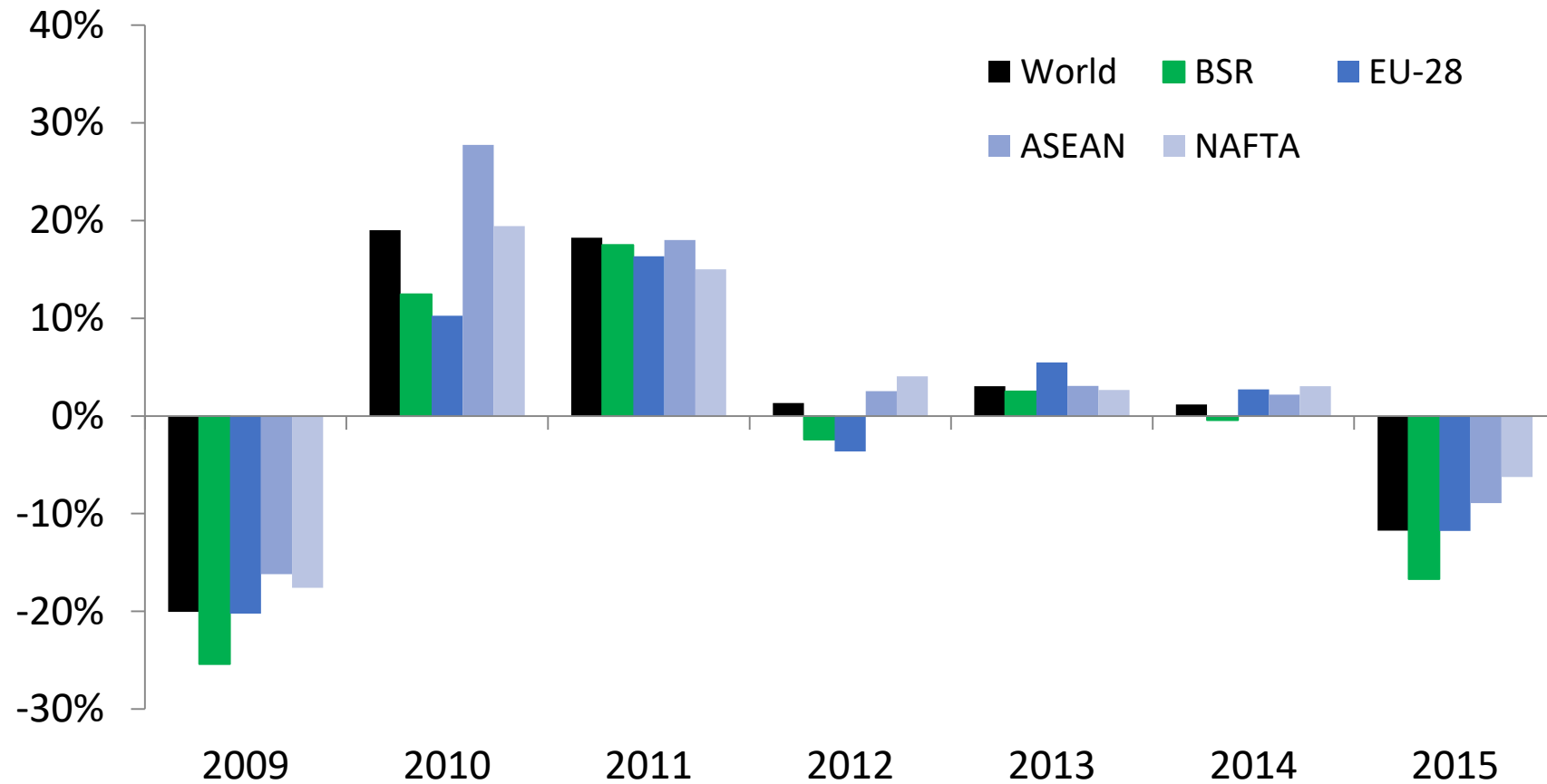


Labour Productivity Growth across BSR Countries



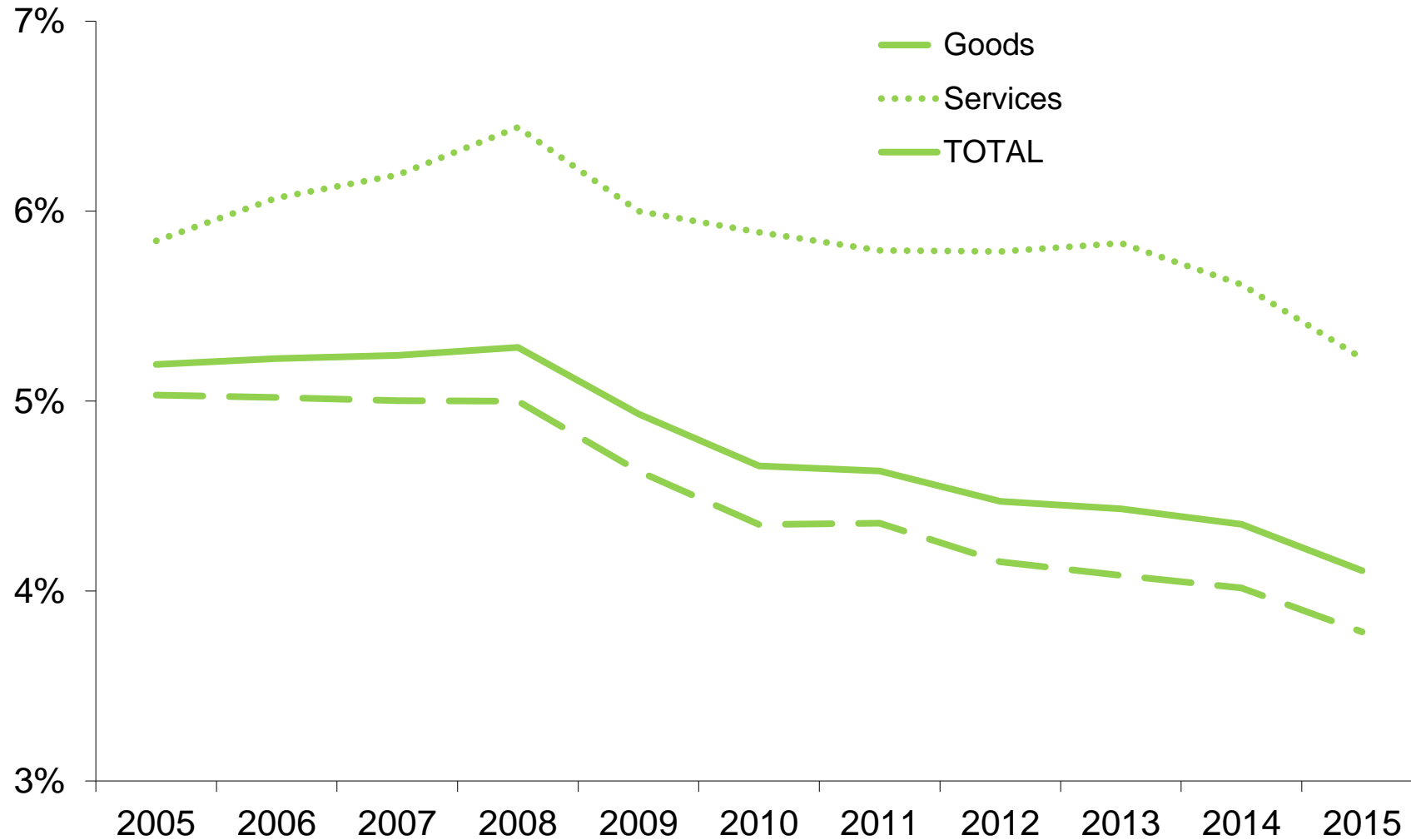
