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Tallinn City Office  
Turku Science Park Ltd  
Uusimaa Regional Council

# Four Futures

## *Central Baltic Sea Region 2050*

### **BASAAR Project**

*Baltic Sea –Asia Agenda for Regions in a Globalising World*  
Scenario Development for the Central Baltic Sea Region





# Four Futures | Central Baltic Sea Region 2050

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**To govern a country of a thousand chariots  
there must be reverent attention to business, to sincerity;  
to practice frugality and to love for men;  
and to enlisting services according to the seasons**

**- Confucius**

「道千乘之国，  
敬事而信，节用而爱人，  
使民以时。」

《论语》

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# Foreword

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This report is one in a series produced by the project “Baltic Sea – Asia Agenda for Regions in a Globalising World” (hereinafter – BASAAR). The BASAAR project was co-funded by EU’s Central Baltic INTERREG IV A Programme 2007-2013 under the priority 2 “Economically Competitive and Innovative Region”. This priority focuses on enhancing the overall economic development and competitiveness of the programme area. It emphasises innovations and broad, qualitative co-operation. Moreover, the development of connections to facilitate cross-border co-operation and a better flow of goods and people is another focus, together with the utilisation of the labour force and the development of the tourism sector .

One of the main aims of the BASAAR project is to improve the capacity of the Central Baltic region to adjust to globalization, with special focus on how the developing Asian economies will affect the Central Baltic Sea region. The project was organised around three main themes: 1) Knowledge society, 2) Resource inventory and 3) Networks and flows. The findings related to the three themes were complemented by a scenario study presenting four long-term scenarios for the region and its relation to Asia. To get an independent view, Asian experts were invited to comment on the scenarios.

The project results are presented in a set of three independent reports providing benchmark results, analysis and action recommendations related to each of the three project themes, an executive summary of all recommendations and the scenario report. Project reports are mainly intended to serve as background papers for planners involved in regional planning processes of the project partners and other organisations. All reports can be downloaded from the websites of the project partners.

The BASAAR project partners:

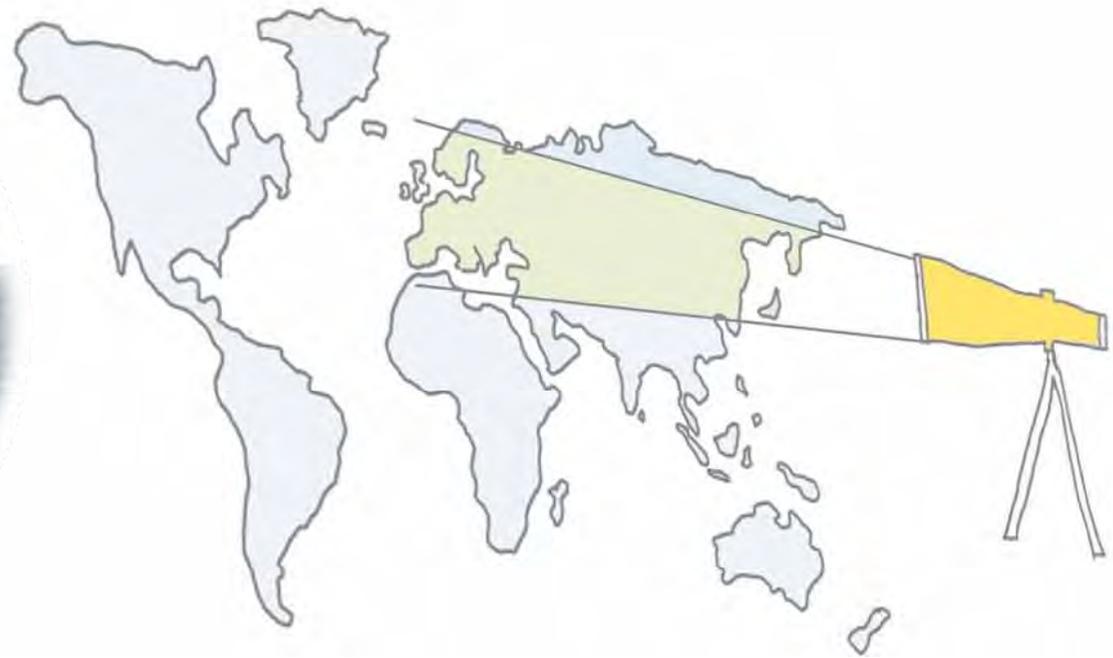
- City of Helsinki Urban facts, Finland
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- Riga City Council, Latvia
- Riga Planning Region, Latvia
- Tallinn City Office, Estonia
- Turku Science Park Ltd., Finland
- Uusimaa Regional Council, Finland (Lead Partner)

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**BASAAR:** *Baltic Sea –Asia Agenda for Regions in a Globalising World*



BASAAR Scenario Project

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**PART 1**

**Four Futures: A tool for creating the future**

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# Four Futures | Introduction

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This book is for regional planners. The economic expansion in Asia requires the impact of globalisation to be addressed in regional development plans. The book offers a framework for thinking about the longer term and applies this framework the Central Baltic Sea Region (CBSR). For neighbouring regions to do the thinking together is an advantage. To have a common methodology makes it easier to create a common vision and to take joint or local actions. Looking as far as to 2050 offers planners a sufficient time horizon to analyse critical issues deeper; to do additional targeted studies; to add entirely new issues the agenda and, finally, to agree on joint and timely action.

The scenarios and the regional impacts presented in this book were created by the BASAAR project partners in a series of workshops in 2009-2010. The scenarios and their drivers are just a first attempt at a joint assessment. The scenarios and their drivers need to be expanded, revised or replaced as the global environment evolves.

The scenarios in this book are therefore not end results. They are just one stage in an on-going process. The BASAAR project team hopes that the scenarios will inspire, or perhaps challenge, you to make your own more comprehensive analysis of trends and possibilities and tell us about your conclusions. The future is our common future and globalisation requires our cooperation to be not only cross-border, but cross-continental with Asia as a partner.

*Read the book as a tool for creating the future.*

# Four Futures | Purpose and Objectives

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## **PURPOSE**

- The purpose of the BASAAR scenario project was to create scenarios that highlight possible developments in Asia and in the CBSR and to outline possible impacts on the CBSR and the project partner regions. The scenarios were constructed from regional authorities' point of view. They should serve regional planning processes by highlighting issues and stimulating debate.

## **OBJECTIVES**

- Identify the most important driving forces and their cause-and-effect relationships in the future operating environment for the CBSR and project partner regions
- Create different, innovative and challenging scenarios concerning the future of the global operating environment to anticipate and prepare for inevitable surprises (logics, changes, transitions and turning points)
- Assess relevant trends and their impacts on the CBSR, different countries, regions and partner organisations (trend-impact analysis)
- Identify opportunities, risks and strategic options in each scenario
- Define imperative actions and contingency plans in different scenarios: scenario dependent and independent issues for the project partners
- Expand project partners' existing world views and create shared perspectives of the future
- Constructively challenge project partners' existing basic assumptions on future business environment and renew their strategic perceptions
- Generate new out-of-the-box strategic conversation and vivid cross-border interaction
- Identify key driving forces (trends, uncertainties, elements of discontinuities) important for the CBSR and that the partners should monitor in the future
- Generate a list of possible joint actions to be included into future regional development plans.
- Serve as tool for further analysis and debate.

# Four Futures | The Report

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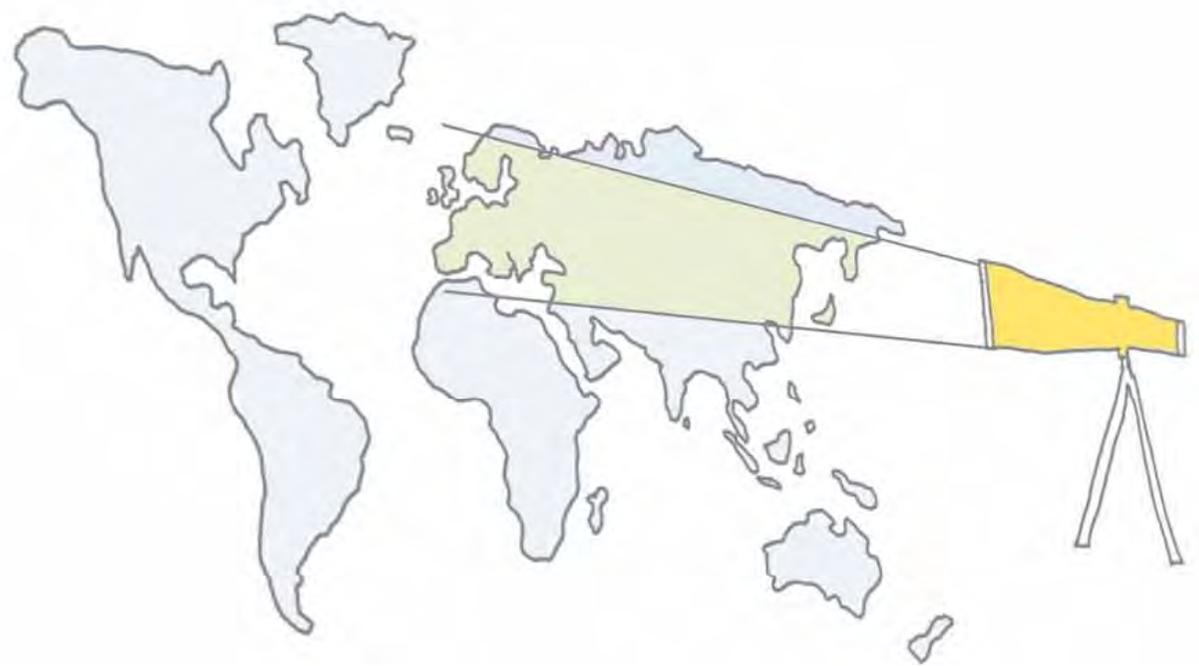
This report is based on the consulting project "Scenario Development for the Central Baltic Sea Region" conducted as an activity of the BASAAR Project.

The Scenario project was implemented as a joint effort between BASAAR lead partner Uusimaa Regional Council and Capful with participation from all project partners from November 2009 to April 2010. The project consisted of gathering and analysing of background material, four local impact workshops and two workshops for all project partners, project group meetings and home assignments between the meetings. Capful was responsible for scenario development methodology and for workshop animation.

The chapter 10 of this Report contains a set of comments regarding the scenarios. The comments are submitted using the public website of the project by experts not related to the project. The comments offer a different point of view.

*The BASAAR Project Team wants to thank all commentators for their input!*

BASAAR (Baltic Sea – Asia Agenda for Regions in a globalising World) received funding from the European Union's Interreg IVA programme.



BASAAR Scenario Project

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**PART 2**

**Critical Questions and Driving Forces**

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*Are there other critical questions? What additional Driving Forces should be assessed?*

# Critical Questions | Operating Environment of CBSR

## EXTERNAL

### GLOBAL ECONOMY

- How will the global economy react to the needs to mitigate Climate change
- What role will the Nordic Knowledge Society have in the global competition for innovations and know-how?
- What role will Asian public sector services have globally: news service, education, health care, interest groups ....?
- How will the global food sector develop?

### SOCIAL

- How will the emerging global job market affect small economies?
- How will climate change affect immigration and mobility?
- How will migration affect values and attitudes

## INTERNAL

### PHYSICAL ENVIRONMENT

- How will concerns regarding climate change affect land use planning in the CBSR?
- Which factors will in the future become important for the attractiveness of the CBSR as a tourist/business destination?
- How will energy prices affect the accessibility of the CBSR?

### COMMUNITIES

- How will immigration from Asian affect the structure of communities and urban environments?
- How will multiple cultures, religions, political preferences affect regional cohesion, communication and decision making?

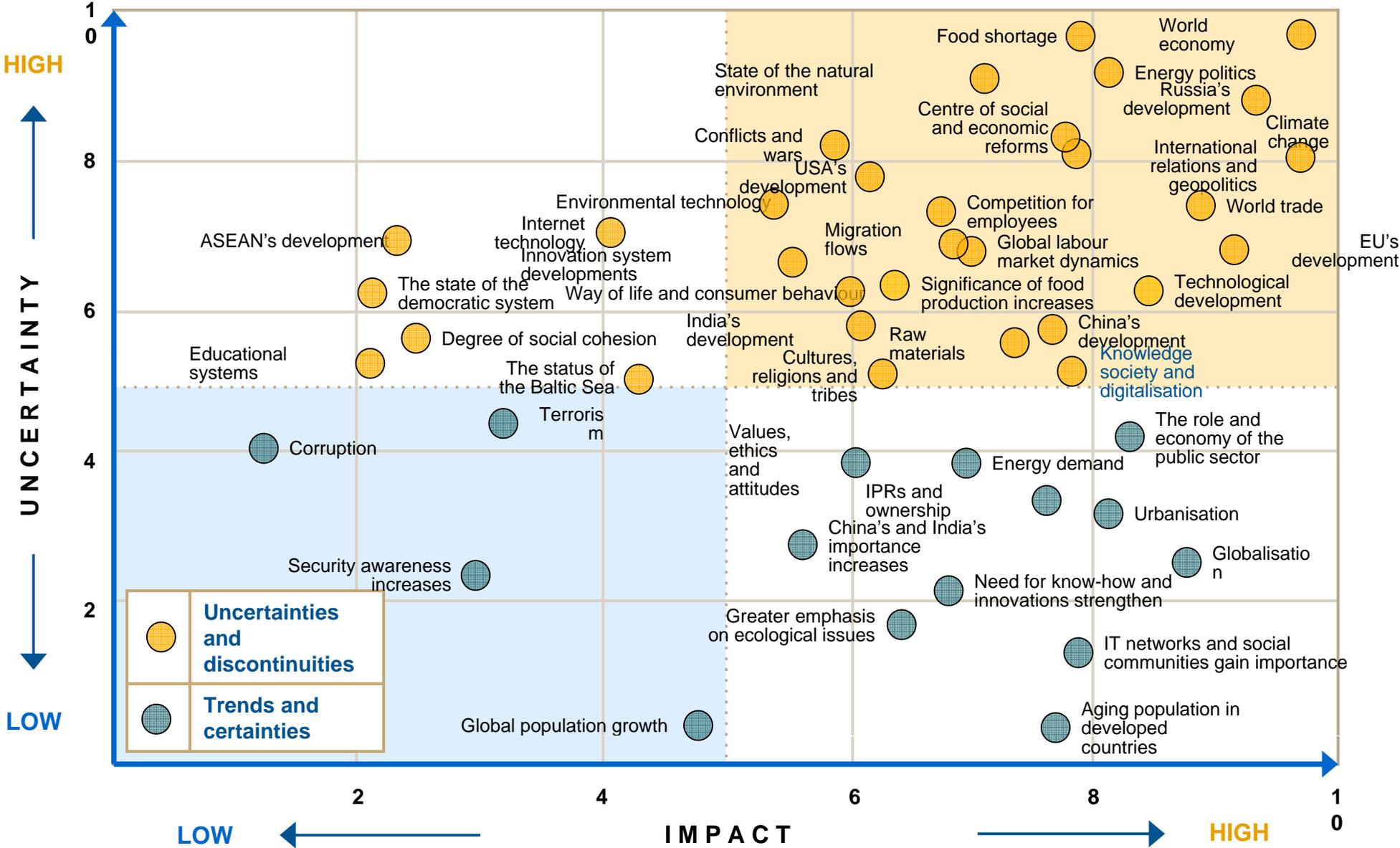
### ECONOMY AND HUMAN CAPITAL

- How will the public sector attract competence?
- How will the emergence of Asian mega-universities affect the local/global educational sector?
- What new forms will private-public-partnerships take?
- How will changes in global food production affect the food industry and food service?

