State of the Region-Report 2009:

Boosting the Top of Europe

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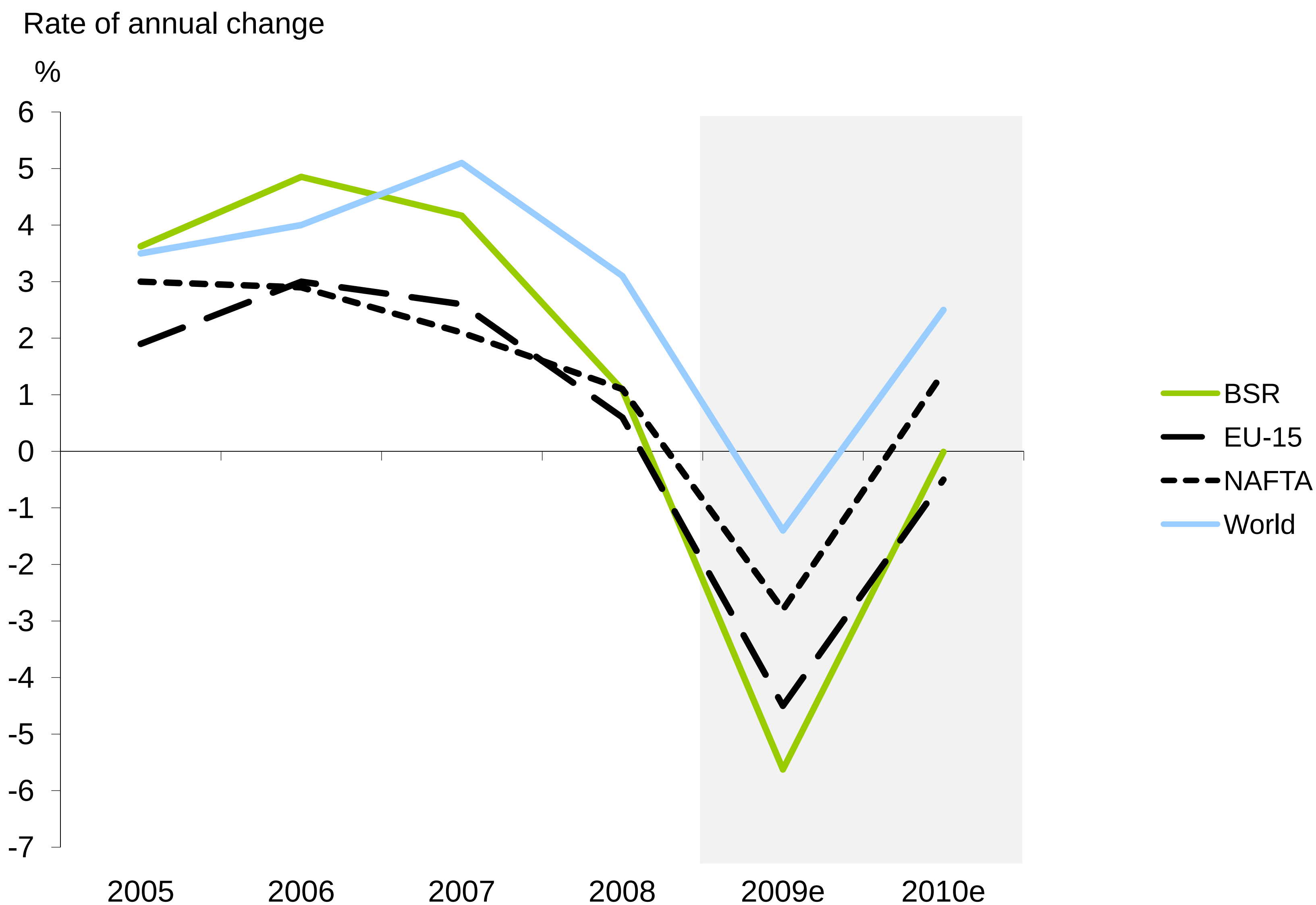