Trade Dynamics

Annual Change of export value



BSR World Export Market Shares

World market shares



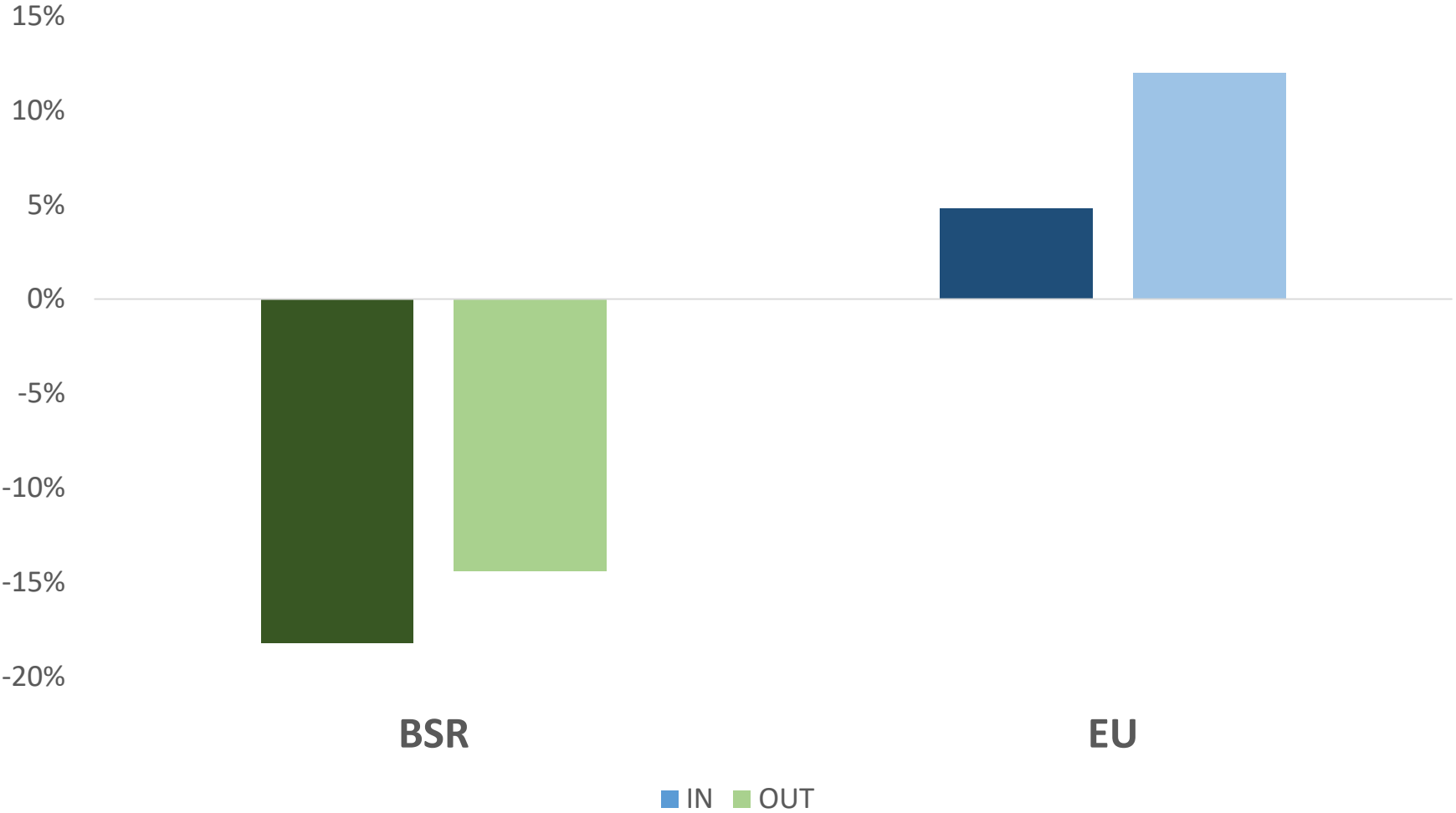
Baltic Sea Region FDI Flows

World market share

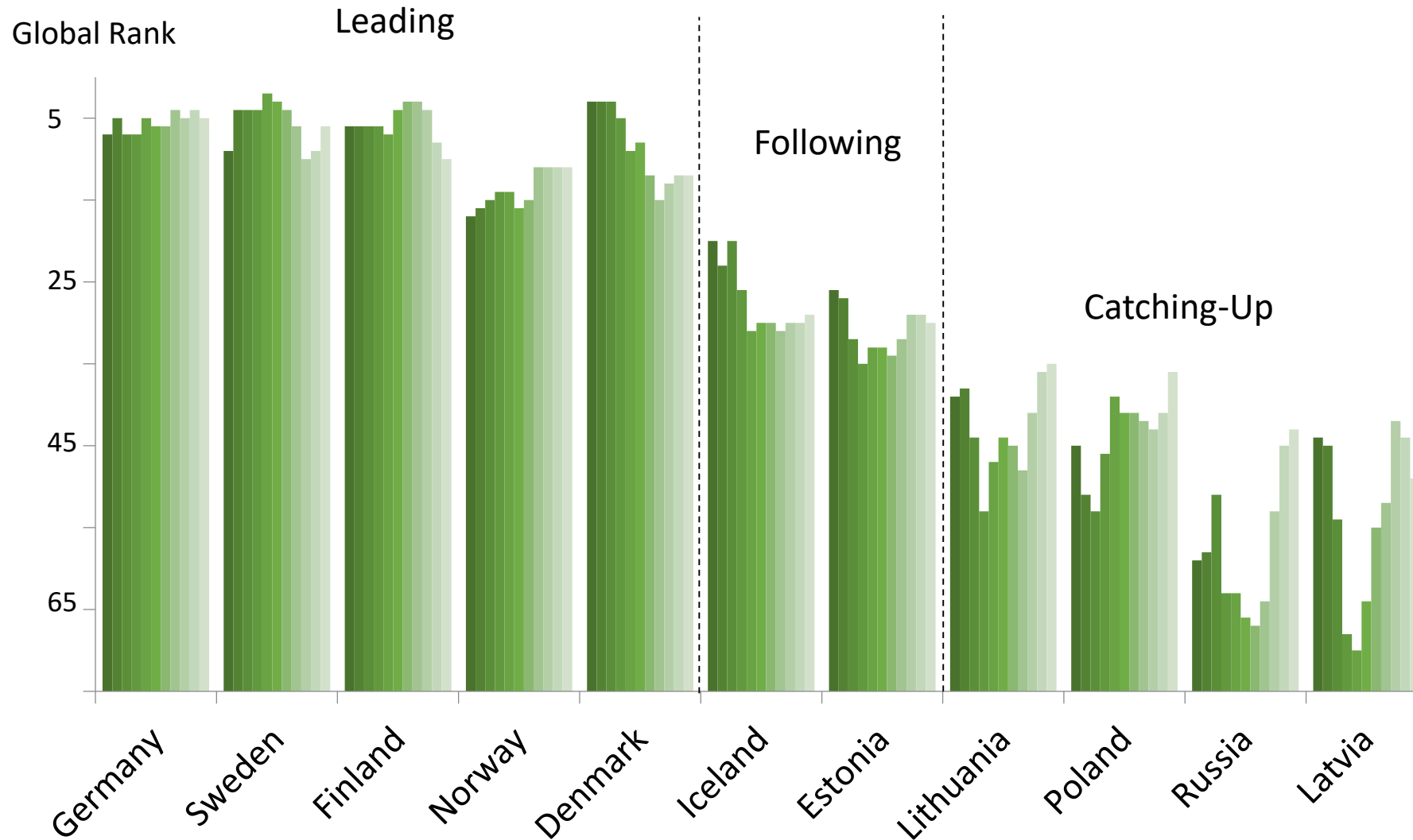