# Driving Forces | Uncertainties and Trends

UNCERTAINTIES			TRENDS		
1.	Centre of social and economic reforms	18.	Way of life and consumer behaviour	1.	Globalisation
2.	International relations and geopolitics	19.	Terrorism	2.	China's and India's importance increases
3.	World economy	20.	Conflicts and wars	3.	Geographically uneven global population growth
4.	World trade	21.	Corruption	4.	Aging population in Asia and in developed countries
5.	Climate change	22.	Degree of social cohesion	5.	Significance of food production increases
6.	State of the natural environment	23.	Educational systems	6.	Technological development
7.	The status of the Baltic Sea	24.	Knowledge society and digitalisation	7.	Security awareness increases
8.	Energy politics	25.	The state of the democratic system	8.	IT networks and social communities gain importance
9.	Energy demand	26.	Migration flows	9.	Greater emphasis on ecological issues
10.	Raw materials	27.	The role of the public sector	10.	Urbanisation
11.	Innovation system developments	28.	USA's development	11.	Need for know-how and innovations strengthens
12.	Environmental technology	29.	Russia's development		
13.	Internet technology	30.	EU's development		
14.	Competition for employees	31.	China's development		
15.	Global labour market dynamics	32.	ASEAN's development		
16.	Values, ethics and attitudes	33.	India's development		
17.	Cultures, religions and tribes				

# Driving Forces | Uncertainties and Impact





BASAAR Scenario Project

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**PART 3**

**Scenario Independent Factors**

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*What other important Driving Forces are common to all scenarios? How should they be assessed?*

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# Scenario Independent Factors | 1/4

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## Globalisation

- Globalisation is an ongoing process that is still shaping the operative environment. It has an economic, social, political, environmental and cultural dimension.
- Worldwide networking and the scope of co-operation may vary but global solutions are sought for global questions and concerns.

## China's and India's importance increases

- The Asian share of global population and GDP increases. According to forecasts, China and India will be among the top five largest national economies by 2025. However, taking into account population size, China's and India's GDP per capita will still lag behind the Western world for some time.
- A global middle class is emerging. The number of people in developing countries living in households with yearly incomes of over 5,000 dollars will increase by 1 billion between 2005 and 2015. Nearly 70% of the growth in number of households earning over 5,000 dollars will take place in China and India.
- Increasing incomes result also in increasing consumption. In addition to basic necessities an increasing amount of other products and services are being consumed in emerging countries. In India the private consumption share of the GDP is already in the same range with Japan and the US.

## Geographically uneven global population growth

- According to estimates, the global population will grow from 6.8 billion to 8 billion between 2009 and 2025. By 2050 the world population will have stabilised at 9.15 billion people, according to the UN.
- Africa and Asia, especially India (+240 million) and China (+100 million) are driving the global population growth. Only 3% of the growth is taking place in developed countries (North America, Europe, Australia, New Zealand and Japan).
- The population in Japan, Russia, Ukraine, Italy and nearly all Eastern European countries are expected to decline.
- The population growth strongly affects climate change control and food demand. The sufficiency of clean water will pose a problem in many areas.
- The unevenly paced population growth in different areas creates social pressures and presumably leads to massive migration movements.

## Aging population in Asia and in developed countries

- Globally, population aged over 60 years is growing twice as fast as total population (CAGR 2.32 % vs. 0.77 %). In 2050, approximately 30 % of Americans, Canadians, Chinese and Europeans will be over 60 years old, as will more than 40 % of Japanese and South Koreans.

## Scenario Independent Factors | 2/4

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- The number of senior dependents is growing while the number of employed people is decreasing, which weakens the ability to take care of the elderly. The sustainability of the public sector and safeguarding welfare are put to the test as tax revenues decline and the demand for social and health services increases.
- The aging of the population has an impact on consumer demand, business activity, entrepreneurship, municipal financing, demand for labour and supply of skilled labour. The changing age structure challenges the conventional ways of doing things.

### Urbanisation

- In 1950 less than 30% of the global population lived in cities, but in 2000 that figure had increased to almost 50%. The UN projects that more than 70% of the world population will be urban by 2050.
- Urbanisation during the last fifty years has been strongest in Africa, Asia and Latin America. According to estimates, urbanisation will continue strongly especially in Asia and Africa also in the future. By 2025 the urban population in India will increase by 400 million and in China by 350 million.
- It is estimated that by 2025, China will have 219 cities with more than one million inhabitants and 24 cities with more than five million people. There are 35 cities with more than one million inhabitants in Europe today.

- In Europe, core regions are growing and rural and peripheral regions are declining. Metropolitan concentration is occurring at the same time as spatial polarisation. While national disparities between countries in the EU are diminishing slowly, the disparities within countries are increasing.
- The logic of globalisation and economies of scale is causing spatial fragmentation and specialisation in Europe, both on a national and metropolitan level. Similar production and services tend to gravitate towards select locations where specialised, mono-functional clusters are formed.

### Significance of food production increases

- The global population growth increases food demand and climate change affects food production.
- Agricultural land is used increasingly for production of energy and industrial raw materials. The amount of land area suitable for food production dwindles. Food becomes more expensive. The amount of clean water decreases and its price increases.

# Scenario Independent Factors | 3/4

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## **Security awareness increases**

- Pandemics and risks related to the natural environment (earthquakes, ground fires, exceptional weather conditions, rising sea levels) and the functioning of society (civil unrest, technology, chemicals, environmental problems) affect the attractiveness and competitiveness of regions.
- Security-aware behaviour increases which is reflected in decisions concerning where people want to live and where companies locate their operations. Security issues impact also travelling.

## **IT networks and social communities gain importance**

- The development of information technology continues and larger amounts of information can be disseminated faster and within a larger area than before, also wirelessly. Network access management and information management become more important. Internet usage is diversifying and the digitalisation of society is advancing.
- The significance of online social communities is growing. Networks, such as Facebook and Twitter, are used increasingly as marketing, business and information distribution tools, and as a means of political communication.

## **Greater emphasis on ecological issues**

- Sustainable development in all of its four forms (economic, environmental, social and cultural) gain weight as the basis of all activity. The connection between sustainability of economic activity and ecological systems is commonly realised.
- Environmentally friendly solutions become more prevalent in the production and consumption of energy, as well as in consumer goods manufacturing. The scarcity of raw materials prompt higher material efficiency.

## **Need for know-how and innovations strengthens**

- Competitiveness in innovations becomes an increasingly important factor in attracting new companies and top researchers. The ability to create, adapt and exploit new inventions and ideas have an effect regions' attractiveness and international status.
- Social skills and the ability to network become more important.
- The significance of lifetime learning increases

# Scenario Independent Factors | 4/4

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## Technological development and environmental technology

- Technology continues to develop rapidly. New innovations are continuously emerging, for example within environmental and energy technologies, information and communication technologies, as well as bio- and nanotechnologies. These create a huge potential for new applications and the renewal of old practices.
- Technological development and automation creates constantly new possibilities for enhancing productivity both in companies and public administration. Our way of living becomes increasingly technology-driven.
- New technologies contribute to some extent to the search of answers for ecological challenges. New and more efficient solutions reduce the load on the environment.
- Technological breakthroughs may dramatically change the development in each scenario.

## Energy requirements increase

- The availability and price of energy are of great importance for industry, shipping, services, agriculture and households. The demand for energy grows vigorously in China and other rapidly developing countries. According to IEA's World Energy Outlook 2009 reference scenario, which assumes no change in government policies, global primary energy demand will be 40 % higher in 2030 than in 2007.
- Development and deployment of new technologies coupled with close international co-operation on climate issues could enable climate change to be mitigated. However, success will depend on reforming the entire energy system by 2050.
- Assuming continued efforts on climate change mitigation, the main technologies for electricity production from 2020–2030 could be wind power, fission-based nuclear power, carbon capture and storage (CCS) as well as advanced co-generation and mixed fuel technologies based on recycling and bio fuels. Without additional support measures, the exploitation of solar energy would start to grow significantly from 2040–2050 onwards, becoming increasingly important towards the end of the century.





BASAAR Scenario Project

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**PART 4**

**Scenarios: Logic and Descriptions**

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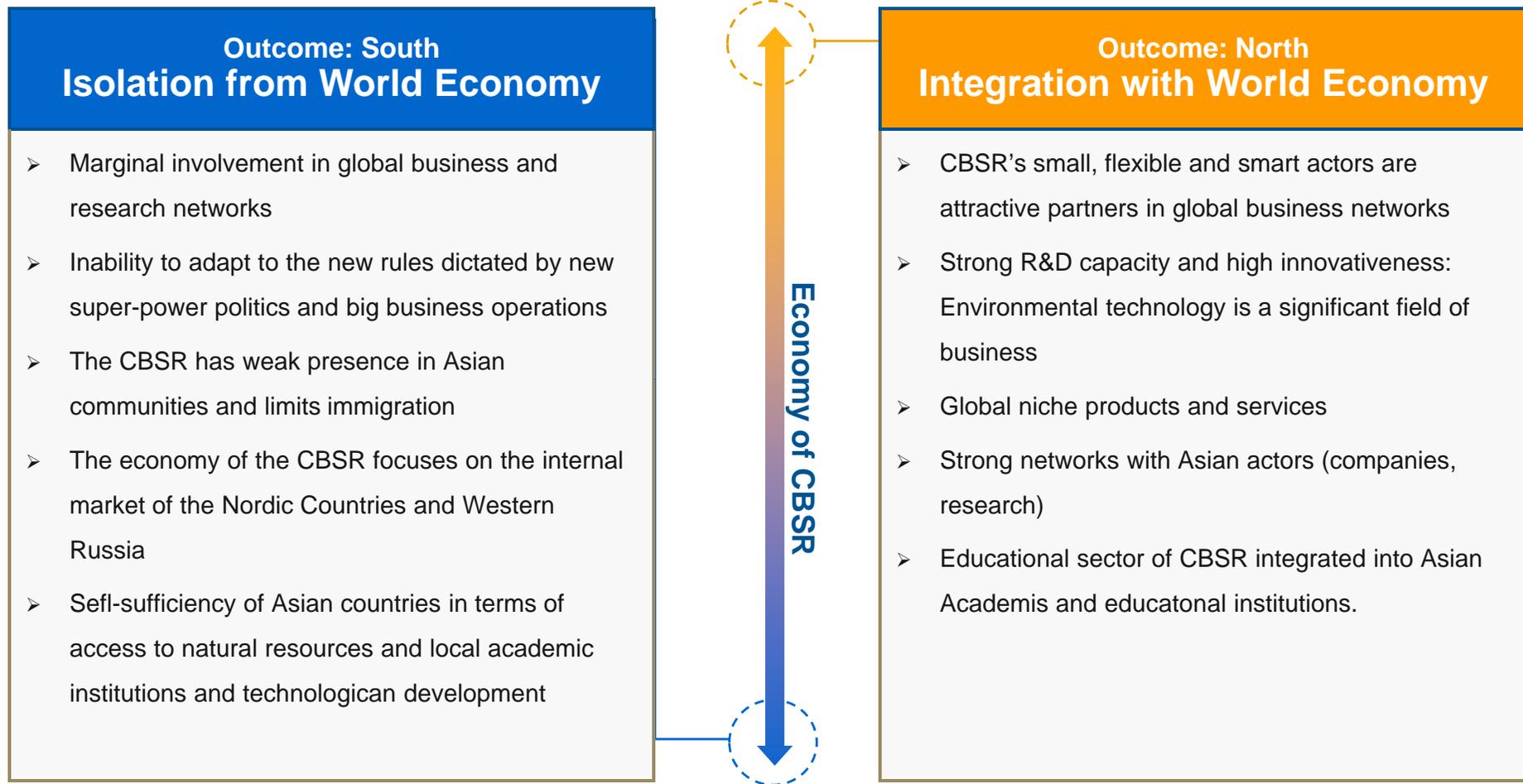
*The Scenario Logic is a general tool and can be used to analyze other developments and trends.*

# Scenarios | How to Read Descriptions

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- The BASAAR scenarios presented in this material are descriptions of possible and alternative future operational environments of Central Baltic Sea Region. Scenarios describe how different external driving forces might influence each other and how they might unfold together as a whole. Scenarios offer a framework to analyse their implications on the CBSR and the project partner regions. The scenarios have been constructed from regional authorities' point of view.
- Through this scenario project we did not try to predict the future, but to develop partner organisations' strategic thinking, perceptions and interaction. We do not try and cannot tell of what the future will look like. Scenarios are meant to help project participants to think broader and more logically for different development paths. Purpose is to improve decision makers' ability to interpret current events and get prepared for alternative futures.
- Usefulness of scenarios is not dependent on their ability to predict future, but on their ability to create new thinking and action. Scenarios simplify complex events and are plausible manuscripts of the future. One of key benefits of scenario planning is to challenge conventional thinking and to help to see things from new perspectives.
- Different people will find the following scenarios more or less plausible. Our idea is not to pick one scenario over others, but to look at the set of scenarios as a whole. Unfolding future development paths are often combinations of different presently imaginable scenarios.

# Scenarios | Matrix: *Vertical Axis and Extreme Outcomes*

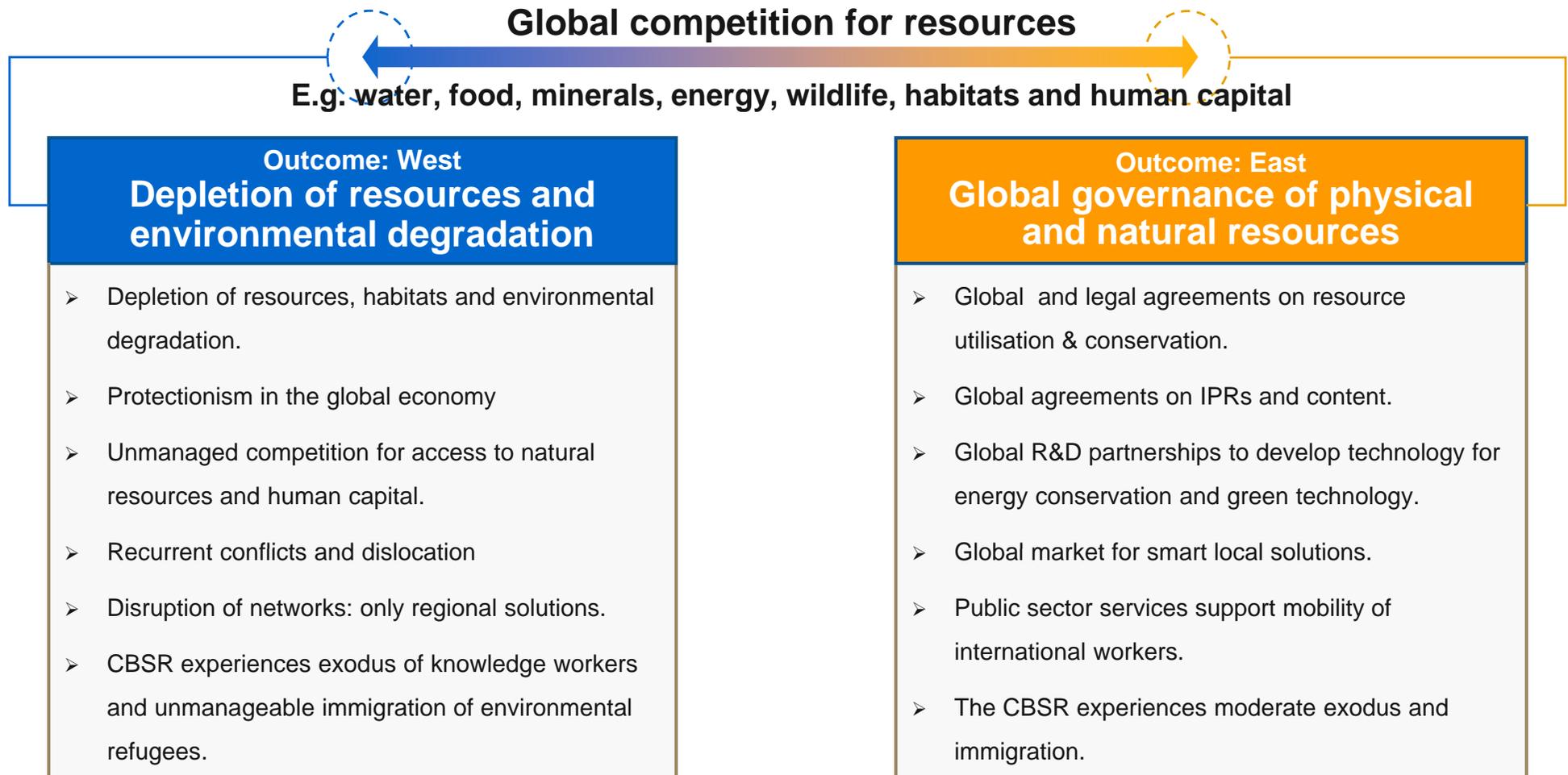


## Critical Questions

***How will the structure of the global economy develop until 2030 and beyond?***

***How and how well will the CBSR be integrated in the world economy?***

# Scenarios | Matrix: *Horizontal Axis and Extreme Outcomes*



## Critical Questions

***How well will the international community manage the competition for resources?  
How will the competition for resources affect mobility workers and communities?***