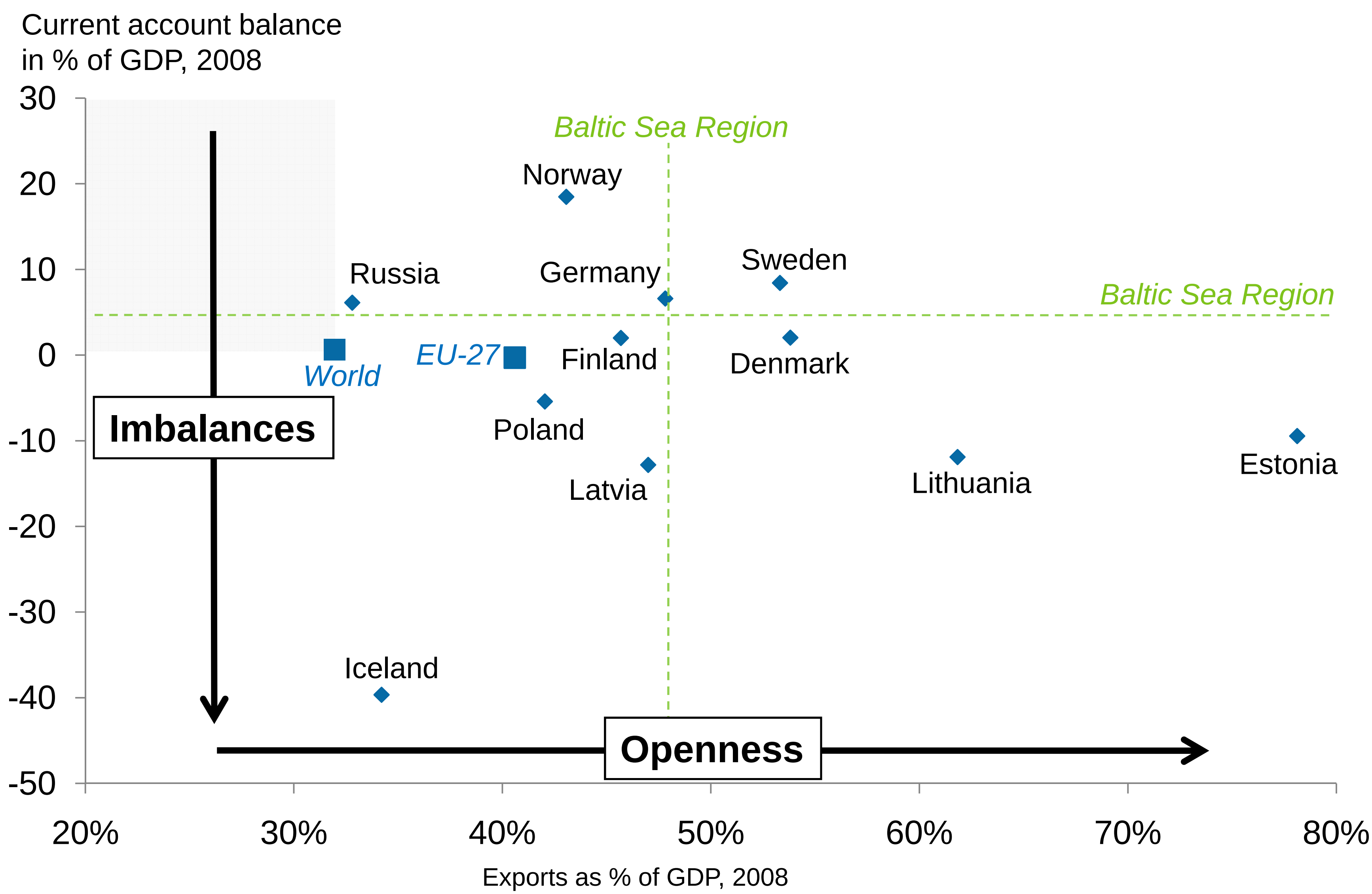
Additional information on competitiveness research can be found at the website of the Institute for Strategy and Competitiveness, www.isc.hbs.edu