FDI Stocks Over Time: Change in Market Shares

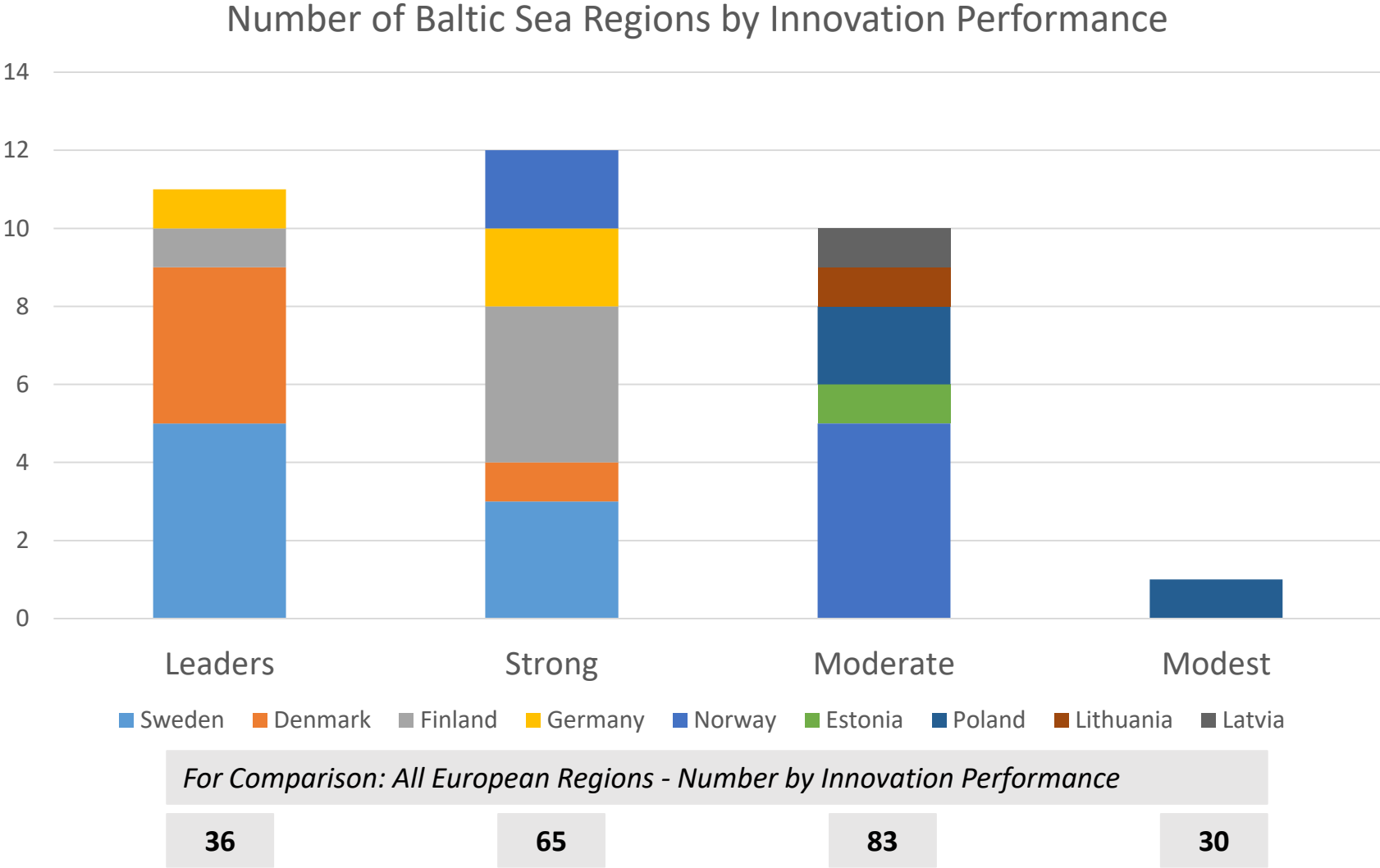
Relative change in world
market share, 2015 - 2013