# Scenarios | Drivers of Change

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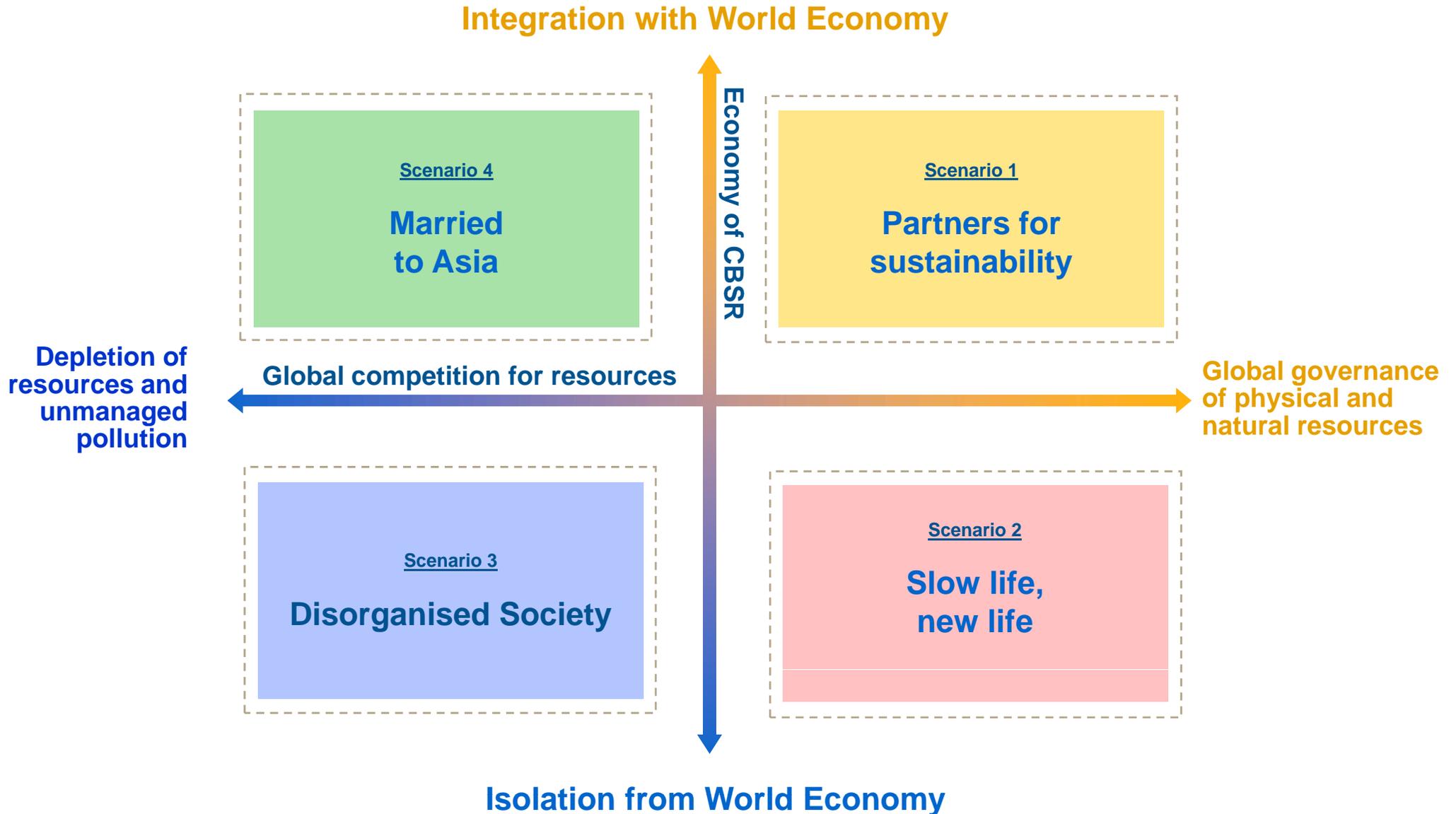
## Global Drivers

- Climate change
- Communication and Networking
- Competition and Resources
- Development of Asia
- Global Business
- Innovation System
- Knowledge Society
- Mobility and migration
- Values and ethics
- Way of life and consumer behaviour

## Local Drivers, CBR

- Cross-border Cooperation
- Development of Russia
- Economy of the CBR
- Role of Public Sector

# Scenarios | The Matrix





BASAAR Scenario Project

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**PART 5**

**CBSR2050, Four Futures**

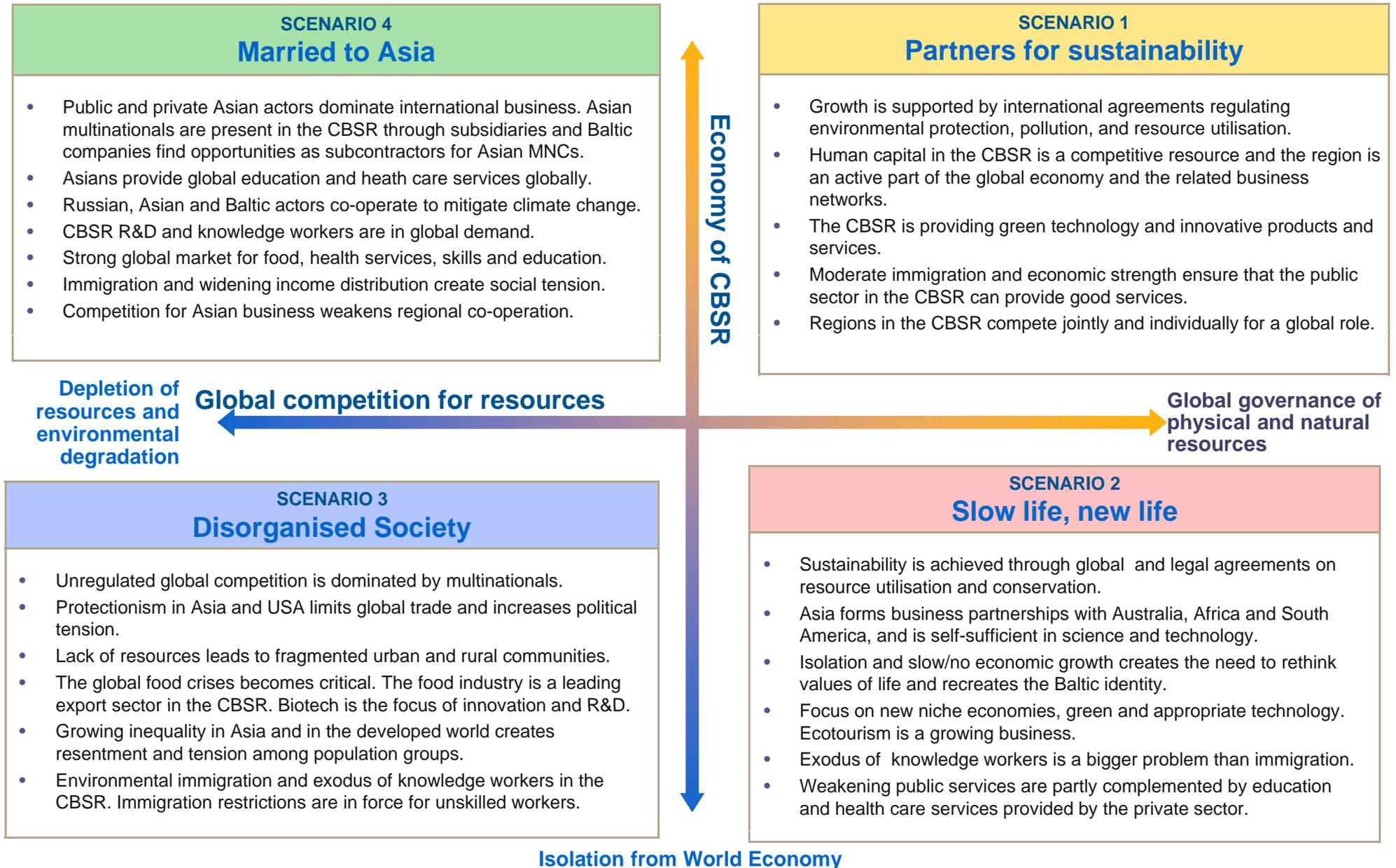
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*The assessment of individual Driving Forces will change in the future. Will this create new scenarios?*

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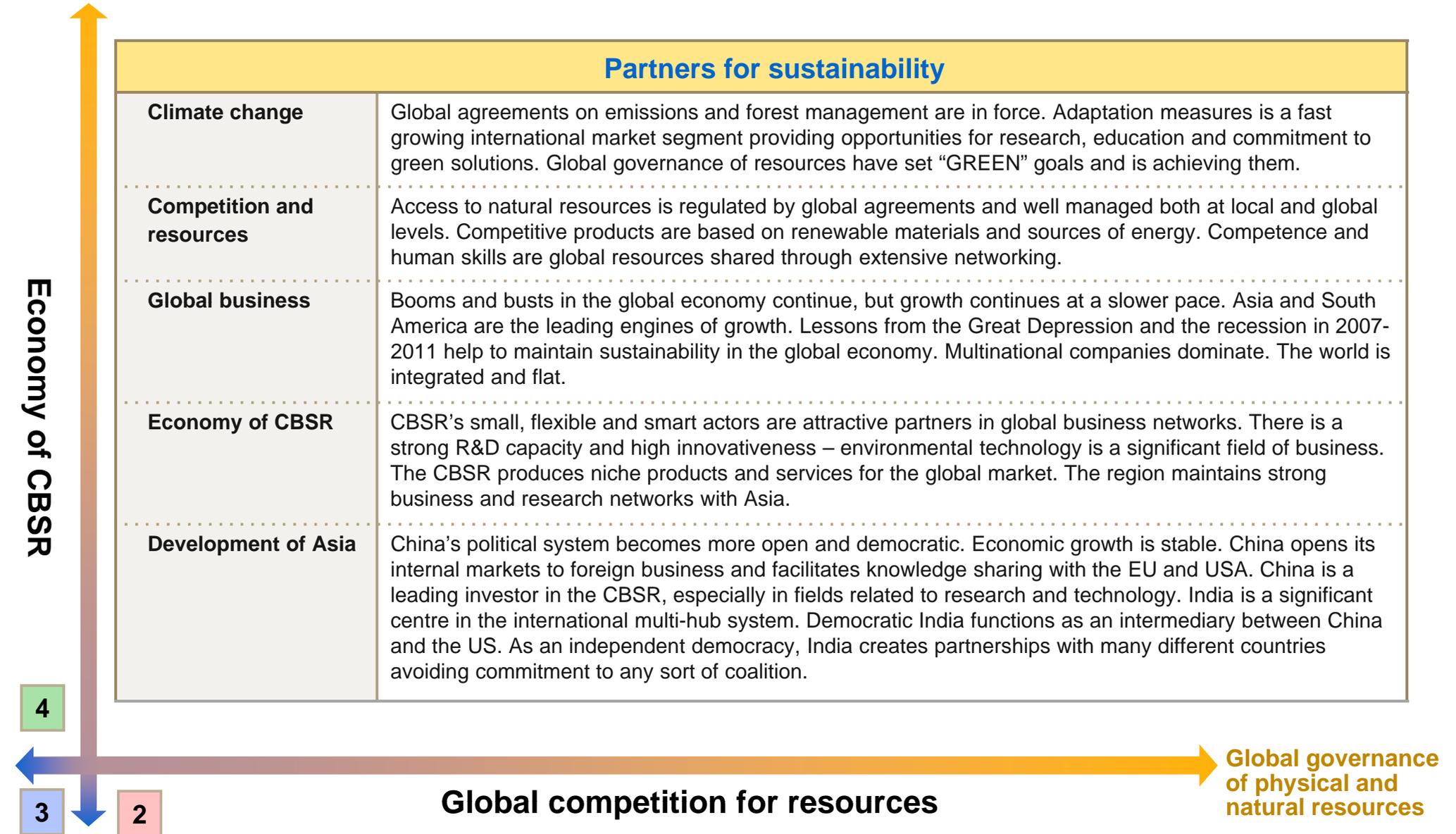
# Names and Crystallization of Scenarios

## Integration with World Economy



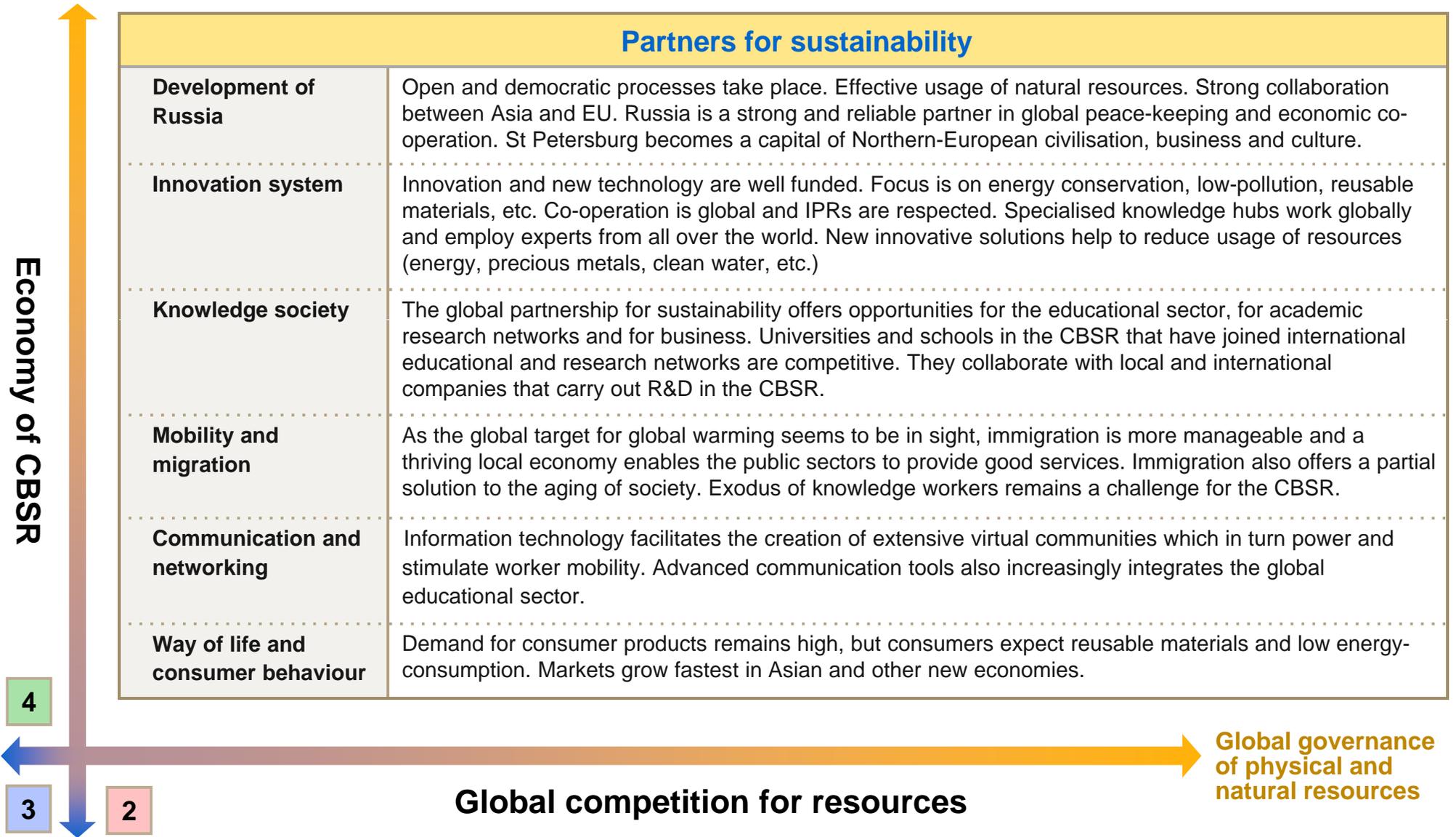
# Scenario End-state Descriptions | Scenario 1 (1/3)

