



International Conference: Towards Sustainable Futures – Tools and Strategies

Workshop 3: Growing Markets and Sustainable Development in the Baltic Sea region

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Workshop 3: Growing Markets and Sustainable Development in the Baltic Sea Region

Chair: Mr. Esa Kokkonen, Director, The Baltic Institute of Finland

Moderators:

Mr. Jari Jumpponen, Project Manager, Northern Dimension
Research Center

***Emerging economies of the Baltic Sea – towards sustainable
development?***

Mr. Mikael Hilden, Research Director, Finnish Environment Institute

***Markets for sustainable development – supporting innovations
through public interventions in the Baltic Sea region***

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The Baltic Sea Region (BSR) in brief:

- 10 countries, appr. 50 million inhabitants
- wide and rather sparsely populated region
- 49 cities with more than 100 000 inhabitants
- comprehensive transport networks (e.g. 76 large harbors)
- hundreds of universities, more than 50 technology centers

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The Baltic Sea Region (BSR) in brief:

- appr. 30 % of all economic activity in Europe takes place in the BSR
- increasing trade within the BSR, fastest growing region in Europe
 - countries' dependency of trade in the BSR is very high (average 40 %)
- rapid economic growth especially in the new EU countries (e.g. Lithuania 8,9 % in 2003)

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Main challenges in the BSR:

- **environment**
- uneven regional development
- border-crossings
- public health
- transport

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Major political developments in the BSR:

- EU enlargement
- NATO enlargement
- increasing Russia-EU cooperation
- the Northern Dimension

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Challenges caused by economic growth and increasing trade to sustainable development in the BSR:

- Russian economy is highly dependent on export of oil
 —→ maritime safety risks increase
- pressure on natural resources is increasing
- special challenges for shipping, production and consumption
- organisations such as *Helcom* face new challenges when there is a need to move from hot spot prevention to more radical system interventions
- heterogeneity and cultural differences in the BSR

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Challenges caused by economic growth and increasing trade to sustainable development in the BSR:

- income differences are higher in Russia and Baltic countries than in the Nordic countries
- economy and societies need to be strengthened before countries can take the environmental aspect of sustainable development into account
- radical innovations for a balanced regional development needed

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Views on sustainable development in the BSR:

- environment will be the most important field of cooperation in BSR for a long time
- policy interventions can encourage sustainable development innovations and markets for them
- combination of several interventions is a key when one wants to foster innovations: education, openness, R&D support, environmental regulations
- EU regulations alone are not enough to make the change
- local environmental innovations important

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Views on sustainable development in the BSR:

- the main challenge lies in creating conditions for system innovations
- environmental innovation incentives in revised common agricultural policy rather than minimisation of damage
- the role of IFIs important in supporting sustainable development
- companies have to benefit from environmental friendly solutions
- internationalisation of companies requires environmental friendly solutions (cleaner production, EMS)

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Information society and sustainable development in the BSR:

- BSR as a European model region of information society
- high knowledge base all over the BSR
- from resource intensity to knowledge intensity
- rebound effects?



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