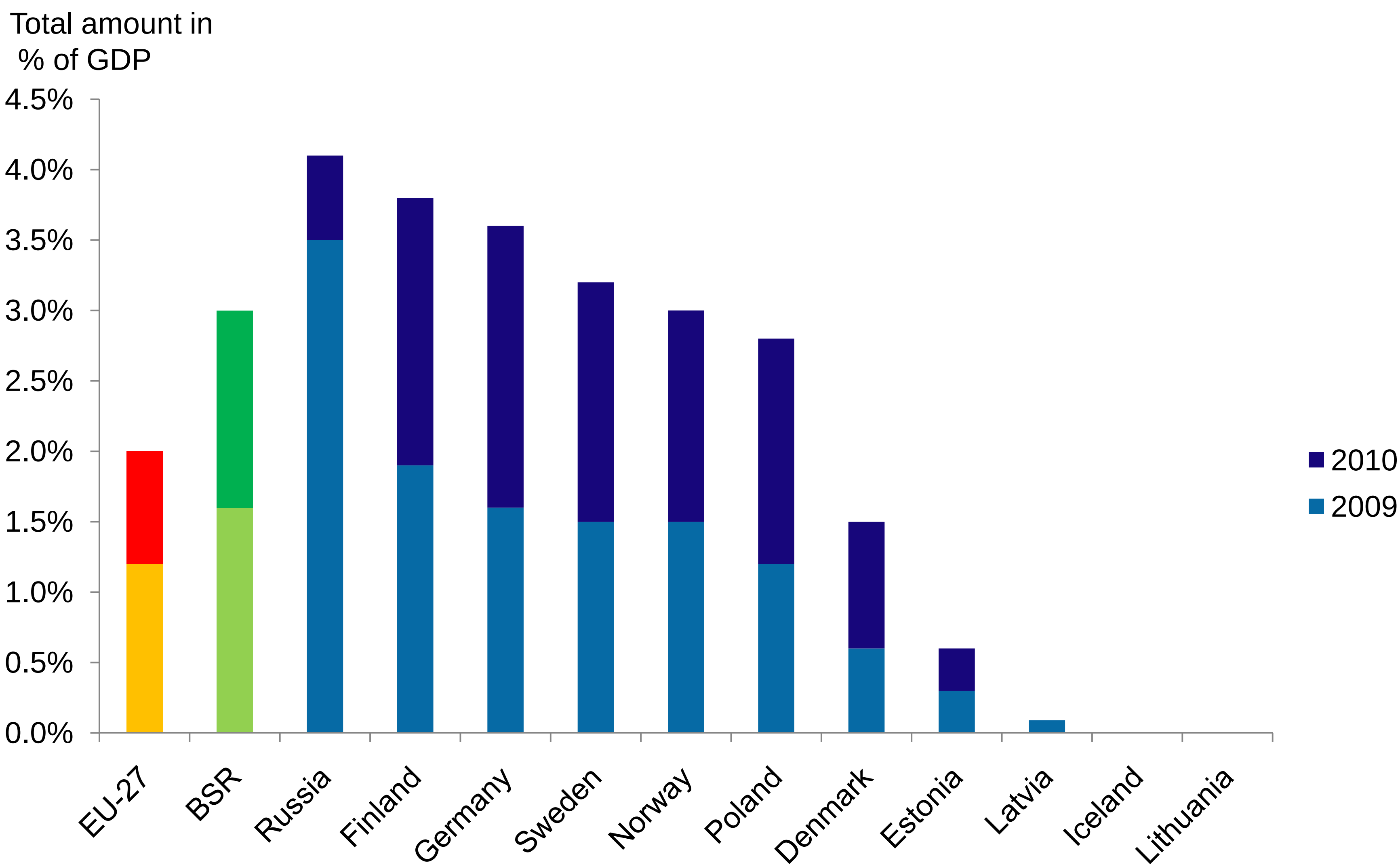
Economic Growth in Selected World Regions