Integration with World Economy



# Scenario End-state Descriptions | Scenario 1 (2/3)

Integration with World Economy

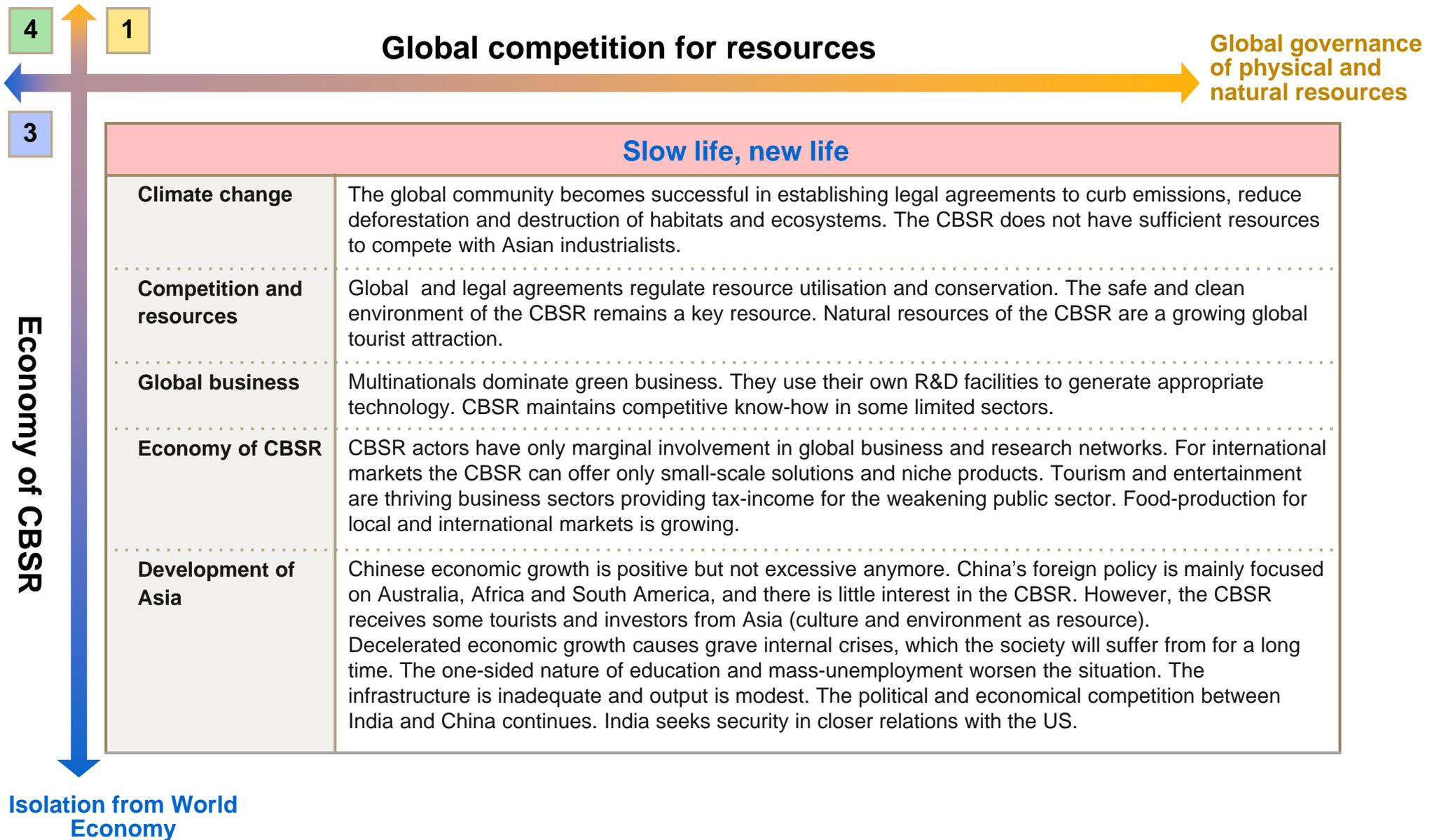


# Scenario End-state Descriptions | Scenario 1 (3/3)

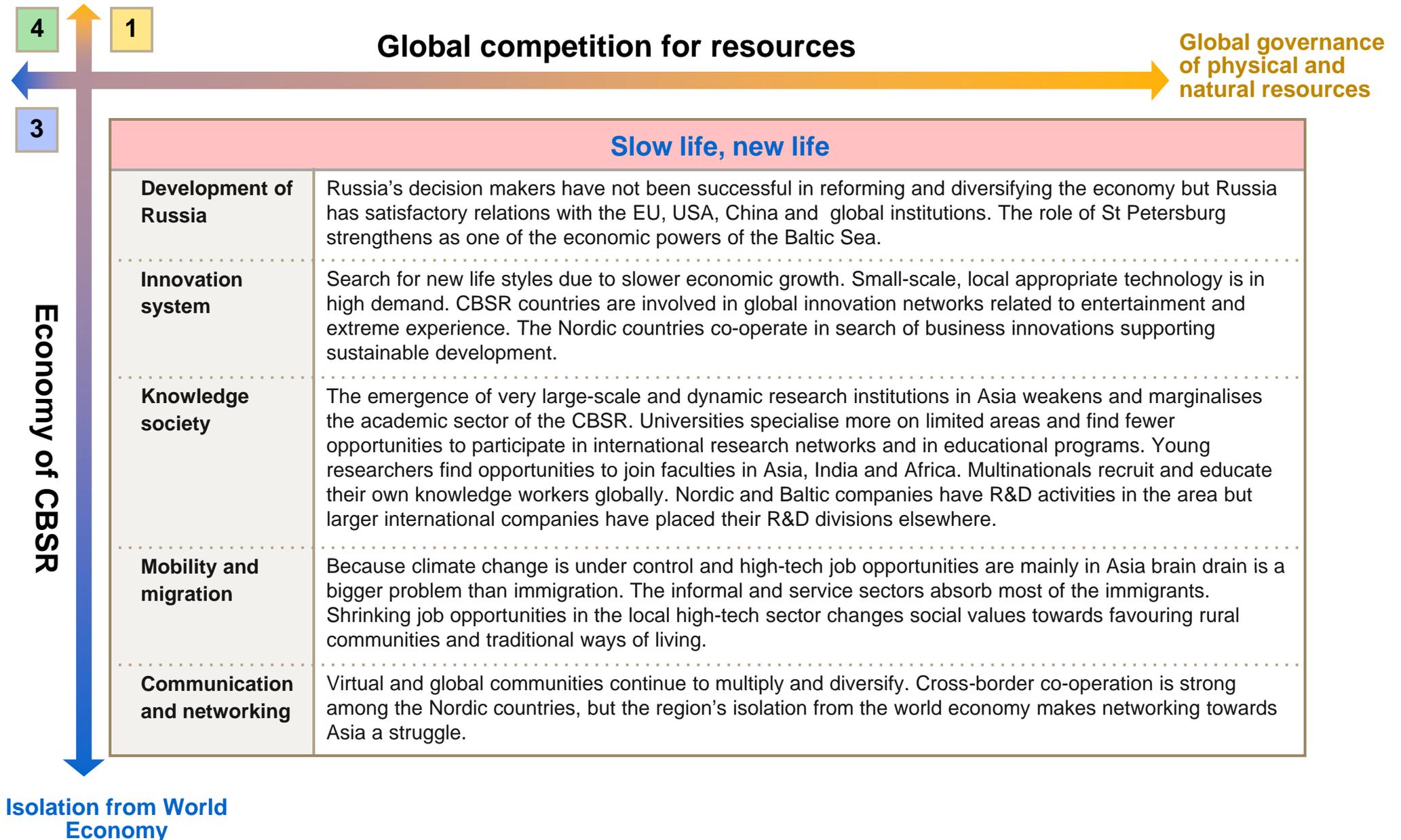
Integration with World Economy



# Scenario End-state Descriptions | Scenario 2 (1/3)



# Scenario End-state Descriptions | Scenario 2 (2/3)



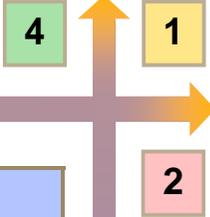
# Scenario End-state Descriptions | Scenario 2 (3/3)



# Scenario End-state Descriptions | Scenario 3 (1/3)

Depletion of resources and environmental degradation

## Global competition for resources

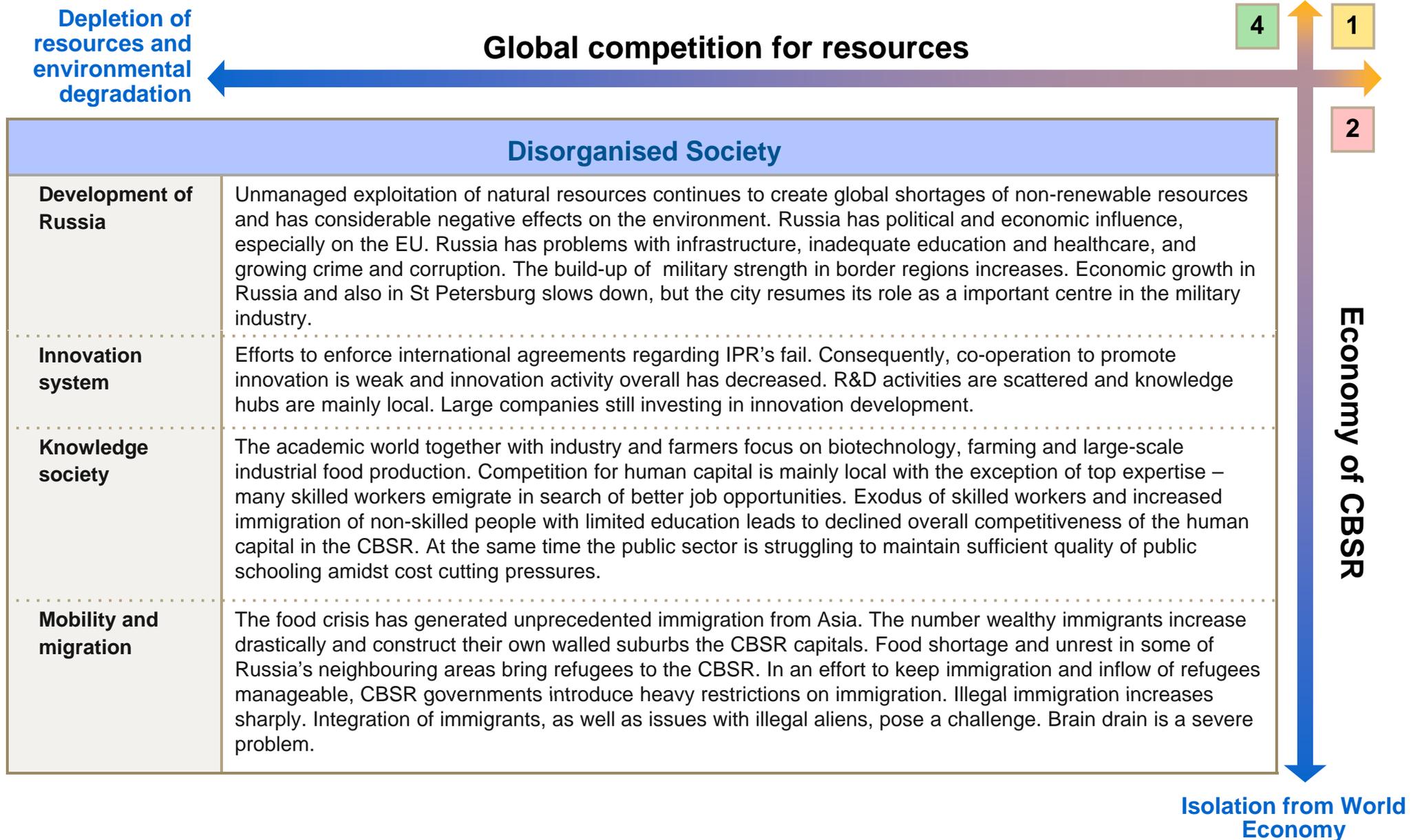


Disorganised Society	
<b>Climate change</b>	Efforts to legislate global agreements fail. Climate change and the depletion of resources accelerate and create tension globally. Global conflicts over resources isolate the Nordic countries from key markets.
<b>Competition and resources</b>	A global food crisis develops as droughts and unpredictable weather conditions destroy crops, cattle and fresh water supplies. The CBSR is also affected but the climate changes makes food competitive.
<b>Global business</b>	Global food shortage forces food prices to rise. CBSR countries are producing food going to e.g. the Chinese market. In the global economy countries increasingly resort to protectionism.
<b>Economy of CBSR</b>	Inability to adapt to the new rules of the game dictated by new super-power politics and big business operations. The CBSR has a weak presence in Asian communities and limits immigration. The economy of the CBSR focuses on the internal market of the CBS Countries and North-West Russia. As a result of increasing food prices, agricultural production is once more profitable in the CBSR and agricultural production becomes a leading export industry.
<b>Development of Asia</b>	China continues to grow, and becomes an economically and politically influential super power – a tiger with teeth. Move towards protectionism in Asia limits global trade. Weak citizens rights, food prices and an increasing gap between rich and poor create occasional social unrest. Struggling with environmental disaster and political unity. In India, internal political problems, religious conflicts and terrorist strikes become critical. This is reflected in foreign investments and economic development. Many foreign firms leave the country due to unstable circumstances. Economic growth is positive but no longer robust. The infrastructure has collapsed. India is unsuccessful in employing young experts; the production economy is no longer growing and a third of the world's poor still live in India. Relations with China are tense.