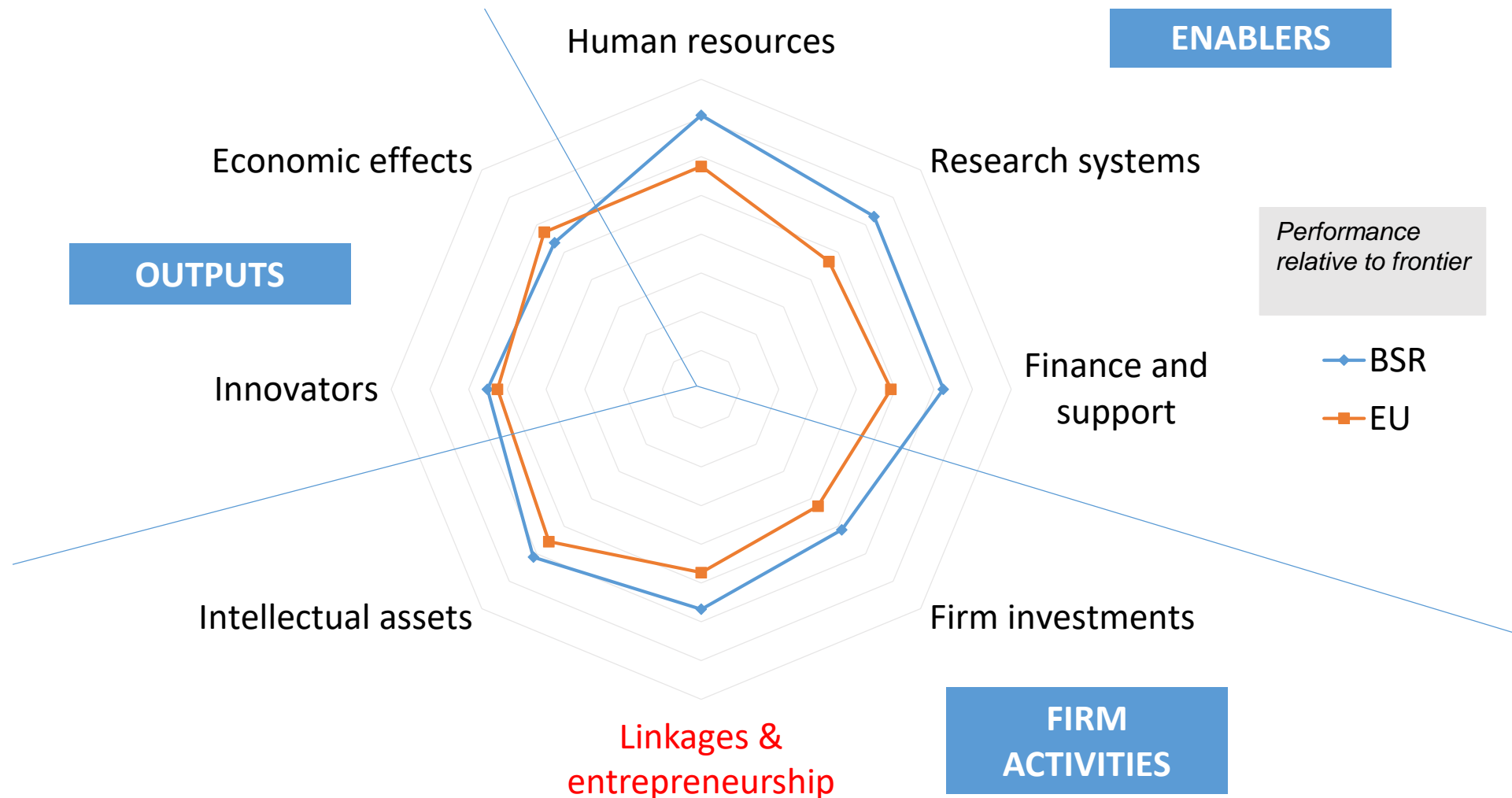
Global Competitiveness Rankings over Time