Exposure to the Global Crisis



Fiscal Stimulus Packages across the Baltic Sea Region



Implications

- The economic crisis has further accentuated the significant **heterogeneity** of economic performance across the Region

- The crisis has shifted the focus to policies controlled at **national level** and led to a divergence of needs and perceptions across the Region

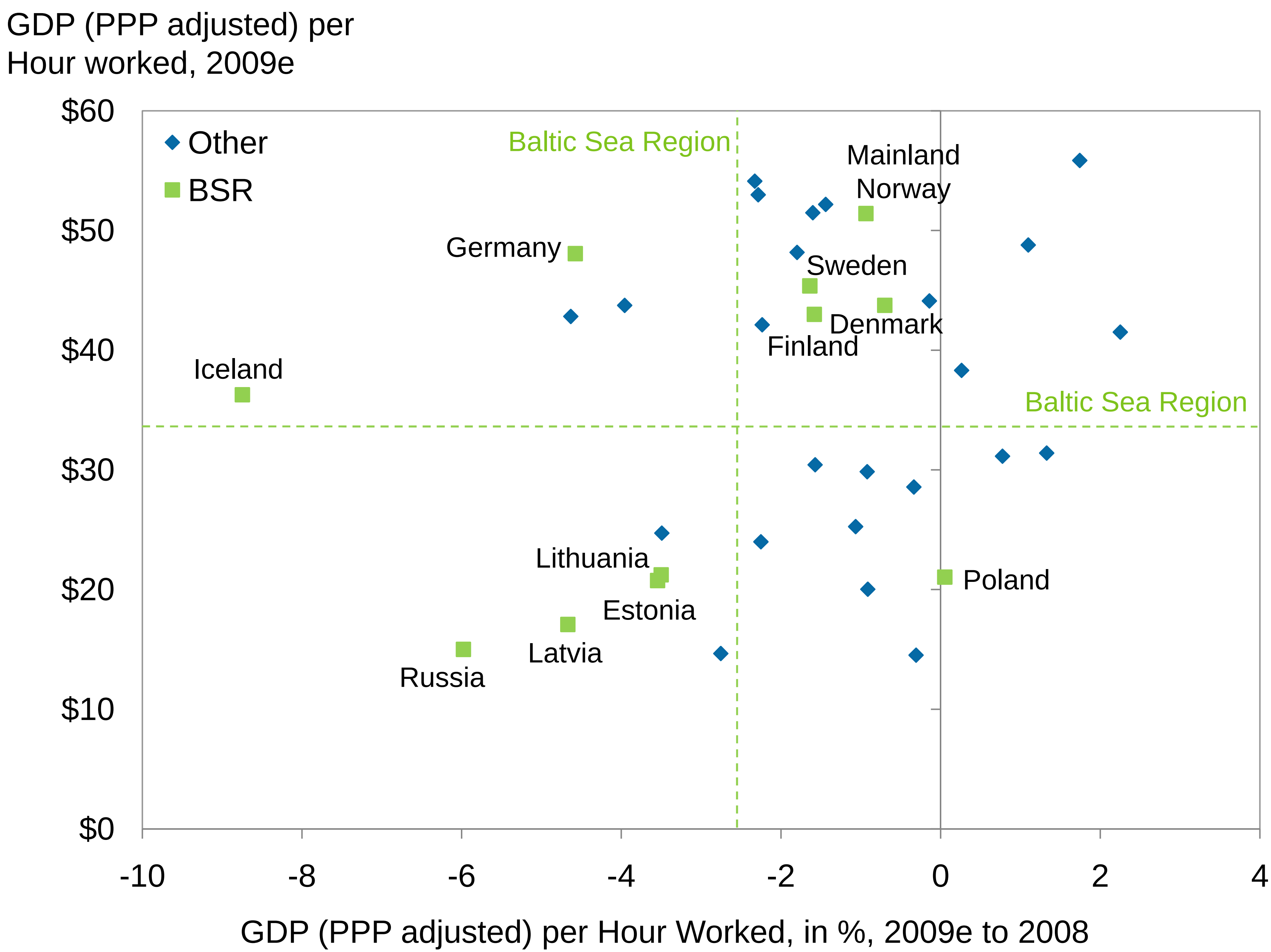
- Regional collaboration has not lost any of its value, but is becoming **structurally harder to pursue**

Prosperity Decomposition

Selected Cross-national Regions in 2009

