



The Baltic Sea region

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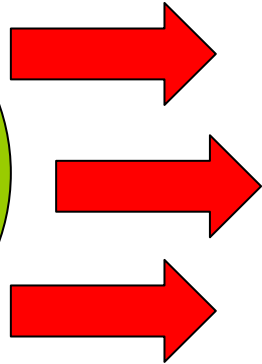
22 June 2006

**Hanseatic Parliament
Copenhagen**

**MEP Poul Nyrup Rasmussen
President Party of European Socialists**

PES

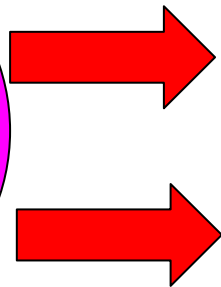
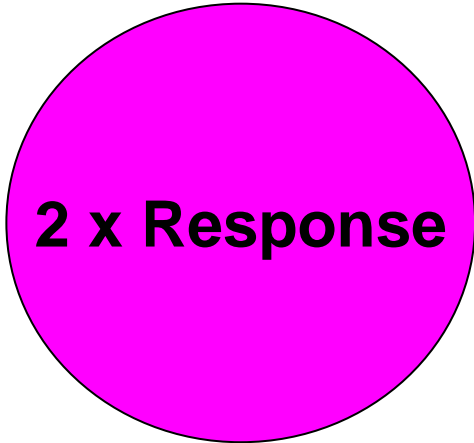
The Difference!



*** The ultimate global market economy.
Comparative advantage**

Tempo ➤ **Exponential** ➤ **Permanent**

Old jobs ➤ **New jobs** ➤ **Change**



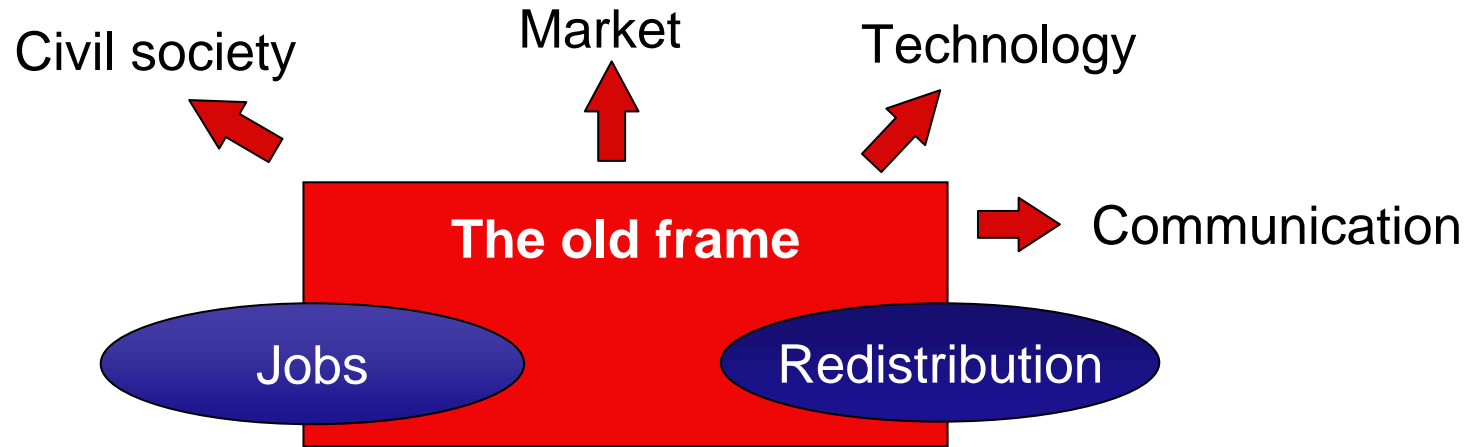
External ➤ **New Global Governance.
EU role**

Internal ➤ **National, regional & European**
*** Job change** ➤ **10xparents**
*** More advanced jobs**