Innovation Performance of European Regions

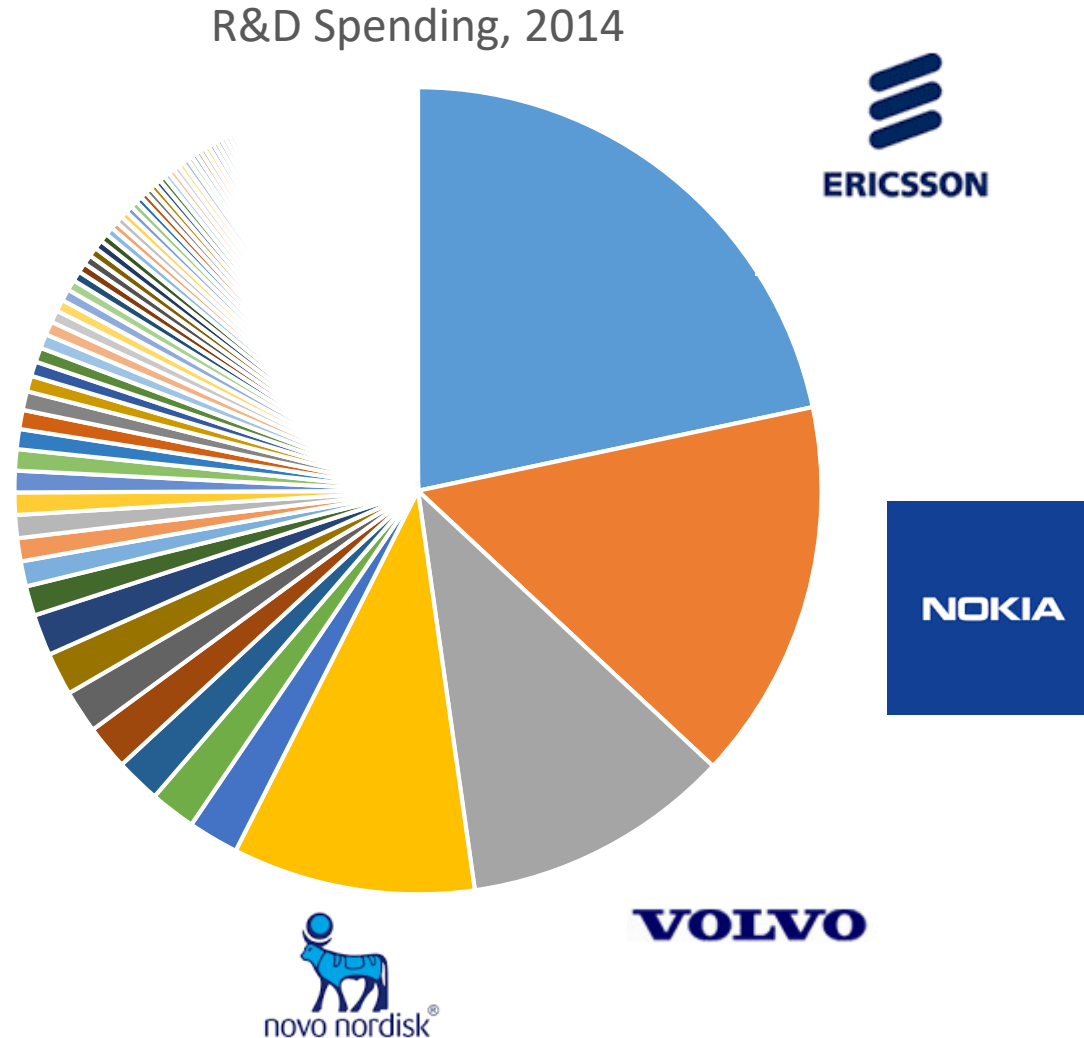


Innovation Scoreboard Profile 2016: Baltic Sea Region