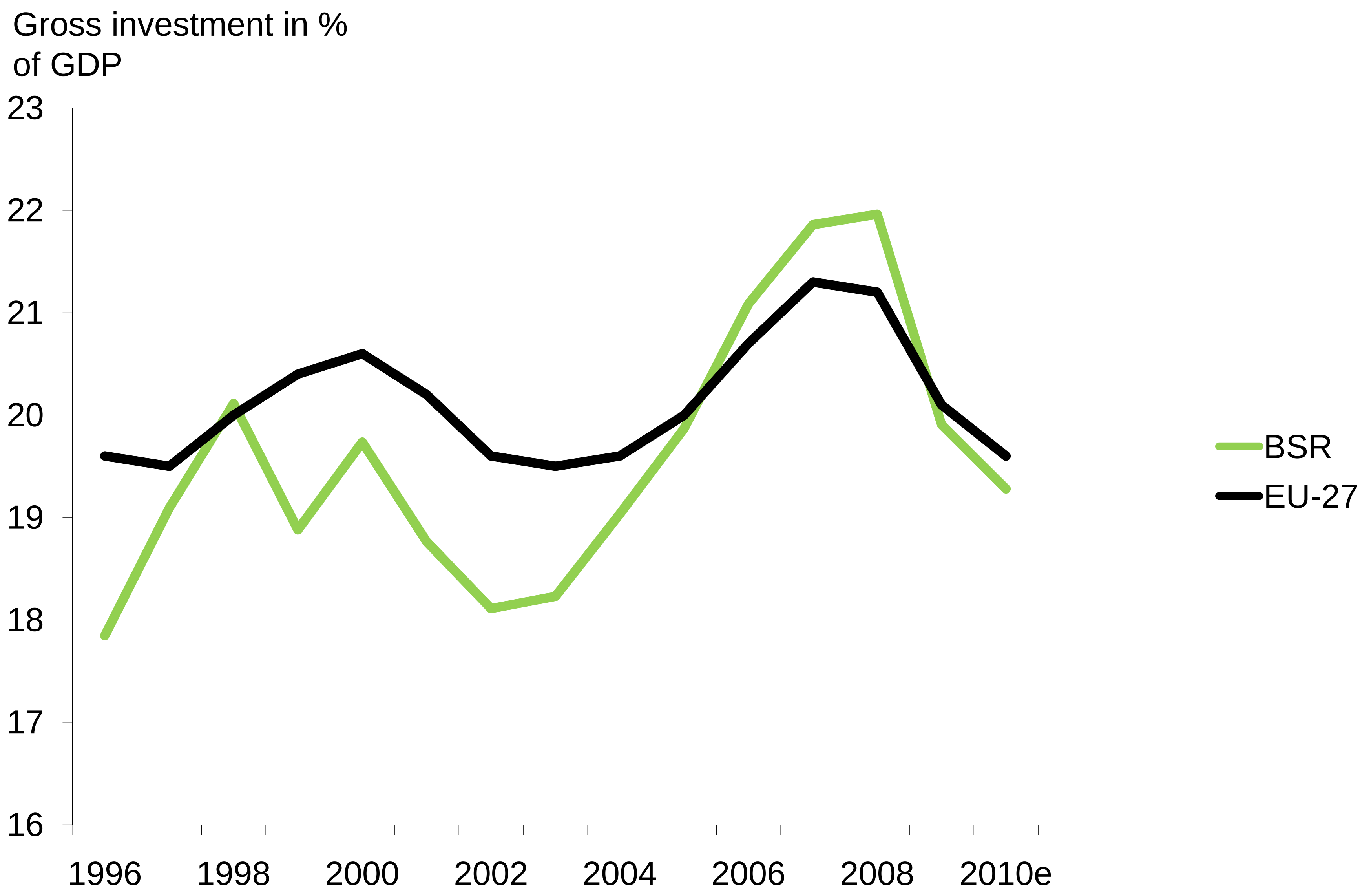
GDP per Capita (PPP)		Purchasing Power-Factor		Employment-Factor		Productivity-Factor
OCEANIA (+1)		ASEAN		ASEAN		EU-15
NAFTA (-1)		BRIC		BRIC		B ISLES
B ISLES		EU-8		OCEANIA		NAFTA (+2)
EU-15		CER (+1)		EU-8 (+2)		OCEANIA (-1)
IBERIA	=	OCEANIA (+3)	x	**Baltic Sea Region**	x	IBERIA +1)
CER		B ISLES (+1)		NAFTA (-2)		**Baltic Sea Region (-2)**
Baltic Sea Region		NAFTA (-4)		CER		CER
EU-8		IBERIA (-2)		B ISLES (+1)		EU-8
BRIC		**Baltic Sea Region (+1)**		IBERIA (-1)		BRIC (+1)
ASEAN		EU-15 (-1)		EU-15		ASEAN (-1)