Wanted : New tools - but still the same goals

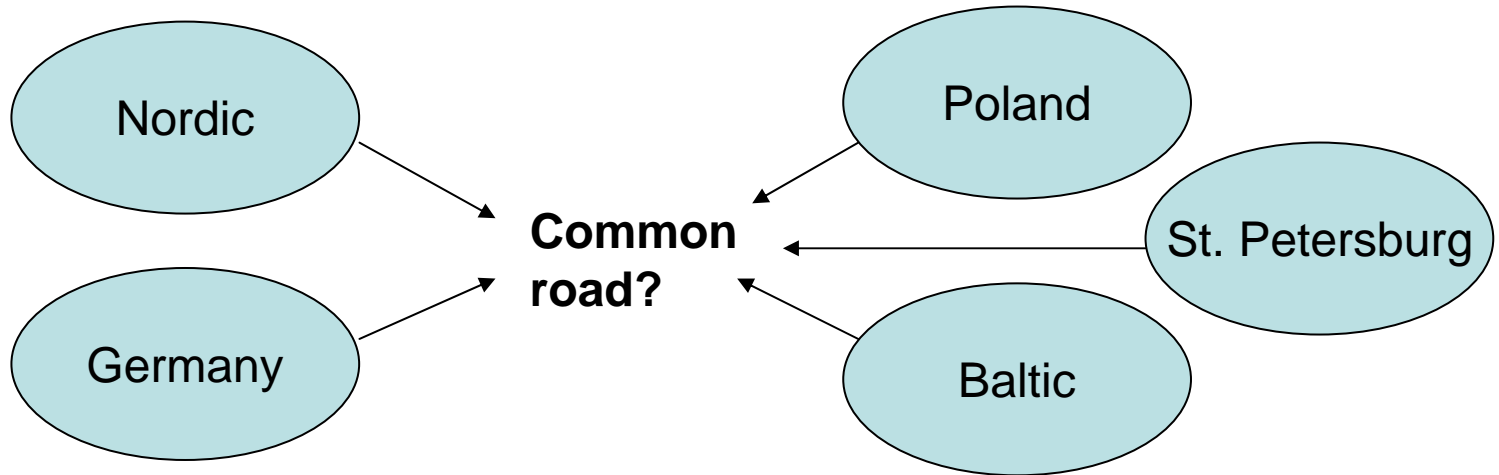


Globalisation – a state of permanent change



Consequences: Uncertainty, political turbulences, apathy

New and old democracies



→ "Old welfare states"	← Growth
→ Cohesion?	← Unempl. differences
→ Reforms	← Political turbulences
→ Growth differences	← Corruption
→ Energy need	← Energy need

A Baltic Synergy

Differences yes = BUT → More in common
→ Same challenges



A Baltic Ambition

- Frontrunner in Europe = the World's most coherent, knowledge based region (Lisbon)
- SMEs a backbone of the European Economy – and in the Baltic Sea region too!
 - More than half of GDP
 - Dynamic, adaptable – and vulnerable
- Baltic comparative advantage: Common vision, coherence, values, and close neighbours

Any chances?

Global challenges

Our common index



The best possible point of departure



Baltic Sea region:

Different countries, common interests

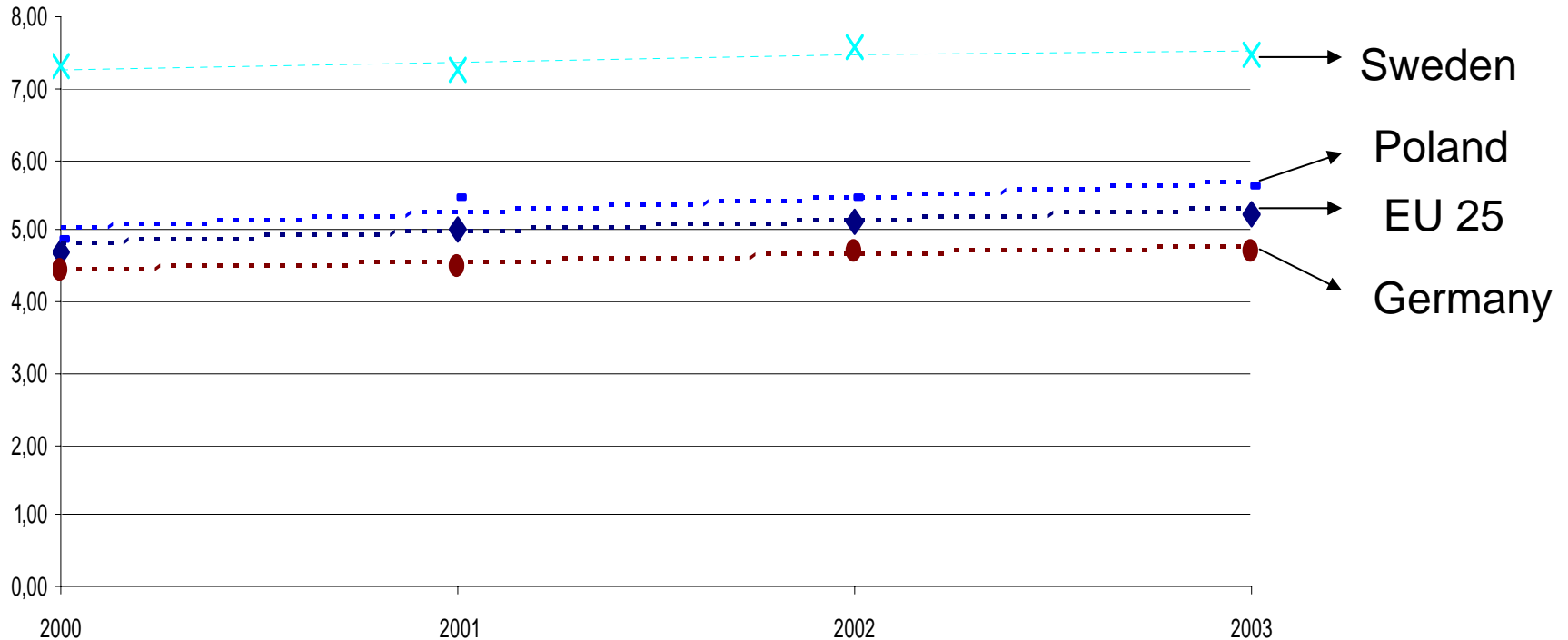
- Life is too short for bla-bla-bla
 - What is in it for us?
 - Where is the synergy?
- Jobs and a secure framework – it's about investing in people
- Not competition amongst states, but:
 - Integration of markets, fair competition and labour standards
- Active alliances based on ownership, partnership, and relevant for everyday life
 - New partnerships: public/private (universities, business, cities) synergy
 - Training to meet challenge of permanent change: Competence Centers
 - SME networks facilitates access to EU info and funding
- First common implementation of the new Service Directive!



The competence dimension

We are in front on competences – but how to use it?