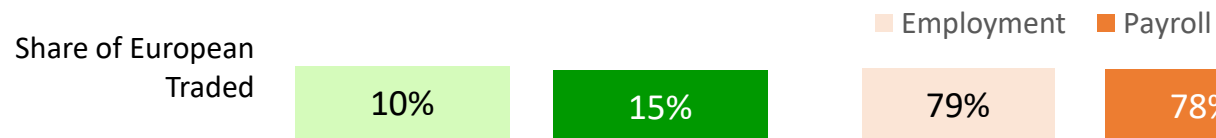
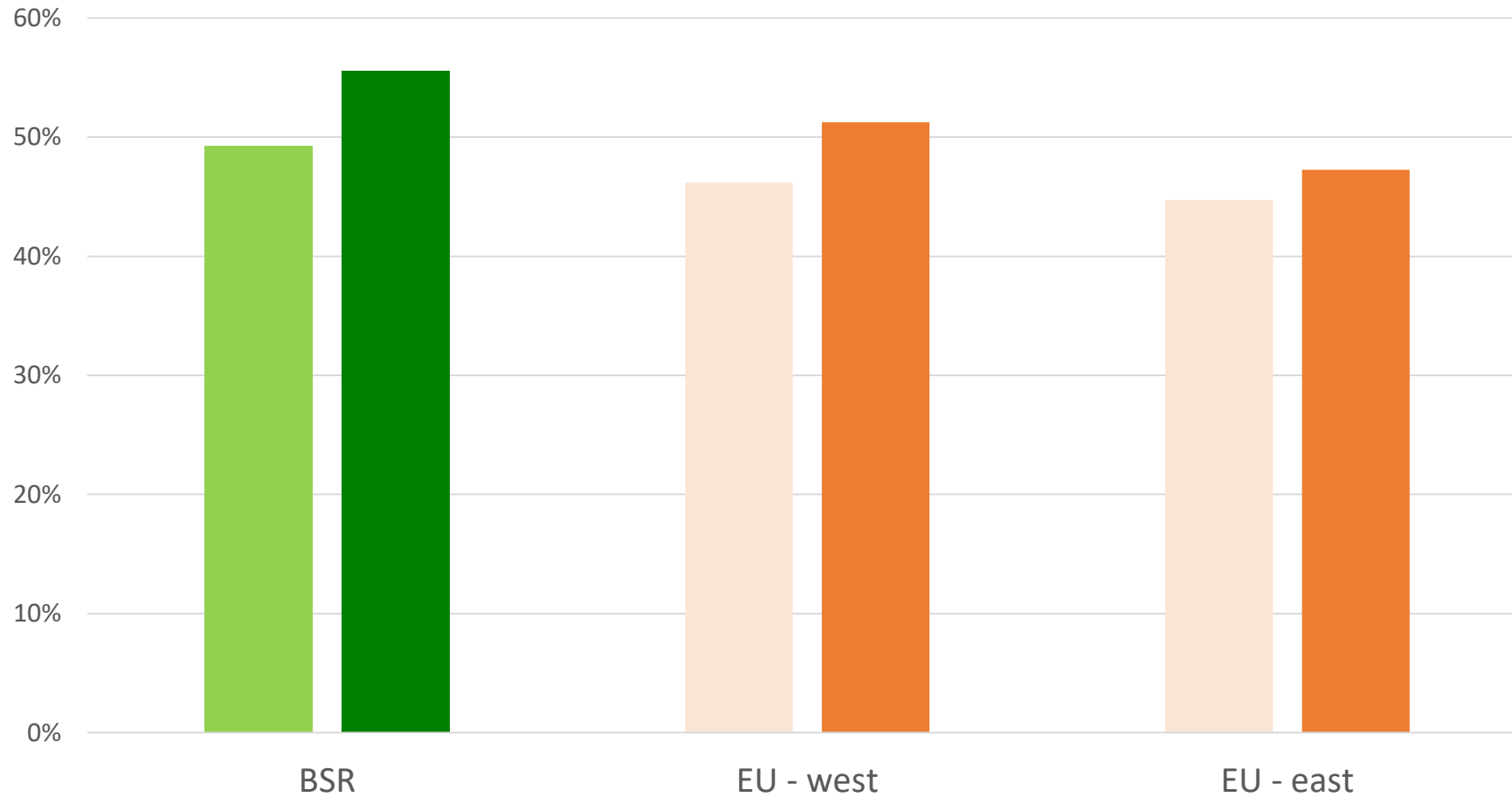
Private Sector R&D Spending by Top BSR Firms