Productivity Level and Growth

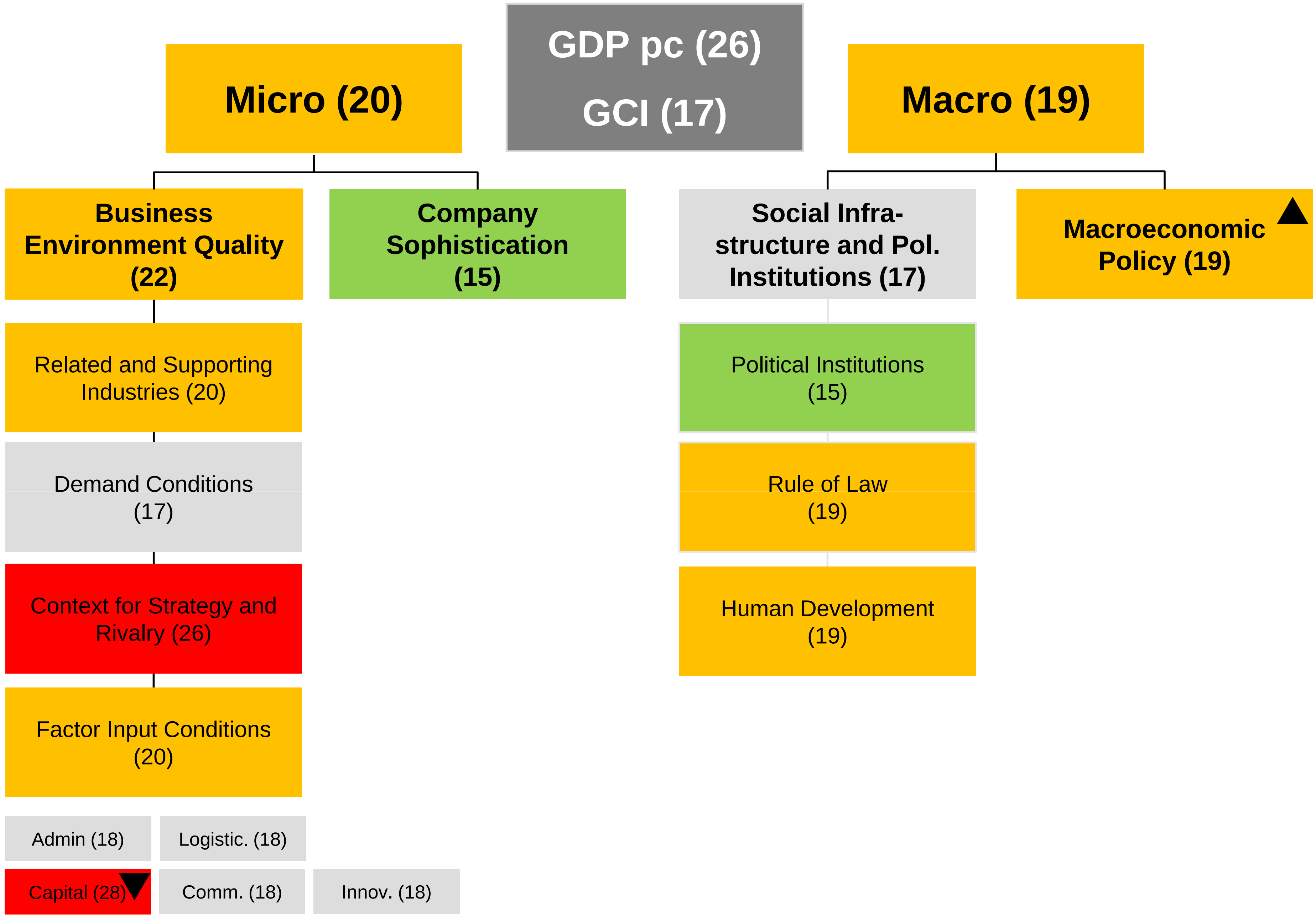


Domestic investment over time

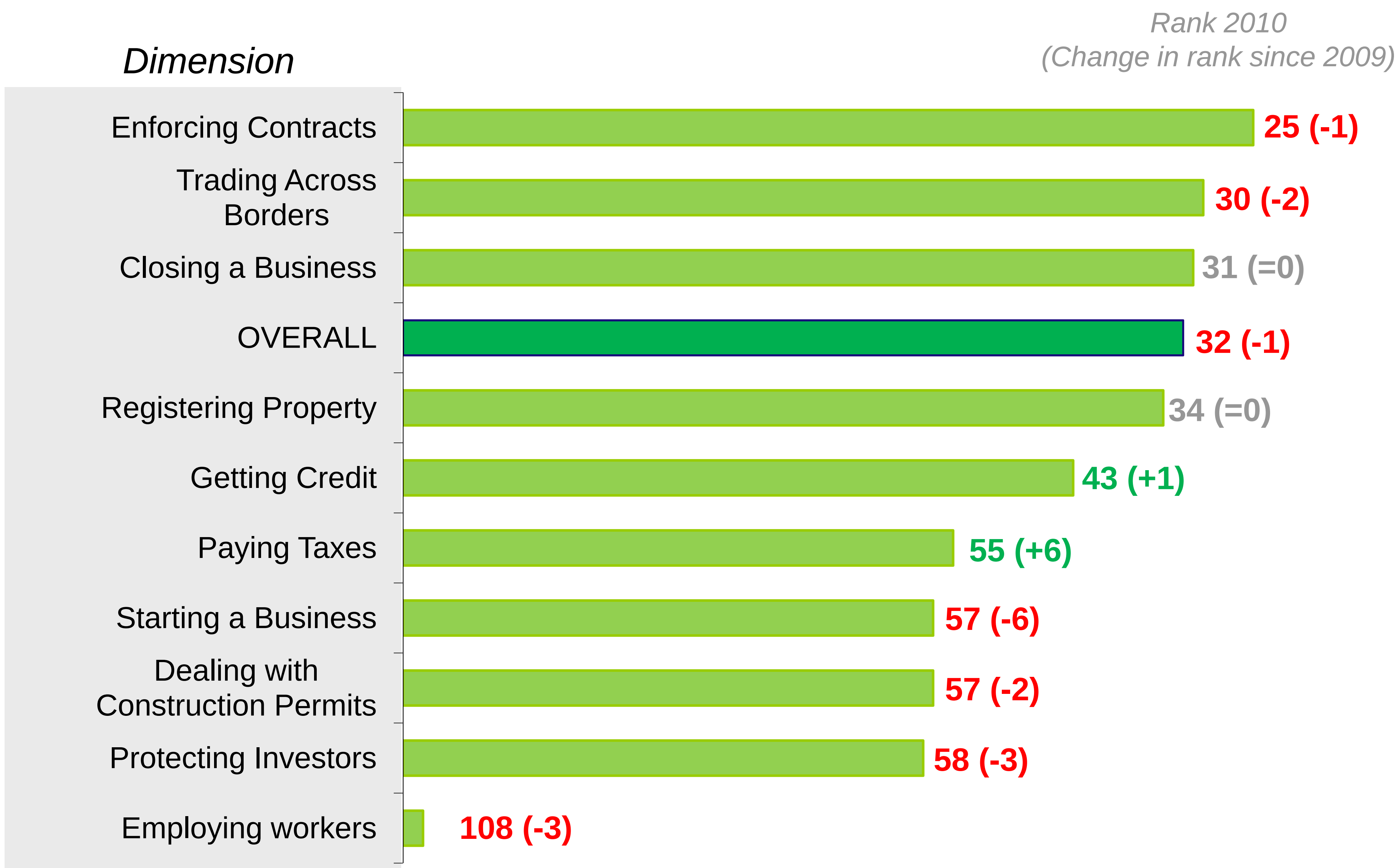