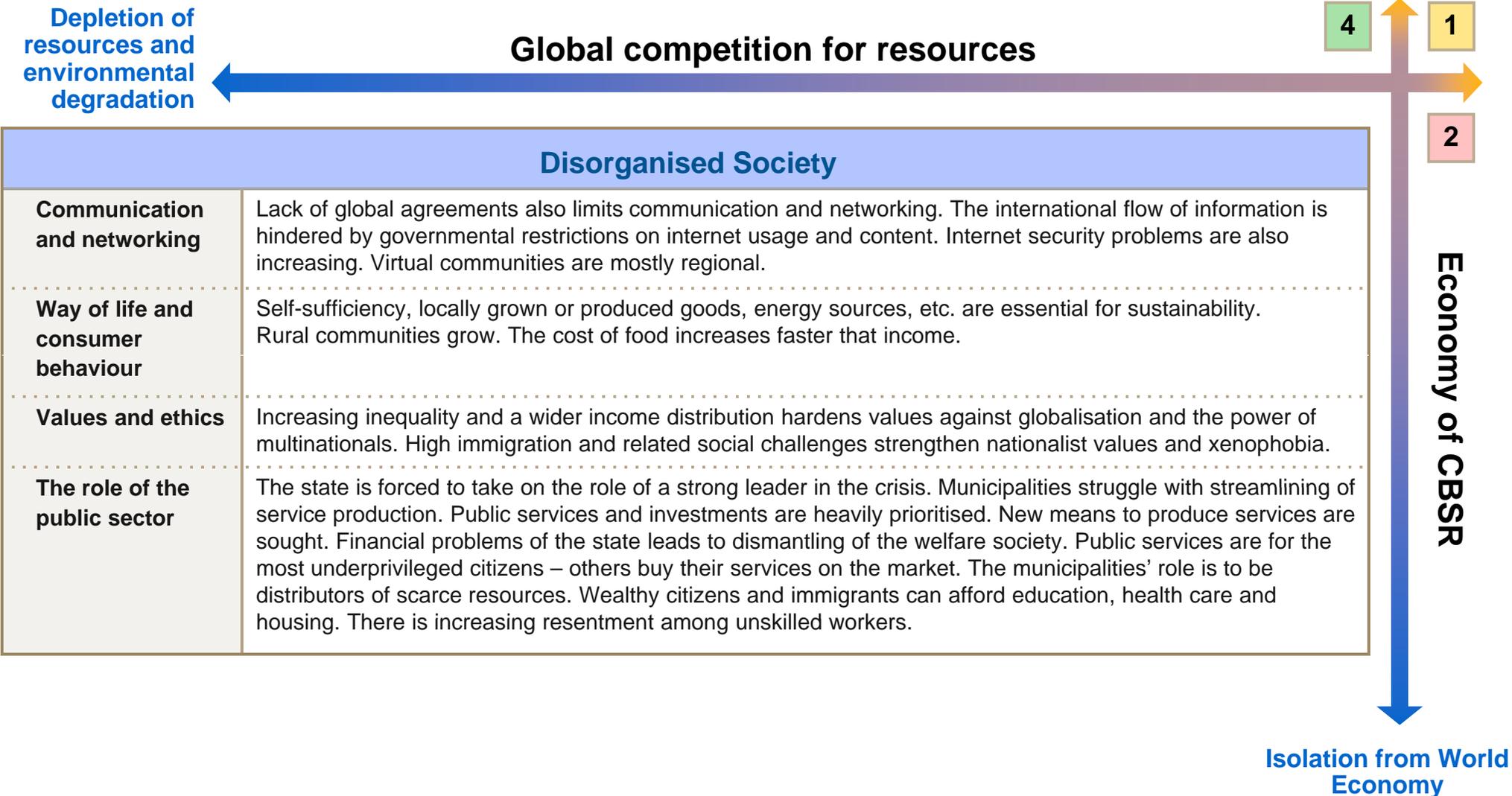
Economy of CBSR

Isolation from World Economy

# Scenario End-state Descriptions | Scenario 3 (2/3)



# Scenario End-state Descriptions | Scenario 3 (3/3)



# Scenario End-state Descriptions | Scenario 4 (1/3)

Integration with World Economy

Married to Asia	
<b>Climate change</b>	The international community is unsuccessful in creating a binding framework for mitigation of global warming. Multinationals and large Asian companies meet the strong demand for greener technology. The global market for energy saving products becomes both very large and very competitive.
<b>Competition and resources</b>	CBSR knowledge workers are in high demand worldwide. The Nordic educational sector networks with Asian academic institutions and succeeds in getting major research contracts for multinationals. The lack of global agreements and common business practices lead to conflicts over natural resources. The lack of arable land, water, etc generates a crises in the global food production system.
<b>Global business</b>	Especially Asian multinational companies are dominating global business. Competition is ruthless. The green technology market is booming and the strongest demand is in Asia and South America.
<b>Economy of CBSR</b>	Multinationals operate through national subsidiaries and subcontractors. The green technology market is an opportunity for companies in the CBSR. The local economy is adjusting the business practices of large Asian clients. Food production is an important business sector in the CBSR, but the demand in Asia generates shortages locally. Food prices increase faster than salaries which creases challenges for the public sector.
<b>Development of Asia</b>	China's global ownerships abroad are significant. Foreign capital and resources are concentrated on China. Strong role as global financial centre. Division into poor and rich areas deepens. India's economic growth continues to be robust due to rapid increase in know-how and population growth. India has nevertheless not yet succeeded to pass China in output. Indian companies like Wipro, Mittal and Tata go international and expand. The middle class grows swiftly even though the number of poor people remains large. India develops into another global manufacturing hub alongside China.

Depletion of resources and environmental degradation

Global competition for resources

Economy of CBSR

1

3

2

# Scenario End-state Descriptions | Scenario 4 (2/3)

Integration with World Economy

Married to Asia	
<b>Development of Russia</b>	Russia orientates itself towards emerging Chinese markets and makes extensive agreements to supply raw materials and energy. Global political position is strong because of natural resources. Extensive exploitation of gas- and other resources in Siberia increases methane-emissions to critical levels and is a reason for global concern. The main economic activity is in the Eastern Russian cities. The role of St Petersburg will not grow.
<b>Innovation system</b>	Multinationals own and fight for patents. Large global research institutions and their partner companies in Asia dominate R&D activities.
<b>Knowledge society</b>	Strong global competition for skills and human capital. The educational sector in CBSR remains strong and becomes integrated with Asian educational institutions. Privately owned Asian language schools in the CBSR are better equipped and better staffed than other local schools. They become increasingly attractive, while education provided by the local public sector falls out of favour. People who can afford to pay for private schooling receive better education, which leads to a vicious circle that strengthens the division of society into rich and well educated citizens on one hand, and low-income poorly educated citizens on the other.
<b>Mobility and migration</b>	Economic success in Asia increases mobility in general. Dislocation also increases in areas adversely affected by climate change. Simultaneously, stronger environmental norms in the CBSR motivate wealthy Asians to buy holiday resorts and to build walled residential areas in the CBSR. Asian business companies set up private schools and health care services for Asians in the CBSR.
<b>Communication and networking</b>	Networking with Asian actors is an essential element in all business activities. Nordic organisations establish large representations in Asia.

Depletion of resources and environmental degradation

Global competition for resources

Economy of CBSR

1

2

3

# Scenario End-state Descriptions | Scenario 4 (3/3)

Integration with World Economy

Married to Asia	
<b>Way of life and consumer behaviour</b>	Access to the job market requires skills in Asian languages and cultural skills. There is a large educational market for Asian culture and life styles.
<b>Values and ethics</b>	Diversity of values increases and subdivides the CBSR further into competing social communities. Widening differences in income divides society into very rich, very poor and middle class. Social cohesion fails and social unrest increases.
<b>The role of the public sector</b>	The significance of the state has decreased. The state concentrates increasingly on fostering companies' global operative conditions. As market forces expand, the municipalities outsource service production almost completely and withdraw to the role of service financier and organiser. Responsibility is moved to individuals, to the market and to the third sector. Large Asian companies provide education and health care services globally. Public-private partnerships are increasingly common. Global companies offer education and health care services to their own staff.

Economy of CBSR

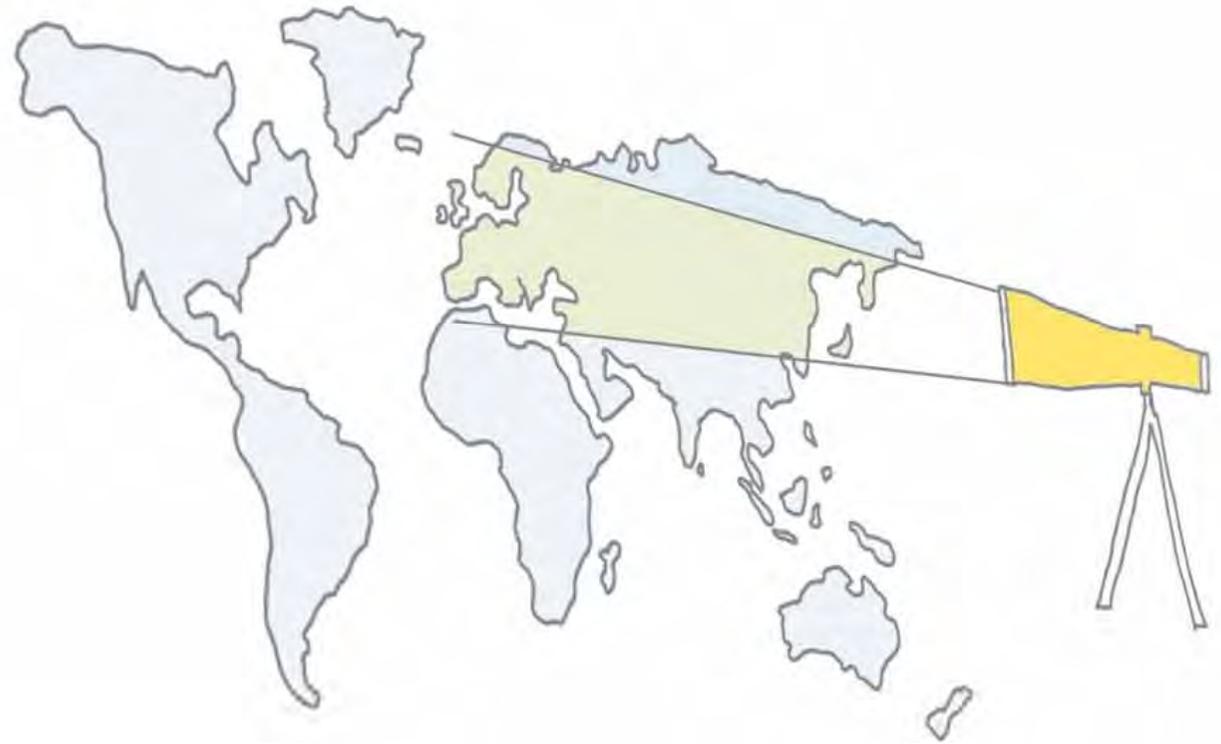
Depletion of resources and environmental degradation

Global competition for resources

1

3

2



BASAAR Scenario Project

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**PART 6**

**Scenario Comparison**

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*Most assessments will need in-depth studies and re-evaluation in the future. What Driving Forces should be added?*

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# Scenario Comparison | 1/8

Scenarios	Partners for sustainability	Slow life, new life	Disorganised Society	Married to Asia
<b>Driving Forces</b>				
<b>Climate change</b>	<p>Global agreements on emissions and forest management are in force. Adaptation measures is a fast growing international market segment providing opportunities for research, education and commitment to green solutions.</p> <p>Global governance of resources have set “GREEN” goals and is achieving them.</p>	<p>The global community becomes successful in establishing legal agreements to curb emissions, reduce deforestation and destruction of habitats and ecosystems.</p> <p>The CCSR does not have sufficient resources to compete with Asian industrialists.</p>	<p>Efforts to legislate global agreements fail. Climate change and the depletion of resources accelerate and create tension globally.</p> <p>Global conflicts over resources isolate the Nordic countries from key markets.</p>	<p>The international community is unsuccessful in creating a binding framework for mitigation of global warming. Multinationals and large Asian companies meet the strong demand for greener technology.</p> <p>The global market for energy saving products becomes both very large and very competitive.</p>
<b>Competition and Resources</b>	<p>Access to natural resources is regulated by global agreements and well managed both at local and global levels.</p> <p>Competitive products are based on renewable materials and sources of energy.</p> <p>Competence and human skills are global resources shared through extensive networking.</p>	<p>Global and legal agreements regulate resource utilisation and conservation.</p> <p>The safe and clean environment of the CCSR remains a key resource. Natural resources of the CCSR are a growing global tourist attraction.</p>	<p>A global food crisis develops as drafts and unpredictable weather conditions destroy crops, cattle and fresh water supplies.</p> <p>The CCSR is also affected but the climate changes makes food competitive.</p>	<p>CCSR knowledge workers are in high demand worldwide. The Nordic educational sector networks with Asian academic institutions and succeeds in getting major research contracts for multinationals.</p> <p>The lack of global agreements and common business practices lead to conflicts over natural resources. The lack of arable land, water, etc generates a crises in the global food production system.</p>

## Scenario Comparison | 2/8

Scenarios	Partners for sustainability	Slow life, new life	Disorganised Society	Married to Asia
<b>Driving Forces</b>				
<b>Global business</b>	Booms and busts in the global economy continue, but growth continues at a slower pace. Asia and South America are the leading engines of growth. Lessons from the Great Depression and the recession in 2007-2011 help to maintain sustainability in the global economy. Multinational companies dominate. The world is integrated and flat.	Multinationals dominate green business. They use their own R&D facilities to generate appropriate technology. CBSR maintains competitive know-how in some limited sectors.	Global food shortage creates a huge market, and CBSR countries are producing food going to e.g. the Chinese market.  In the global economy countries increasingly resort to protectionism.	Especially Asian multinational companies are dominating global business. Competition is ruthless.  The green technology market is booming and the strongest demand is in Asia and South America.
<b>Economy of CBSR</b>	CBSR's small, flexible and smart actors are attractive partners in global business networks.  There is a strong R&D capacity and high innovativeness – environmental technology is a significant field of business. The CBSR produces niche products and services for the global market. The region maintains strong business and research networks with Asia.	CBSR actors have only marginal involvement in global business and research networks.  For international markets the CBSR can offer only small-scale solutions and niche products.  Tourism and entertainment are thriving business sectors providing tax-income for the weakening public sector. Food-production for local and international markets is growing.	Inability to adapt to the new rules of the game dictated by new super-power politics and big business operations. The CBSR has a weak presence in Asian communities and limits immigration.  The economy of the CBSR focuses on the internal market of the CBS Countries and North-West Russia. As a result of increasing food prices, agricultural production is once more profitable in the CBSR and agricultural production becomes a leading export industry.	Multinationals operate through national subsidiaries and subcontractors. The green technology market is an opportunity for companies in the CBSR.  The local economy is adjusting the business practices of large Asian clients. Food production is an important business sector in the CBSR, but the demand in Asia generates shortages locally. Food prices increase faster than salaries which creates challenges for the public sector.

## Scenario Comparison | 3/8

Scenarios	Partners for sustainability	Slow life, new life	Disorganised Society	Married to Asia
Driving Forces				
<b>Development of Asia</b>	<p>China's political system becomes more open and democratic. Economic growth is stable.</p> <p>China opens its internal markets to foreign business and facilitates knowledge sharing with the EU and USA. China is a leading investor in the CBSR, especially in fields related to research and technology.</p> <p>India is a significant centre in the international multi-hub system. Democratic India functions as an intermediary between China and the US. As an independent democracy, India creates partnerships with many different countries avoiding commitment to any sort of coalition.</p>	<p>Chinese economic growth is positive but not excessive anymore. China's foreign policy is mainly focused on Australia, Africa and South America, and there is little interest in the CBSR. However, the CBSR receives some tourists and investors from Asia (culture and environment as resource).</p> <p>Decelerated economic growth causes grave internal crises, which the society will suffer from for a long time. The one-sided nature of education and mass-unemployment worsen the situation. The infrastructure is inadequate and output is modest. The political and economical competition between India and China continues. India seeks security in closer relations with the US.</p>	<p>China continues to grow, and becomes an economically and politically influential super power – a tiger with teeth. Move towards protectionism in Asia limits global trade. Weak citizens rights, food prices and an increasing gap between rich and poor create occasional social unrest. Struggling with environmental disaster and political unity.</p> <p>In India, internal political problems, religious conflicts and terrorist strikes become critical. This is reflected in foreign investments and economic development. Many foreign firms leave the country due to unstable circumstances. Economic growth is positive but no longer robust. The infrastructure has collapsed. India is unsuccessful in employing young experts; the production economy is no longer growing and a third of the world's poor still live in India. Relations with China are tense.</p>	<p>China's global ownerships abroad are significant. Foreign capital and resources are concentrated on China. Strong role as global financial centre. Division into poor and rich areas deepens.</p> <p>India's economic growth continues to be robust due to rapid increase in know-how and population growth. India has nevertheless not yet succeeded to pass China in output. Indian companies like Wipro, Mittal and Tata go international and expand. The middle class grows swiftly even though the number of poor people remains large. India develops into another global manufacturing hub alongside China.</p>