57% of total spending
is done by the
top 4 companies

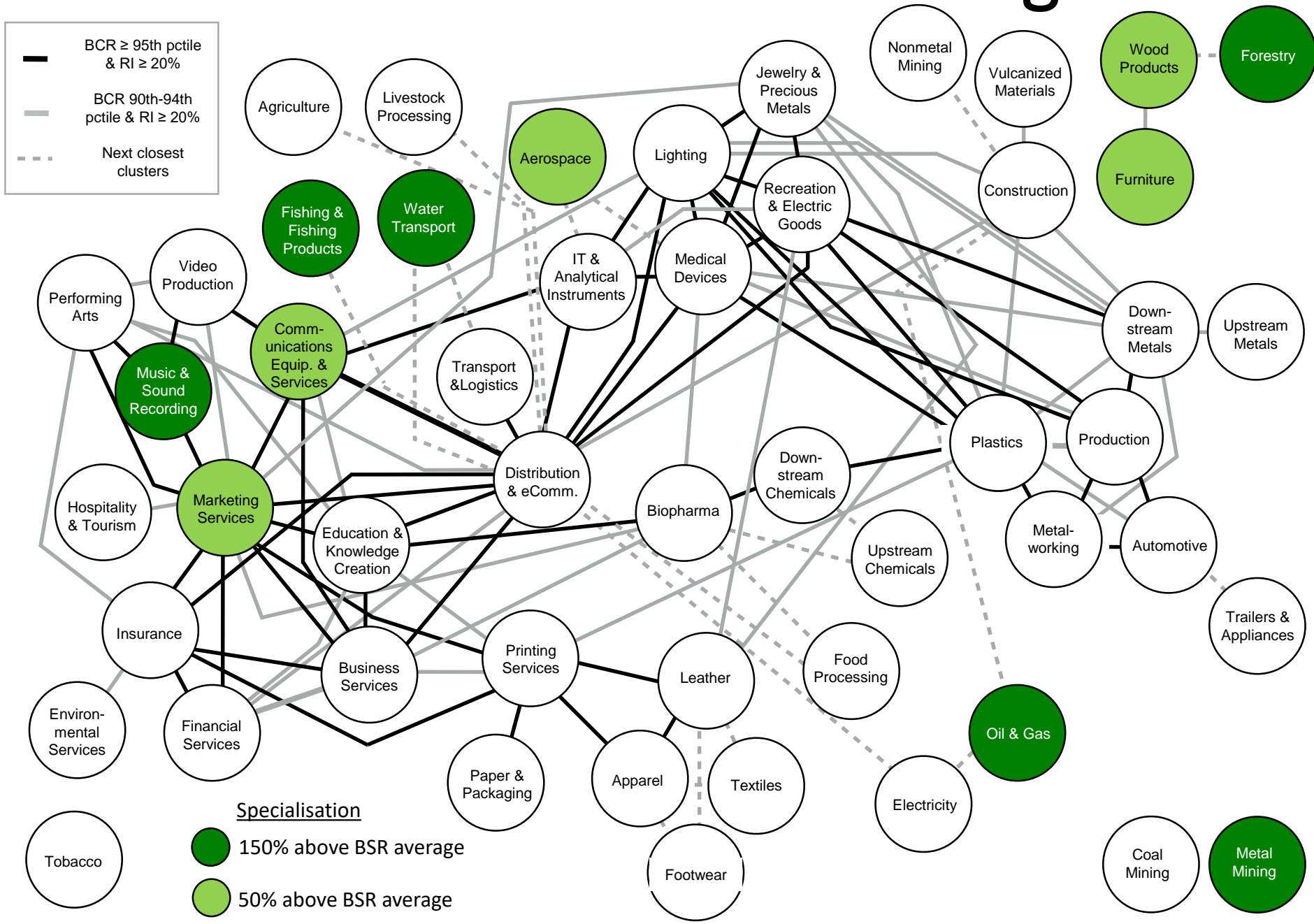


Clusters across Europe

Share of Strong Clusters among all Traded Industries, 2014



Cluster Portfolios in BSR Regions



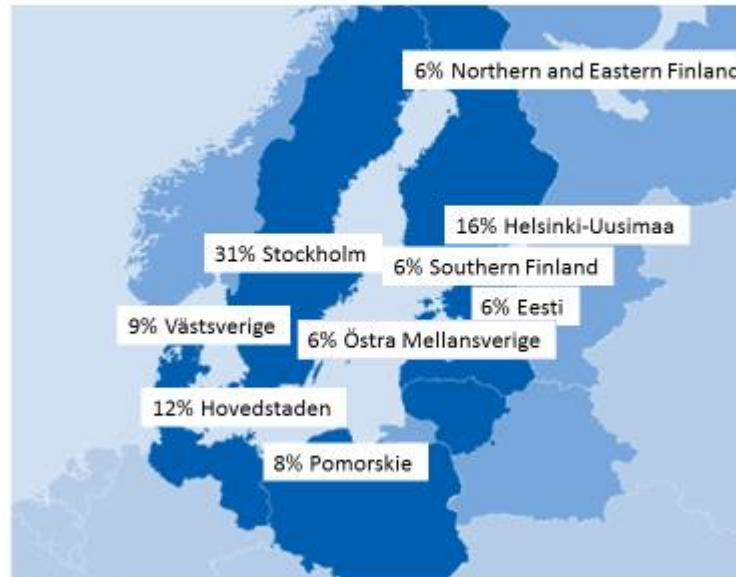
Cluster Value Chains across the Baltic Sea Region

Cluster Footprints Across the BSR
Furniture



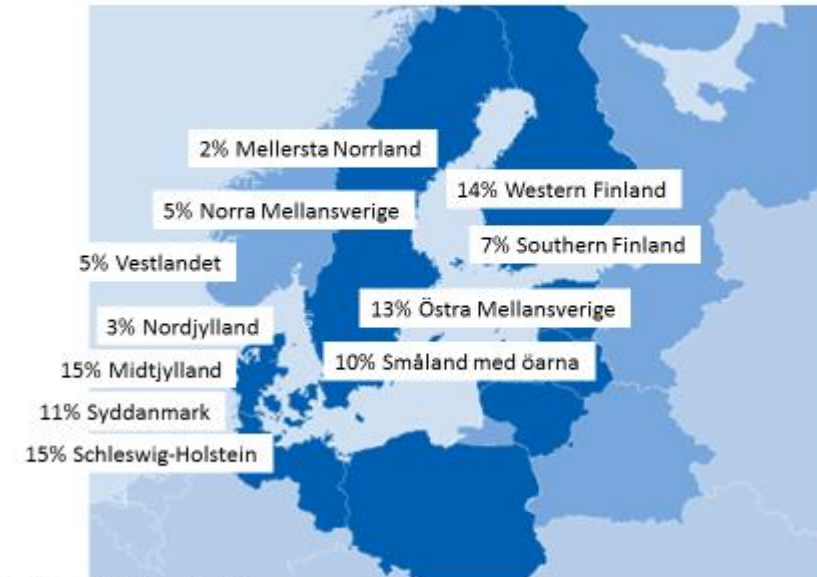
European Cluster Observatory (2016)

Cluster Footprints Across the BSR
Communications Equipment and Services



Source: European Cluster Observatory (2016)

Cluster Footprints Across the BSR
Production Technology



Source: European Cluster Observatory (2016)

Anxiety

- How can the Region deal with the next macroeconomic downturn?
- Is there a way out of permanently lower productivity growth?
- What is the future of Europe? Of globalization?
- How many more political shocks await us?

- National policy makers need to prepare the Baltic Sea Region's economies for a future that is likely to be fragile; few of them do so today
- The Baltic Sea Region has a big stake in the future of Europe beyond Brexit; it needs to do more than staking out short-term national interests
- The Baltic Sea Region has been a major beneficiary of globalization; it needs a broad dialogue on how the region should position itself in a context of falling trade dynamism and growing economic nationalism
- Macro-regions have the potential to become more important in the global economy; the Baltic Sea Region has much to build on but needs to regain momentum in specific common actions