Inv. in education in % of GDP



Source: Eurostat

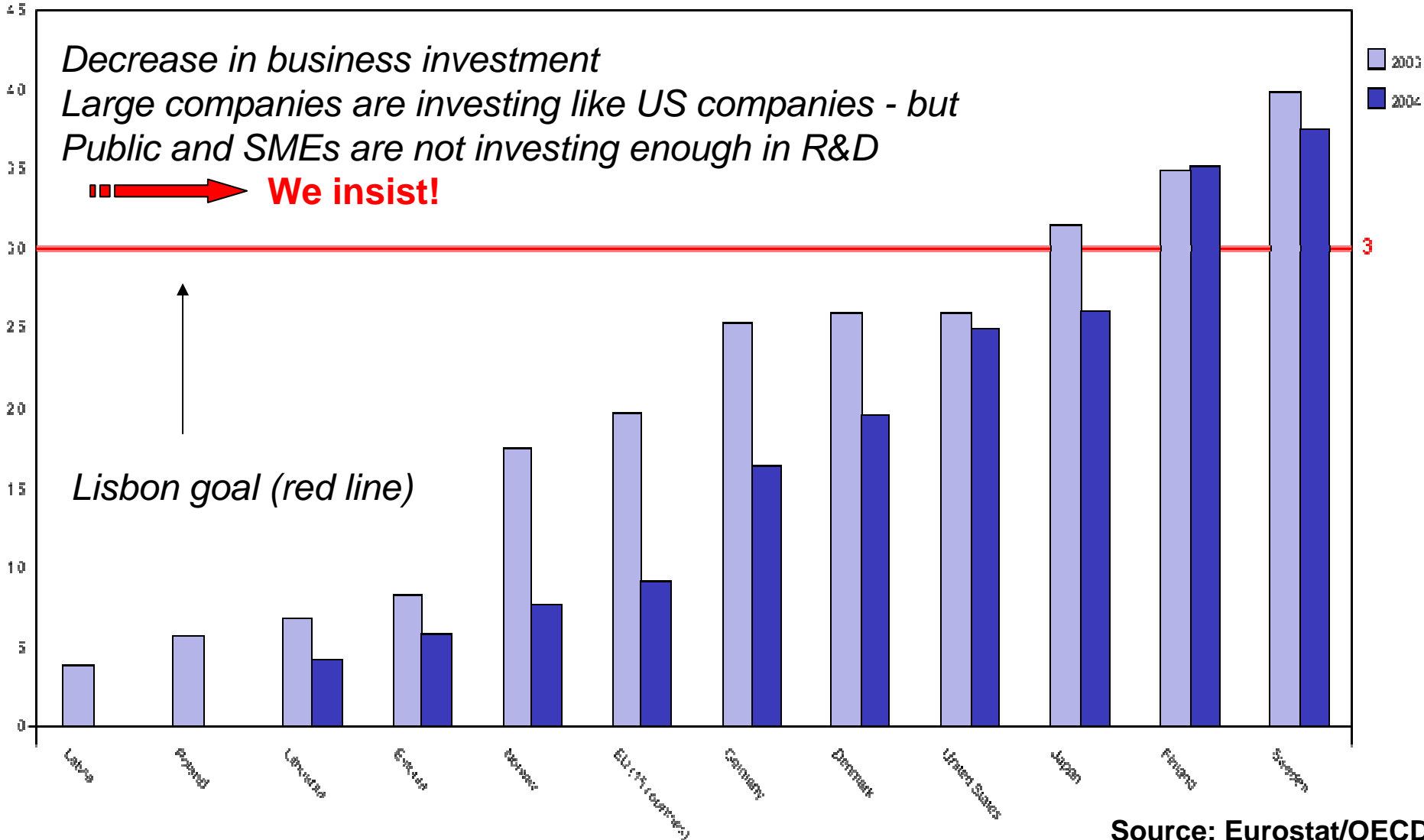
Common strategy - please!



Public+private expenditure on R&D (2003 - 2004)