## Scenario Comparison | 4/8

Scenarios	Partners for sustainability	Slow life, new life	Disorganised Society	Married to Asia
<p><b>Driving Forces</b></p>				
<p><b>Development of Russia</b></p>	<p>Open and democratic processes take place. Effective usage of natural resources.</p> <p>Strong collaboration between Asia and EU. Russia is a strong and reliable partner in global peace-keeping and economic co-operation. St Petersburg becomes a capital of Northern-European civilisation, business and culture.</p>	<p>Russia's decision makers have not been successful in reforming and diversifying the economy but Russia has satisfactory relations with the EU, USA, China and global institutions. The role of St Petersburg strengthens as one of the economic powers of the Baltic Sea.</p>	<p>Unmanaged exploitation of natural resources continues to create global shortages of non-renewable resources and has considerable negative effects on the environment.</p> <p>Russia has political and economic influence, especially on the EU. Russia has problems with infrastructure, inadequate education and healthcare, and growing crime and corruption.</p> <p>The build-up of military strength in border regions increases. Economic growth in Russia and also in St Petersburg slows down, but the city resumes its role as an important centre in the military industry.</p>	<p>Russia orientates itself towards emerging Chinese markets and makes extensive agreements to supply raw materials and energy. Global political position is strong because of natural resources. Extensive exploitation of gas- and other resources in Siberia increases methane-emissions to critical levels and is a reason for global concern. The main economic activity is in the Eastern Russian cities. The role of St Petersburg will not grow.</p>
<p><b>Innovation System</b></p>	<p>Innovation and new technology are well funded. Focus is on energy conservation, low-pollution, reusable materials, etc.</p> <p>Co-operation is global and IPRs are respected. Specialised knowledge hubs work globally and employ experts from all over the world. New innovative solutions help to reduce usage of resources (energy, precious metals, clean water, etc.)</p>	<p>Search for new life styles due to slower economic growth. Small-scale, local appropriate technology is in high demand.</p> <p>CBSR countries are involved in global innovation networks related to entertainment and extreme experience. The Nordic countries co-operate in search of business innovations supporting sustainable development.</p>	<p>Effort to enforce international agreement regarding IPR's fails. Consequently, co-operation to promote innovation is weak and innovation activity overall has decreased.</p> <p>R&amp;D activities are scattered and knowledge hubs are mainly local. Large companies are however still investing in innovation development.</p>	<p>Multinationals own and fight for patents.</p> <p>Large global research institutions and their partner companies in Asia dominate R&amp;D activities.</p>

## Scenario Comparison | 5/8

Scenarios	Partners for sustainability	Slow life, new life	Disorganised Society	Married to Asia
<p><b>Driving Forces</b></p>	<p>The global partnership for sustainability offers opportunities for the educational sector, for academic research networks and for business.</p>	<p>The emergence of very large-scale and dynamic research institutions in Asia weakens and marginalises the academic sector of the CBSR. Universities specialise more on limited areas and find fewer opportunities to participate in international research networks and in educational programs. Young researchers find opportunities to join faculties in Asia, India and Africa.</p>	<p>The academic world together with industry and farmers focus on biotechnology, farming and large-scale industrial food production.</p>	<p>Strong global competition for skills and human capital. The educational sector in the CBSR remains strong and becomes integrated with Asian educational institutions.</p>
<p><b>Knowledge Society</b></p>	<p>Universities and schools in the CBSR that have joined international educational and research networks are competitive. They collaborate with local and international companies that carry out R&amp;D in the CBSR.</p>	<p>Multinationals recruit and educate their own knowledge workers globally. Nordic and Baltic companies have R&amp;D activities in the area but larger international companies have placed their R&amp;D divisions elsewhere.</p>	<p>Competition for human capital is mainly local with the exception of top expertise – many skilled workers emigrate in search of better job opportunities.</p> <p>Exodus of skilled workers and increased immigration of non-skilled people with limited education leads to declined overall competitiveness of the human capital in the CBSR.</p> <p>At the same time the public sector is struggling to maintain sufficient quality of public schooling amidst cost cutting pressures.</p>	<p>There is an increasing amount of private schools competing with the public school sector. Privately owned Asian language schools in the CBSR are better equipped and better staffed than other local schools. They become increasingly attractive, while education provided by the local public sector falls out of favour. People who can afford to pay for private schooling often receive better education, which leads to a vicious circle that strengthens the division of society into rich well educated citizens on one hand, and low-income poorly educated citizens on the other.</p>

## Scenario Comparison | 6/8

Scenarios	Partners for sustainability	Slow life, new life	Disorganised Society	Married to Asia
<b>Driving Forces</b>				
<b>Mobility and migration</b>	<p>As the global target for global warming seems to be in sight, immigration is more manageable and a thriving local economy enables the public sectors to provide good services. Immigration also offers a partial solution to the aging of society. Exodus of knowledge workers remains a challenge for the CBSR.</p>	<p>Because climate change is under control and high-tech job opportunities are mainly in Asia brain drain is a bigger problem than immigration.</p> <p>The informal and service sectors absorb most of the immigrants. Shrinking job opportunities in the local high-tech sector changes social values towards favouring rural communities and traditional ways of living.</p>	<p>The food crisis has generated unprecedented immigration from Asia. The number wealthy immigrants increase drastically and construct their own walled suburbs the CBSR capitals.</p> <p>Food shortage and unrest in some of Russia's neighbouring areas bring refugees to the CBSR. In an effort to keep immigration and inflow of refugees manageable, CBSR governments introduce heavy restrictions on immigration. Illegal immigration increases sharply. Integration of immigrants, as well as issues with illegal aliens, pose a challenge. Brain drain is a severe problem.</p>	<p>Economic success in Asia increases mobility in general. Dislocation also increases in areas adversely affected by climate change.</p> <p>Simultaneously, stronger environmental norms in the CBSR motivate wealthy Asians to buy holiday resorts and to build walled residential areas in the CBSR. Asian business companies set up private schools and health care services for Asians in the CBSR.</p>
<b>Communication and networking</b>	<p>Information technology facilitates the creation of extensive virtual communities which in turn power and stimulate worker mobility. Advanced communication tools also increasingly integrates the global educational sector.</p>	<p>Virtual and global communities continue to multiply and diversify. Cross-border co-operation is strong among the Nordic countries, but the region's isolation from the world economy makes networking towards Asia a struggle.</p>	<p>Lack of global agreements also limits communication and networking. The international flow of information is hindered by governmental restrictions on internet usage and content. Internet security problems are also increasing. Virtual communities are mostly regional.</p>	<p>Networking with Asian actors is an essential element in all business activities. Nordic organisations establish large representations in Asia.</p>

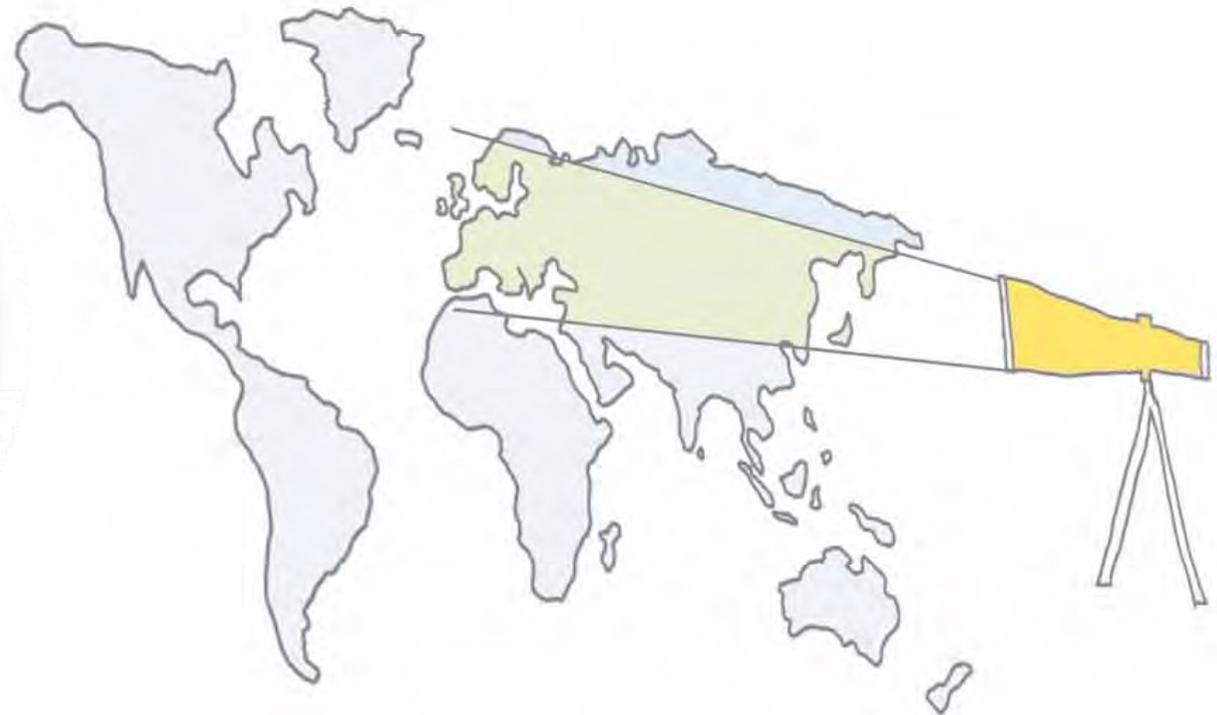
## Scenario Comparison | 7/8

Scenarios	Partners for sustainability	Slow life, new life	Disorganised Society	Married to Asia
<b>Driving Forces</b>				
<b>Way of life and consumer behaviour</b>	<p>Demand for consumer products remains high, but consumers expect reusable materials and low energy-consumption.</p> <p>Markets grow fastest in Asian and other new economies.</p>	<p>International travel is expensive and limits tourism. Ecotourism is popular among Asians but is also a cause of social tension and political populism.</p> <p>Ecological and environmentally conscious lifestyles become more common. Rural communities grow stronger and slow city living becomes more popular.</p>	<p>Self-sufficiency, locally grown or produced goods, energy sources, etc. are essential for sustainability.</p> <p>Rural communities grow. The cost of food increases faster than income.</p>	<p>Access to the job market requires skills in Asian languages and cultural skills. There is a large educational market for Asian culture and life styles.</p>
<b>Values and ethics</b>	<p>The diversity of values grow, but moderate mobility and immigration help to maintain social cohesion.</p> <p>Cultural diversity continues to provide business opportunities and society is generally tolerant.</p>	<p>Money driven life and consumerism reach a turning point. Ecological values become widespread and change traditional materialistic and consumption dominated outlooks. The entertainment industry advocates ideals of healthy and happy instead of hard work and big money. People value their free time very highly. Public pressure steer multinational companies towards stronger business ethics in terms of sustainable development goals, working conditions, employee benefits and involvement in local communities.</p>	<p>Increasing inequality and a wider income distribution hardens values against globalisation and the power of multinationals. High immigration and related social challenges strengthen nationalist values and xenophobia.</p>	<p>Diversity of values increases and subdivides the CCSR further into competing social communities. Widening differences in income divides society into very rich, very poor and middle class. Social cohesion fails and social unrest increases.</p>

## Scenario Comparison | 8/8

Scenarios	Partners for sustainability	Slow life, new life	Disorganised Society	Married to Asia
Driving Forces				
The Role of the Public Sector	<p>The Nordic welfare society model is reformed. State subsidies are reduced in a controlled manner. Service fees are increased.</p> <p>States' significance as a developer of public-private partnership projects grows. States' share of R&amp;D and innovation support is sizable.</p> <p>The central government, municipalities and companies develop new service concepts and service innovations. The role of the municipalities in service production has to be redefined.</p> <p>Immigration and the third sector fill some of the needs for workers created by the aging population.</p>	<p>The state loses some of its role to the strengthening EU and to municipalities. The differences between municipalities grow only slowly. The levelling off these differences is regarded justified as it helps to safeguard availability of services.</p> <p>As the difficult economic situation continues, the public sector has to adjust and the level of public services weakens. The costs and quality of locally produced public services are often uncompetitive.</p>	<p>The state is forced to take on the role of a strong leader in the crisis. Municipalities struggle with streamlining of service production. Public services and investments are heavily prioritised. New means to produce services are sought.</p> <p>Financial problems of the state leads to dismantling of the welfare society. Public services are for the most underprivileged citizens – others buy their services on the market.</p> <p>The municipalities' role is to be distributors of scarce resources. Wealthy citizens and immigrants can afford education, health care and housing. There is increasing resentment among unskilled workers.</p>	<p>The significance of the state has decreased. The state concentrates increasingly on fostering companies' global operative conditions.</p> <p>As market forces expand, the municipalities outsource service production almost completely and withdraw to the role of service financier and organiser.</p> <p>Responsibility is moved to individuals, the market and the third sector. Large Asian companies provide education and health care services globally. Public-private partnerships are increasingly common. Global companies offer education and health care services to their own staff.</p>





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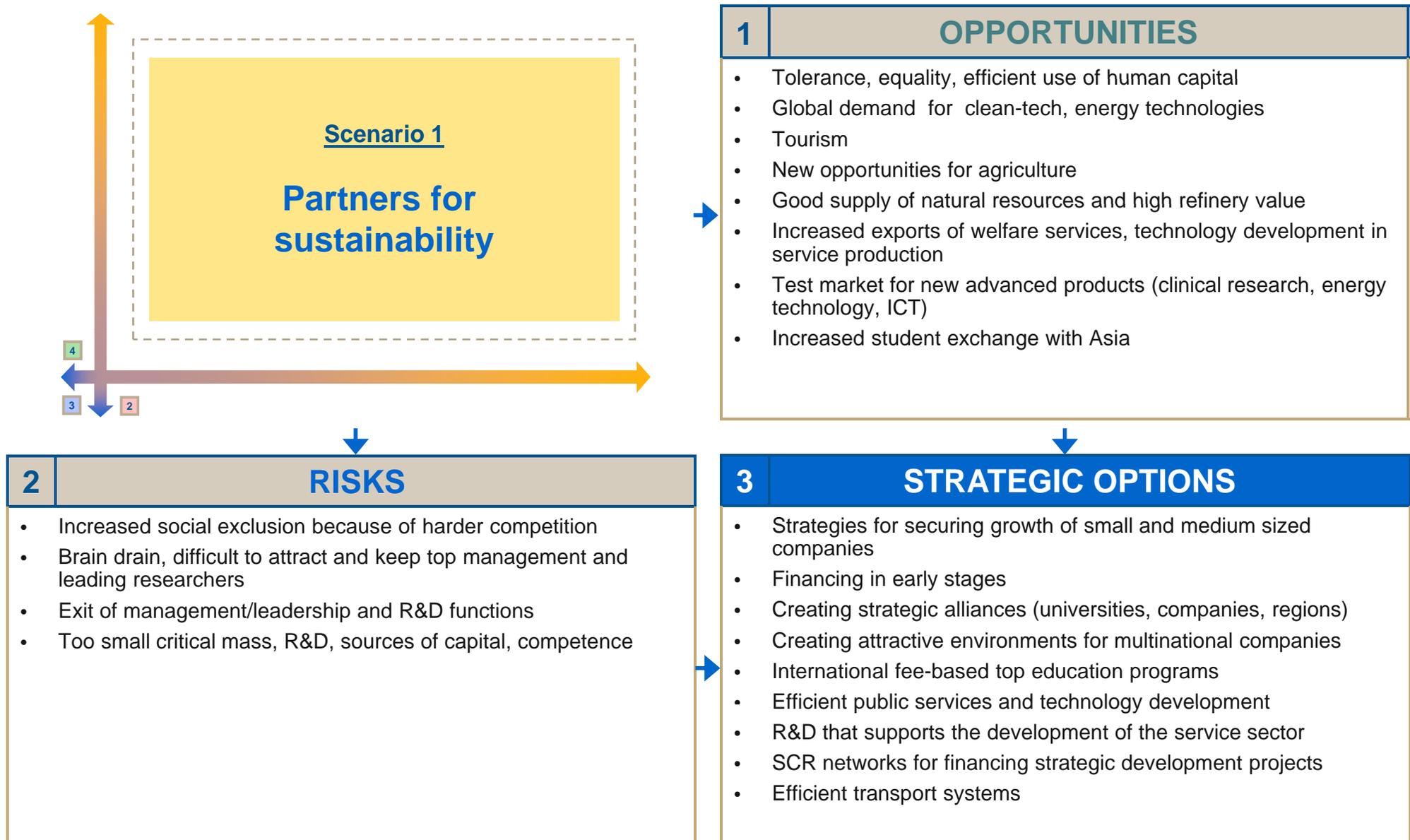
**PART 7**