Baltic Sea Region and EU-27



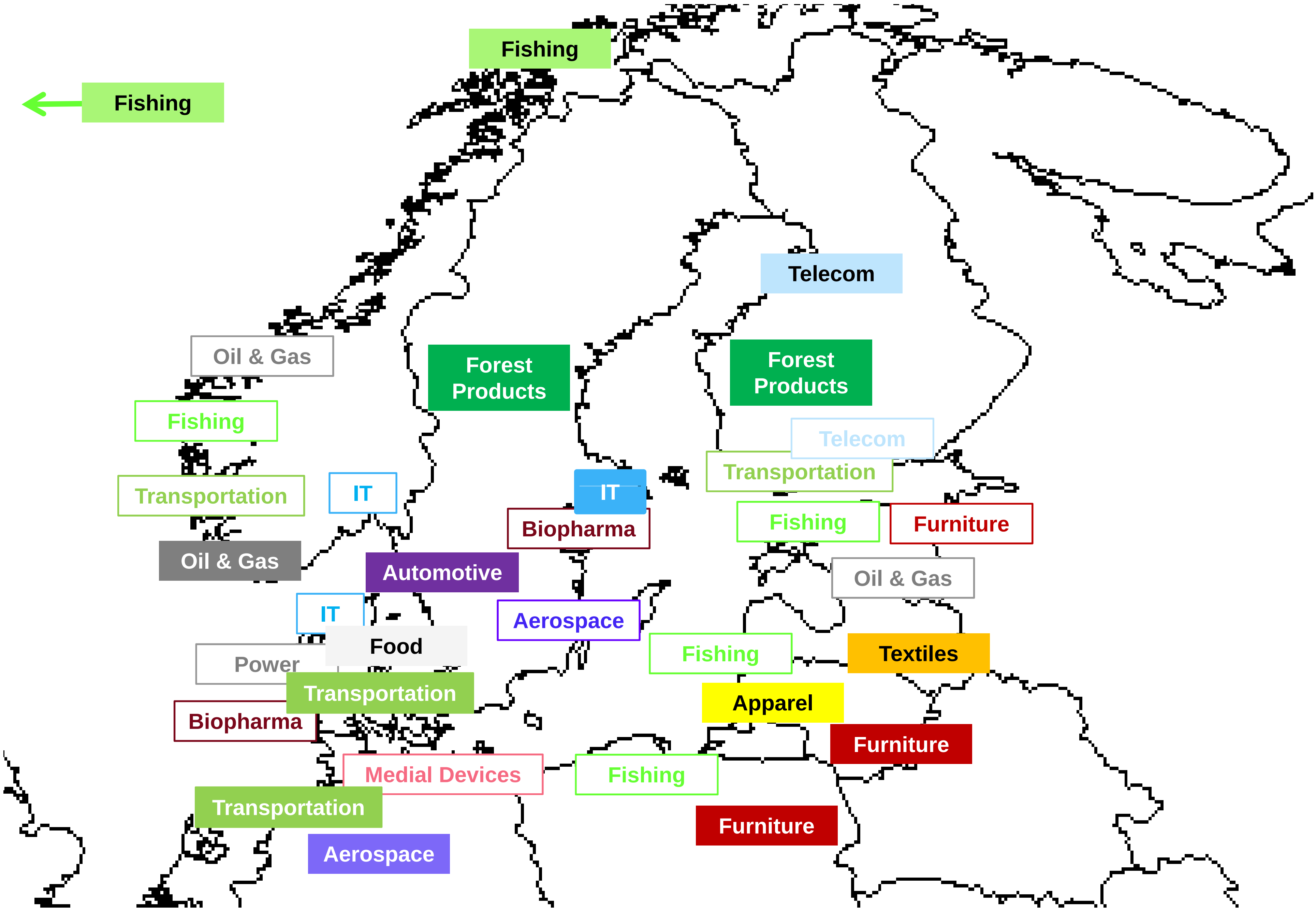
The Baltic Sea Region's Competitiveness Profile 2009