Let's make a common SME line

Gross domestic expenditure on R&D (GERD)
As a percentage of GDP

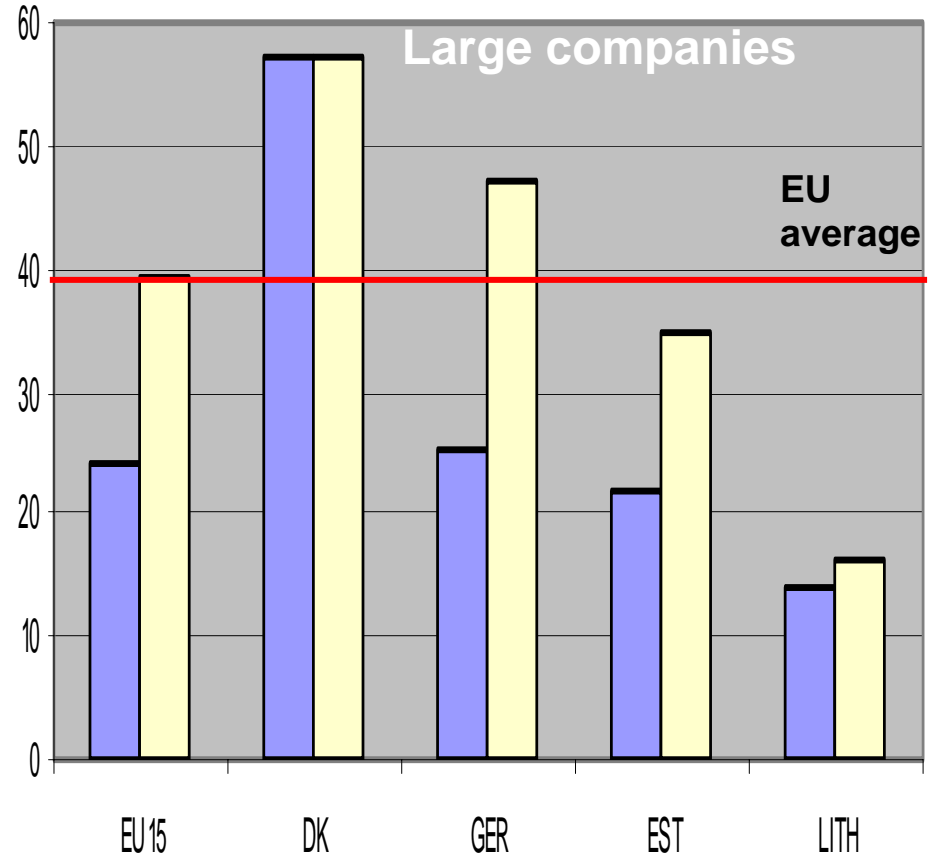
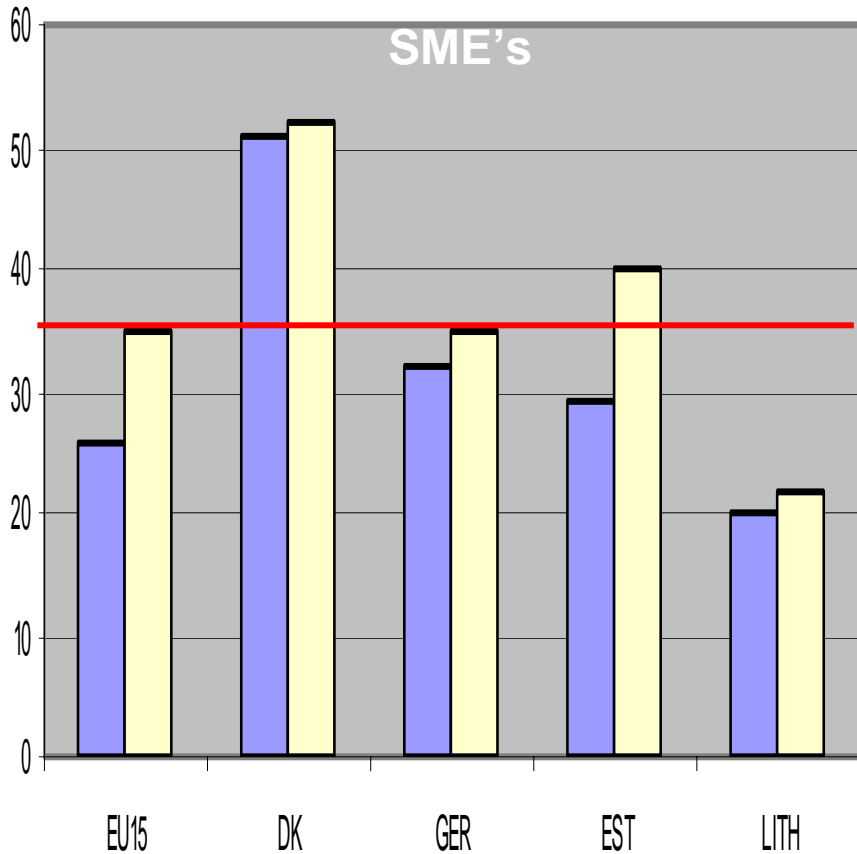




The technology dimension

- Nordics, Germany, and Estonia above EU average
- The rest of the countries below average;
- SMEs do better than large comp.

Did you talk about knowledge society?



Employees using internet computers in work in pct. (2004-2005)



The research dimension

- Fundamental need
- Growth potential:
 - Bio-technology
 - Medicine
 - Transport
 - Services
 - Energy-efficiency and renewables
- Building up regional networks between universities, industries, hospitals, public institutions etc.
- Ensuring access for the SMEs!