**Scenario Implications by Region**

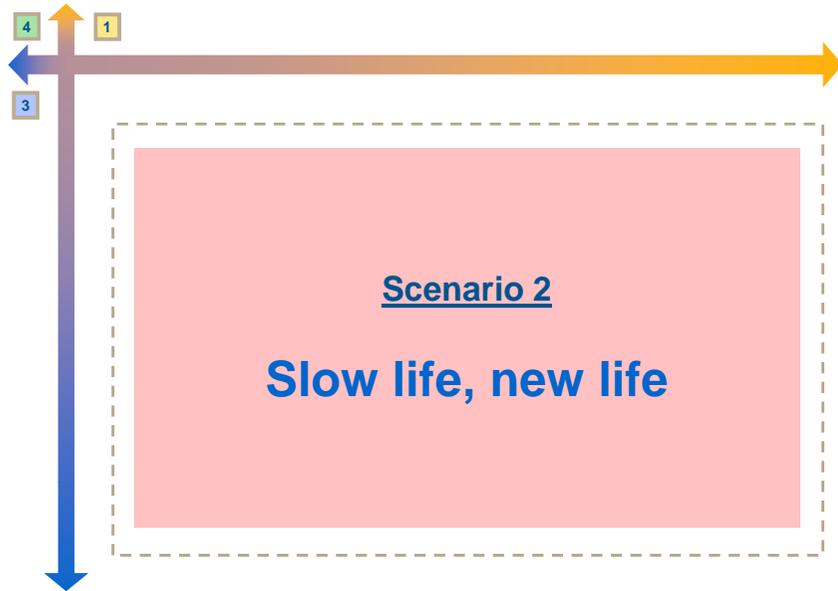
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*Long-term implications challenge current strategic thinking. This may be the most important result.*

# Scenario 1 | Stockholm Region: Opportunities, Risks and Strategic Options



# Scenario 2 | Stockholm Region: Opportunities, Risks and Strategic Options

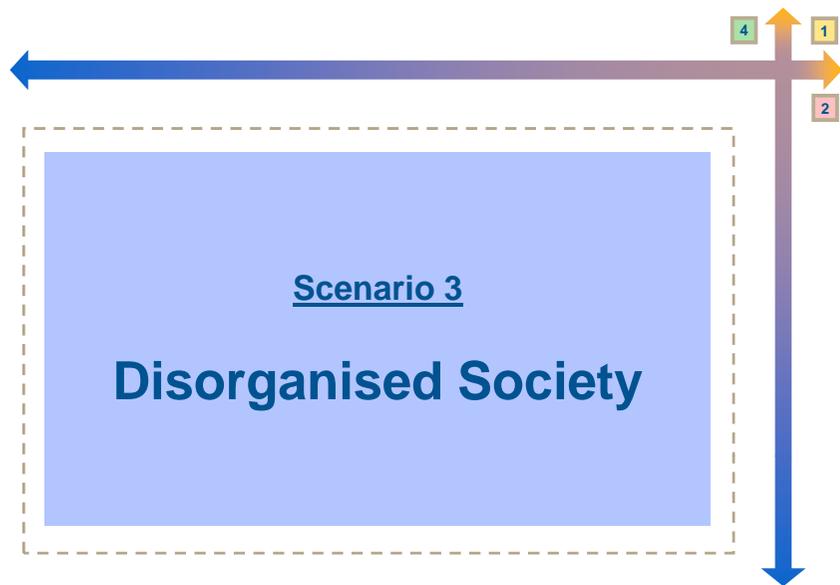


<b>1</b>	<b>OPPORTUNITIES</b>
<ul style="list-style-type: none"> <li>• Creative industries and tourism can be developed and focused on the Chinese market with purchasing power . Exotic luxury products for wealthy Asians</li> <li>• Increased tourism – also second homes in exotic locations – archipelago, fields and forests</li> <li>• Better life quality (but maybe not for all groups), better organisation of everyday life</li> <li>• Technology could make a good standard of living possible for everyone, in spite of slower economic growth (energy self-sufficiency, etc.)</li> <li>• Consumption slows down as a result of changed values and lower incomes. Small local farms and food producers become more significant – better biodiversity</li> <li>• Rich cultural life that also creates new jobs</li> <li>• Export of welfare systems – and as local offering: rest home tourism</li> </ul>	

<b>2</b>	<b>RISKS</b>
<ul style="list-style-type: none"> <li>• Decreased industry specialisation due to a small market, limited R&amp;D and no innovation competence. Decreased opportunities to spread risk as the economy is less specialised and diversified</li> <li>• Sectors catering to more basic needs grow stronger? Or conflict in competition for jobs</li> <li>• Less room for private services as people have more time but less money. Brain drain to Asia – competence loss that contributes to a downward spiral</li> <li>• Changed class society: Elite that moves, local market focused actors who are doing well (local national economy), low income employees, unemployed, distribution politics affect the relations between different groups</li> <li>• Distribution politics become important – but is the cake big enough? Risk for conflict, including increased xenophobia.</li> <li>• Sweden's wealth decreases because of expensive technology import?</li> </ul>	

<b>3</b>	<b>STRATEGIC OPTIONS</b>
<ul style="list-style-type: none"> <li>• Distribution politics is a key issue</li> <li>• Finding ways to counteract xenophobia and intolerance</li> <li>• Finding ways to spread risk as economic diversity decreases – good adaptation ability in case of crises or economic downturns (crises may have less impact as there are fewer international contacts)</li> <li>• Working with the brand “Sweden” and the exotic values – possibilities of joint marketing in the CBSR</li> <li>• Exporting quality of life, societal and community planning and the new Swedish/CBSR model</li> <li>• Develop the public sector towards making it less resource intensive</li> <li>• Find strategies for attracting back home the “elite” that has moved to Asia for their careers</li> </ul>	

# Scenario 3 | Stockholm Region: Opportunities, Risks and Strategic Options



1	OPPORTUNITIES
	<ul style="list-style-type: none"> <li>• Attractive environment compared to Asia</li> <li>• Basic natural resources are available</li> <li>• Ecotourism - central location in the Baltic Sea</li> <li>• Organisational advantages (collaboration, trustworthiness)</li> <li>• Creativity – entertainment business (music, video, ..)</li> <li>• Innovation (biotech)</li> <li>• Space and environment (housing, business)</li> <li>• Language skills (multi-lingual, multi-cultural skills, global call centres)</li> <li>• Agriculture - climate change</li> <li>• Security, optimism</li> </ul>

3	STRATEGIC OPTIONS
	<ul style="list-style-type: none"> <li>• Collaboration models (mobilising human and other resources, crossing geographic &amp; administrative borders)</li> <li>• Adapted welfare models</li> <li>• Health services/policy</li> <li>• ICT, infrastructure, accessibility</li> <li>• R&amp;D test environments</li> <li>• Asian academic institutions</li> <li>• Peripheral location</li> <li>• Developing Educational system</li> <li>• Immigration - behavioural change at all levels of society</li> <li>• Effective integration of immigrants</li> </ul>

2	RISKS
	<ul style="list-style-type: none"> <li>• Brain drain, loss of competence</li> <li>• Unskilled workers, jobs</li> <li>• Ageing, demographic development</li> <li>• Lower standards of living</li> <li>• Segregation of society</li> <li>• Weaker purchasing power</li> <li>• Low FDI</li> <li>• Peripheral location</li> <li>• Strong self image,</li> <li>• Rigid educational system</li> </ul>

# Scenario 4 | Stockholm Region: Opportunities, Risks and Strategic Options

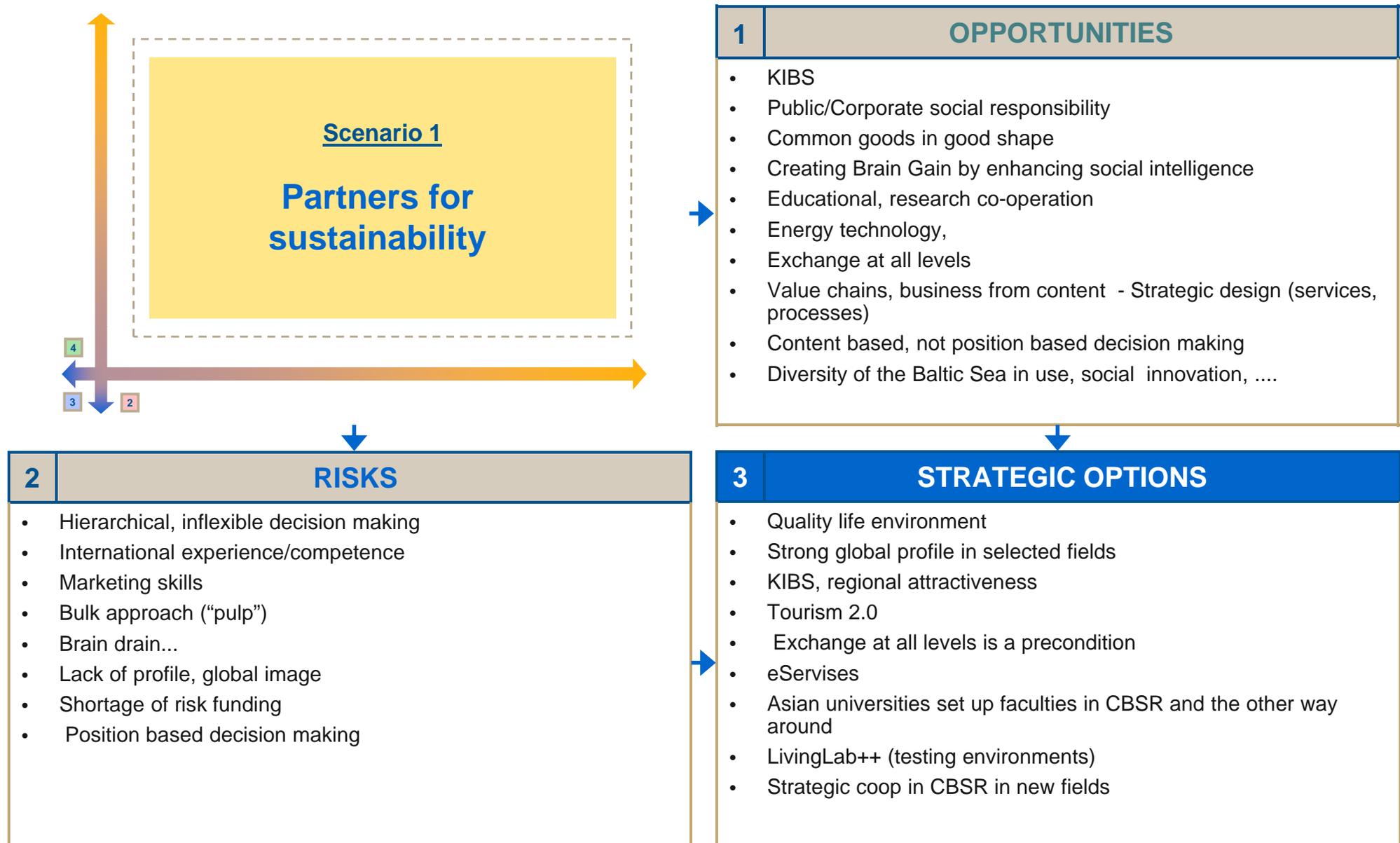


1	OPPORTUNITIES
	<ul style="list-style-type: none"> <li>• Business opportunities in areas where we are already advanced</li> <li>• We have many companies that are eligible for inclusion in global networks</li> <li>• Good management culture, co-operation. Competence in welfare services and healthcare</li> <li>• Plenty of attractive environment for Asians to visit and move to</li> <li>• Open attitude towards new influences</li> <li>• Plenty of arable land and raw materials</li> </ul>

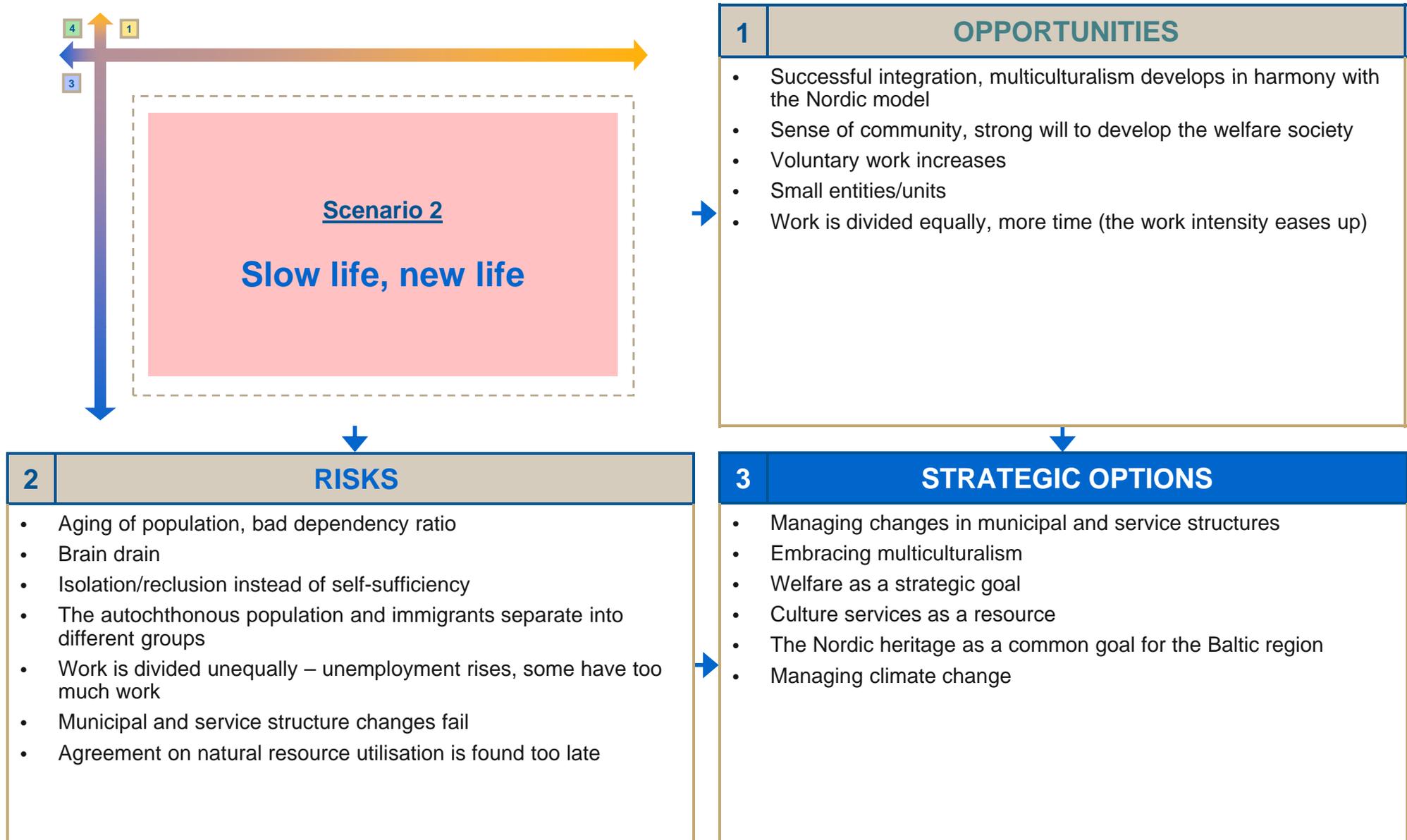
3	STRATEGIC OPTIONS
	<ul style="list-style-type: none"> <li>• Counteract internal competition in the CBSR through creation of collaboration platforms</li> <li>• Strategies for protecting our attractive environment and our environmental values</li> <li>• Capacity and preparedness for actively welcoming and including immigrants, tourists, business contacts, etc.</li> <li>• Packaging our specialist knowledge in a clear and marketable way</li> <li>• Unambiguous public leadership for relationship building with Chinese companies and capital</li> <li>• Extensive marketing of the region and the Nordic model 2.0, as well as smart dialogue with China</li> <li>• Learning Chinese languages and culture</li> </ul>