Doing Business in the Baltic Sea Region



Clusters Across the Baltic Sea Region



Implications

- Deepening **regional integration** within the Baltic Sea Region remains a crucially important goal, and will go some way to addressing key weaknesses challenging the Region

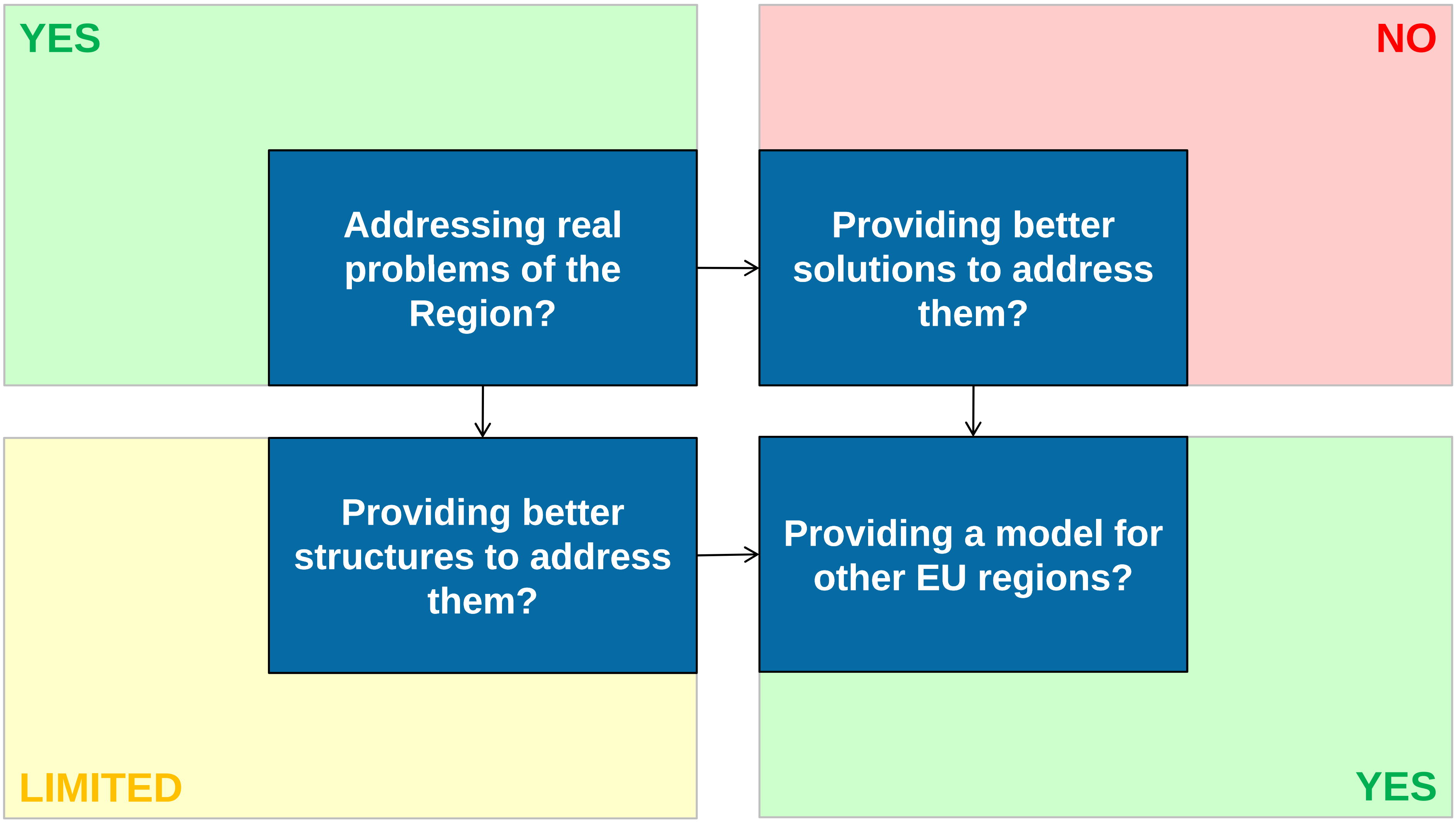
- Moving towards an **innovation-driven economy** remains the right strategic direction for the Region

- The Region has to become better prepared to deal with **external economic shocks**, both in individual countries and across borders

Collaboration in the Baltic Sea Region

- The level of regional collaboration efforts remains **high**, with no visible impact yet of the economic crisis
- **Innovation** and **environment** are a key topics across many of the activities
- The EU **Baltic Sea Region Strategy** has emerged as an implicit coordination mechanism

Assessing the EU Baltic Sea Region Strategy



Implications

- The crisis is creating significant **economic and political challenges** for the Region
- Their **solution** is well within the Region's reach, given its competitiveness and dense linkages
- **Leadership** is crucial and needs to come from within the Region