*Why don't we establish a
SME research network in
the Baltic sea region?*



The transport dimension

= The Need for Action =

- **Longterm basis for EU common transport policy**
- **Benefits: Increased regional intra-trade by eliminating bottlenecks**
 - A junction between east \longleftrightarrow west and north \longleftrightarrow south
 - Integrating rail and air and creating rail links to ports
 - Creating a rail network giving priority to freight
- **Fundamental to the region to have a strong, international air transport hub**
 - Copenhagen airport – the only one with the required size - among the world's 20 largest national airports
- **The future transport systems must be environmentally and economically sustainable**
 - Road transport must be brought down – too many wheels from cars and lorries
- **Transport by sea, railway systems and freight terminals are important**
 - The Fehmern Belt is the missing link if railway is to reach Hamburg! A Fehmern Belt-bridge could be the vital link in a transport scenario in the region.

Russia – a historic window of opportunity

Economy is developing

7th year growth +5%/year

Fast growing consumption capacity

Russia is EU's 5th trade partner –
EU is Russia's main trade partner

Since 2000, stronger growth in
North-West Russia than Russia
as a whole

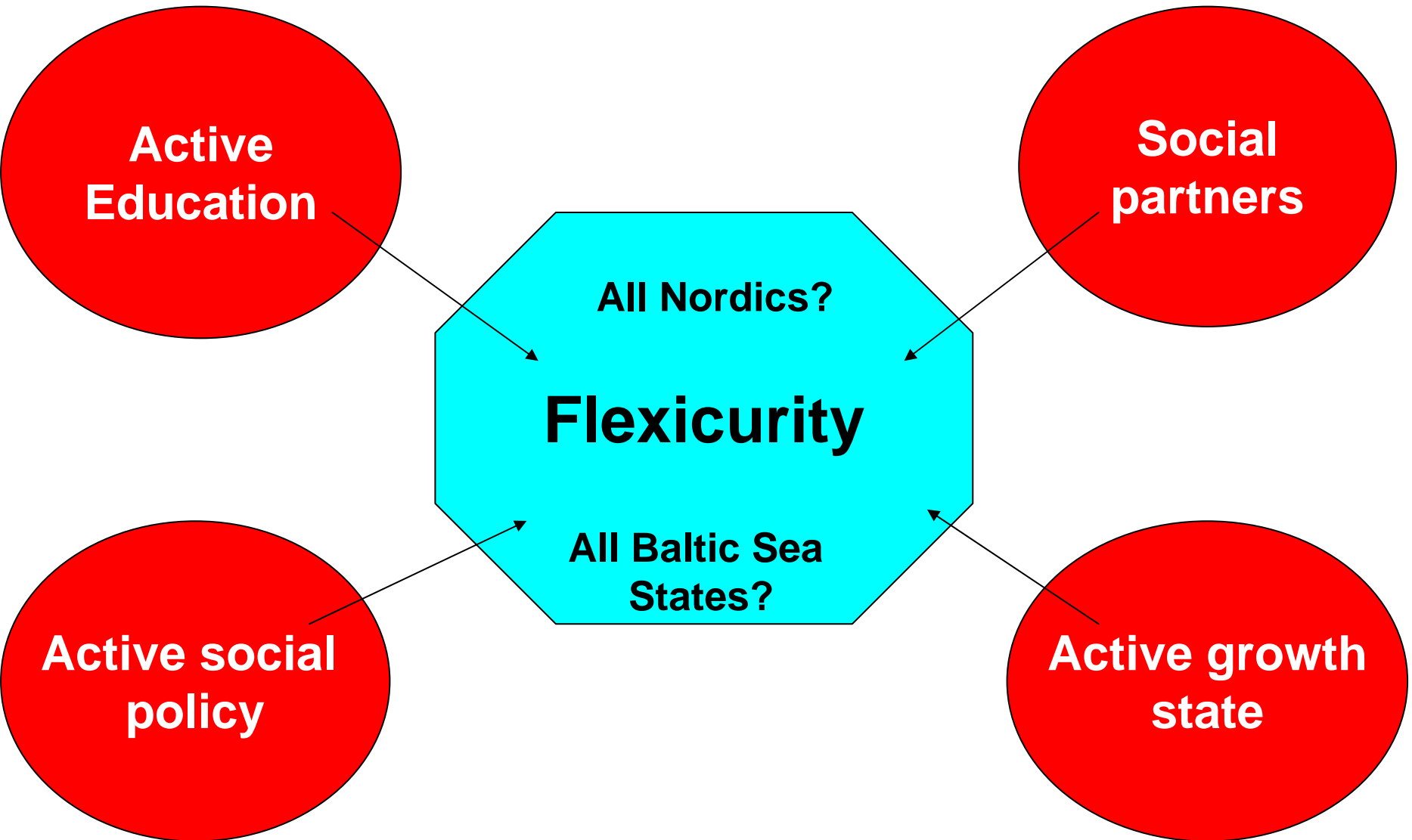
Saint-Petersburg region (6.8 million)
is the biggest non-EU metropolis of
the Baltic Sea Region
and has best educational basis

And: energy, energy, energy

- The Tsar created St. Petersburg as a window to Europe
- A strong regional partnership can make the Baltic Sea Region the window to Russia
 - We are the only physical neighbour
- Regional partnerships yes – but still political, administrative problems



The flexicurity dimension





Cohesion and direction: Lessons from the Nordic Model

Competitiveness

1. Finland
2. USA
3. Sweden
4. Denmark
5. Taiwan
9. Norway

Technology

1. Singapore
2. Iceland
3. Finland
4. Denmark
5. USA
6. Sweden

Creativity

1. Finland
2. Norway
3. Sweden
4. Denmark
5. Netherlands

It is possible!

Kilde: World Competitiveness Index,
2004 & Networked Readiness Index

**Combination of high
competitiveness and social security**

**Flexible, dynamic and mobile
labour market**



The funding dimension

“If you don’t fight
– you don’t count”

Key to EU funding is info, networks and advocacy work – in particular for SMEs

EU funds SME innovation

Some examples:

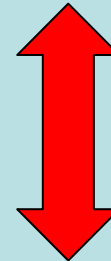
European Parliament adopt
Competitiveness and Innovation
Framework Programme
€3.6 bn 2007-2013

6th Framework Prog. For
Research 2002-2006, €17.5 bn
SMEs participate through
e.g. “networks of excellence”

7th Framework Prog. For
Research just adopted: 2007-2013, €50 bn

European Investment Fund

MEDA: specific budget to Morocco,
Tunesia, Algeria, Jordan, Lebanon,
Syria and Egypt 2000-2006:
€5.3 billions from EU



EU’s Northern Dimension:
Approx. €200 millioner –
or 4% compared to MEDA –
in the same period (2000-2006)



Old Growth Strategy OR

Our Choice

A smart Green Growth Strategy

- 21th Century – New Paradigm
 - More ressource efficient technologies
 - Investing in people
- EU Green Paper on Energy Efficiency
 - Save 20% = 60 bill.€ p.a.



But: Only if we invest!

- Europe still leading but...
 - Japan • Top Runner Program
 - US • 9 states • General Electric
 - China
 - G-8 • "...It is important to act wisely now" (July 2005)

Is Europe ready?
Strawberry region?



Conclusion I

- Remember? Those who benefited from trade = the Hanseatic city
- The Baltic region  building the social bridges
 making synergy, synergy
- A lot of progress in the last decade on the eastern shores of the Baltic, but still a lot of catching up to be done.
- The only way we can make this a success is focus, focus and work, work. The potential is enormous.



Conclusions II

- The fate of the Baltic sea region is dependent on the Baltic sea region itself! The goal can be reached if the region lives up to the following aims:
 - A strong vision of coherence and sustainable growth
 - Technological advance
 - Energy – opportunity: Efficiency and renewables
 - Flexicurity
 - Organisational renewal and modernisation
 - Corruption must be fought consequently and effectively
- Advantage:
No other region is so coherent as far as embodying the principles of shared values



Outline of the future Baltic sea region

- It is depending on ourselves -

- Condition: permanent change
- Philosophy I: The world's greatest competition power – is the human creativity. People first!
- Philosophy II: The very documentation of a new smart green growth strategy

The sustainable knowledge region

The extrovert	→	New partners
The learning	→	Permanent up-qualification
The creating	→	The creative innovation of SME's
The sustainable	→	Environment, oil transp., energy eff.
The healthy	→	Sport, food, labour conditions
The social	→	Cohesion, rights and obligations
The working	→	"Smarter not harder"



Possible?
Realistic?

”One should never give up the hope that problems created by humans cannot also be solved by humans”

Willy Brandt



More information?

www.pes.org / www.nyrup.dk

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