2	RISKS
	<ul style="list-style-type: none"> <li>• Clashes between our values and the values of immigrated Asians, differences also in business culture</li> <li>• Increase in value of land and property/real estate</li> <li>• Chinese large corporations buy up our businesses, management functions are moved elsewhere, a more hierarchical business culture is implemented</li> <li>• We end up being excluded from the hot spot map</li> <li>• The consensus culture may delay decision-making</li> </ul>

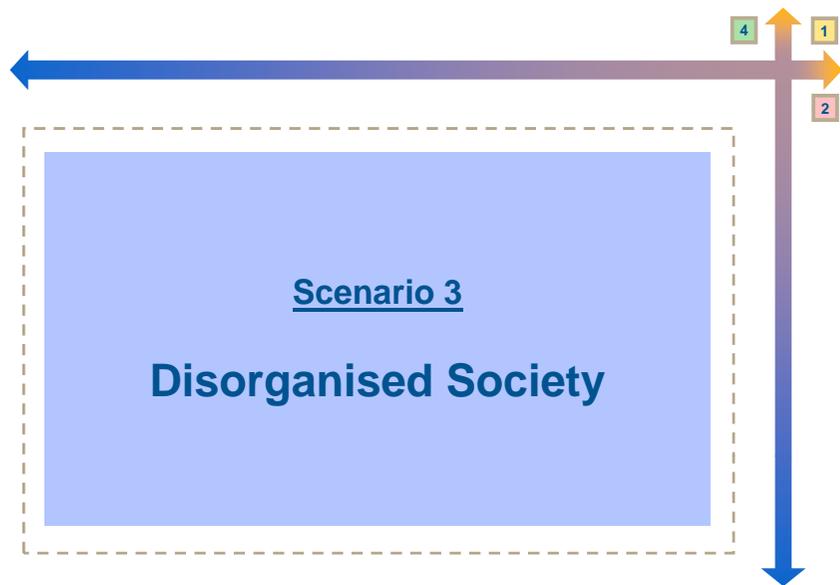
# Scenario 1 | Uusimaa and SW Finland: *Opportunities, Risks and Strategic Options*



# Scenario 2 | Uusimaa and SW Finland: *Opportunities, Risks and Strategic Options*



# Scenario 3 | Uusimaa and SW Finland: *Opportunities, Risks and Strategic Options*



1	OPPORTUNITIES
	<ul style="list-style-type: none"> <li>• Possibilities for food production become better</li> <li>• Rising food prices makes production profitable</li> <li>• As a result of the climate change the environment of Southern Finland becomes relatively more attractive</li> <li>• Relative security attracts also wealthy Chinese</li> </ul>

3	STRATEGIC OPTIONS
	<ul style="list-style-type: none"> <li>• Co-operation with our neighbours, especially Russia. Home markets and local collaboration becomes increasingly important.</li> <li>• Revision of immigration politics and acceptance of diversity without allowing inequality to grow → Promoting a multicultural society</li> <li>• Development of ways of working, division of services, so that the need for mobility in a fragmented societal structure can be decreased</li> </ul>

2	RISKS
	<ul style="list-style-type: none"> <li>• Climate refugees “take over” the regions</li> <li>• Experts move to areas with better compensations</li> <li>• Refugees cause increasing societal inequality and segregation which leads to rioting and current security disappearing</li> <li>• Rising prices of food and other commodities decreases other purchasing power and hampers economic growth → Cut-off tax income, which leads to the loss of the welfare state</li> <li>• The grey economy grows</li> <li>• Fragmentation of societal structure</li> </ul>

# Scenario 4 | Uusimaa and SW Finland: *Opportunities, Risks and Strategic Options*



<b>1</b>	<b>OPPORTUNITIES</b>
<ul style="list-style-type: none"> <li>• CBSR offers interesting opportunities for Chinese investments</li> <li>• In possible competition with Stockholm and other metropolises in the area: Direct railway connection to Asia is a advantage for Southern Finland</li> <li>• Attractive knowledge hub</li> </ul>	

<b>3</b>	<b>STRATEGIC OPTIONS</b>
<ul style="list-style-type: none"> <li>• Governmental support for innovation system (food, environment, GreenTech)</li> <li>• Investing in environmental technologies, innovations and services</li> <li>• Focus on higher education institutes</li> <li>• Include Asian languages and culture into the education system</li> <li>• Promote openness toward Asian cultures</li> </ul>	

<b>2</b>	<b>RISKS</b>
<ul style="list-style-type: none"> <li>• Asian investors do not invest in the CBSR</li> <li>• Competition between CBSR cities may weaken their global competitive position</li> <li>• Knowledge workers migrate from the CBSR</li> <li>• Privatised health care brings inequality into services</li> </ul>	

# Scenario 1 | Riga Region: Opportunities, Risks and Strategic Options

(case: open for immigration)

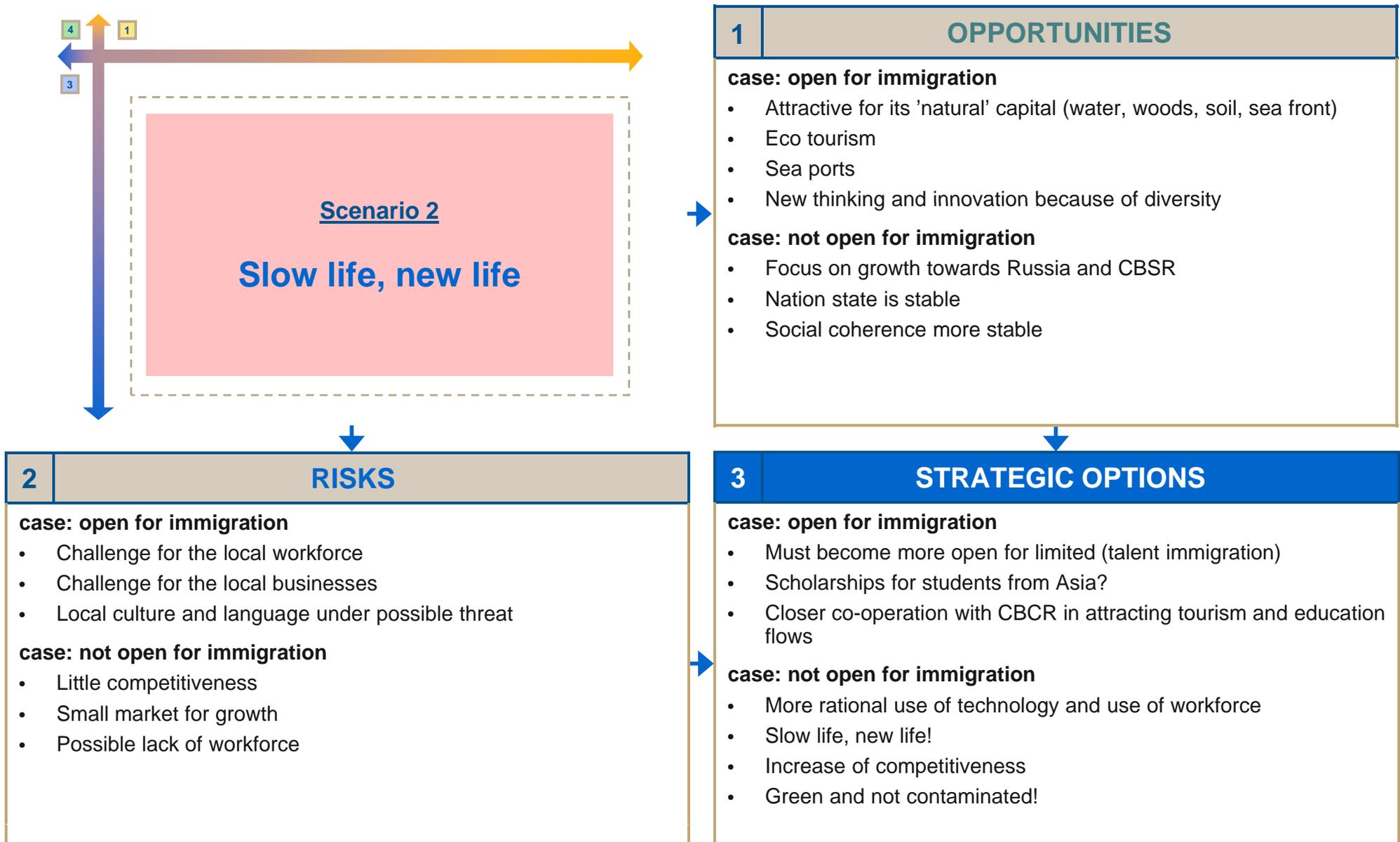


1	OPPORTUNITIES
	<ul style="list-style-type: none"> <li>• Young immigrants from Asia (including Central Asia, Kazakhstan, India/Pakistan)</li> <li>• Could come for education</li> <li>• High quality environment, safe, low population density, ageing in Latvia</li> <li>• Agriculture development</li> <li>• Location and size of Riga in the CBS</li> <li>• KIBS sector development</li> <li>• Expatriates returning</li> <li>• Trade and logistics</li> </ul>

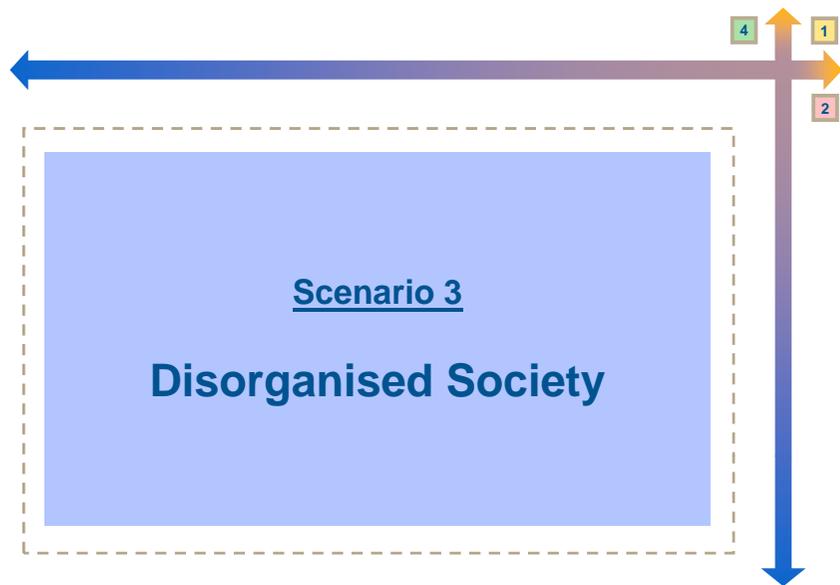
3	STRATEGIC OPTIONS
	<ul style="list-style-type: none"> <li>• Internalisation of the education and research in the R&amp;D sector</li> <li>• Selective immigration (geographically, skills)</li> <li>• Creative sector, creative industries</li> <li>• Niche products, markets</li> <li>• Health services, products</li> <li>• Development of resorts</li> <li>• Improve accessibility</li> <li>• Cultural/historical assets</li> <li>• Water, rivers, drinking water, fishing...</li> </ul>

2	RISKS
	<ul style="list-style-type: none"> <li>• Lacking integration of immigrants (policy)</li> <li>• Demographic development</li> <li>• Bad infrastructure</li> <li>• Lacking IPR protection</li> <li>• Not enough human capacity in natural sciences</li> <li>• Pandemic diseases</li> </ul>

# Scenario 2 | Riga Region: Opportunities, Risks and Strategic Options



# Scenario 3 | Riga Region: Opportunities, Risks and Strategic Options



<b>1</b>	<b>OPPORTUNITIES</b>
<p><b>case: open for immigration</b></p> <ul style="list-style-type: none"> <li>• Decreased demographic pressure</li> <li>• Developed new business sectors</li> <li>• Developed new social co-operation networks</li> <li>• Knowledge transfer (qualified labour)</li> <li>• New education and culture spheres</li> </ul> <p><b>case: not open for immigration</b></p> <ul style="list-style-type: none"> <li>• Ethnic development</li> <li>• Opportunity to develop and preserve nature heritage</li> <li>• Development of self-sufficient system</li> </ul>	

<b>2</b>	<b>RISKS</b>
<p><b>case: open for immigration</b></p> <ul style="list-style-type: none"> <li>• Pressure of social system</li> <li>• Ethnic tension &amp; religious tension</li> <li>• Territorial heterogeneity</li> </ul> <p><b>case: not open for immigration</b></p> <ul style="list-style-type: none"> <li>• Demographic pressure</li> <li>• Local business with locally targeted innovations</li> <li>• Lack of resources (funds, knowledge, materials, technologies)</li> <li>• Selling of businesses</li> <li>• “Fuse” of businesses</li> <li>• Expensive social and economic infrastructure</li> </ul>	

<b>3 STRATEGIC OPTIONS</b>	
<p><b>case: open for immigration</b></p> <ul style="list-style-type: none"> <li>• Regionally profiled short term business development programme</li> <li>• Development of new social help system (on regional and national level)</li> <li>• Development of public integration programme</li> <li>• Regional programs shall be redefined in order to avoid territorial inequality</li> </ul> <p><b>case: not open for immigration</b></p> <ul style="list-style-type: none"> <li>• Purchase of expertise, limited transit for expertise</li> <li>• New tourism products shall be offered (ecotourism)</li> <li>• Development of national industries of various types</li> </ul>	

# Scenario 4 | Riga Region: Opportunities, Risks and Strategic Options

(case: open for immigration)



<b>1</b>	<b>OPPORTUNITIES</b>
	<ul style="list-style-type: none"> <li>• Business opportunities for subcontractors/ partners</li> <li>• R&amp;D specialists + well educated specialists are demanded in labour market</li> <li>• As concerns climate changes – priority is given to the Baltic Sea Coast issues and elimination of pollution</li> <li>• Adaptation of local labour force to free market conditions</li> <li>• Opportunities to receive cheaper goods and services</li> <li>• Opportunity to improve demographic situation</li> </ul>

<b>3</b>	<b>STRATEGIC OPTIONS</b>
	<ul style="list-style-type: none"> <li>• Encourage understanding about Asian culture, education, entrepreneurship and partnership, by realising complex state support programme in due time in order to promote co-operation</li> <li>• “Bonus package” for specialists in R&amp;D and other high tech sectors</li> <li>• Continue bilateral Climate Change co-operation programme; highlighted issues are: pollution control and the Baltic Sea coast</li> <li>• Public integration programme for foreigners, information environment, etc.</li> <li>• Tax policy, redistribution</li> <li>• Define priority actions, retain co-operation, identity (if necessary)</li> </ul>

<b>2</b>	<b>RISKS</b>
	<ul style="list-style-type: none"> <li>• Global market extracts local producers</li> <li>• Existence of local service providers is endangered in the field of education and health services</li> <li>• Lack of local specialists (in R&amp;D) sector and other highly specialised fields</li> <li>• Due to decreased co-operation in regions, mutual isolation increases and there is possibility to realise scenario No. 3</li> <li>• Increased social pressure, problems and identity issues</li> </ul>

# Scenario 4 | Riga Region: Opportunities, Risks and Strategic Options

(case: not open for immigration)



1	OPPORTUNITIES
	<ul style="list-style-type: none"> <li>• Business opportunities as subcontractors/ partners</li> <li>• Foreign investments create local working places</li> <li>• Demanded R&amp;D specialists + well educated specialists</li> <li>• Adaptation of local labour force to free market conditions (in case R&amp;D is developed and highly qualified specialists are encouraged)</li> <li>• Status quo remains and internal competitiveness</li> <li>• Social pressure does not appear</li> </ul>

3	STRATEGIC OPTIONS
	<ul style="list-style-type: none"> <li>• Activities in sectors with high added value;</li> <li>• “Bonus package” for specialists in R&amp;D sectors and other high technology sectors;</li> <li>• Complex state support activities including attracting of investments</li> </ul>

2	RISKS
	<ul style="list-style-type: none"> <li>• Latvian companies become less competitive due to rise in price and human resources</li> <li>• Educational and health services become unavailable or are available at limited amount and at lower quality</li> <li>• Lack of local specialists (in the R&amp;D field and other high tech branches)</li> <li>• Emigration process is approved</li> <li>• Demographic processes and identity issues</li> </ul>

# Scenario 1 | Tallinn and Harju: Opportunities, Risks and Strategic Options

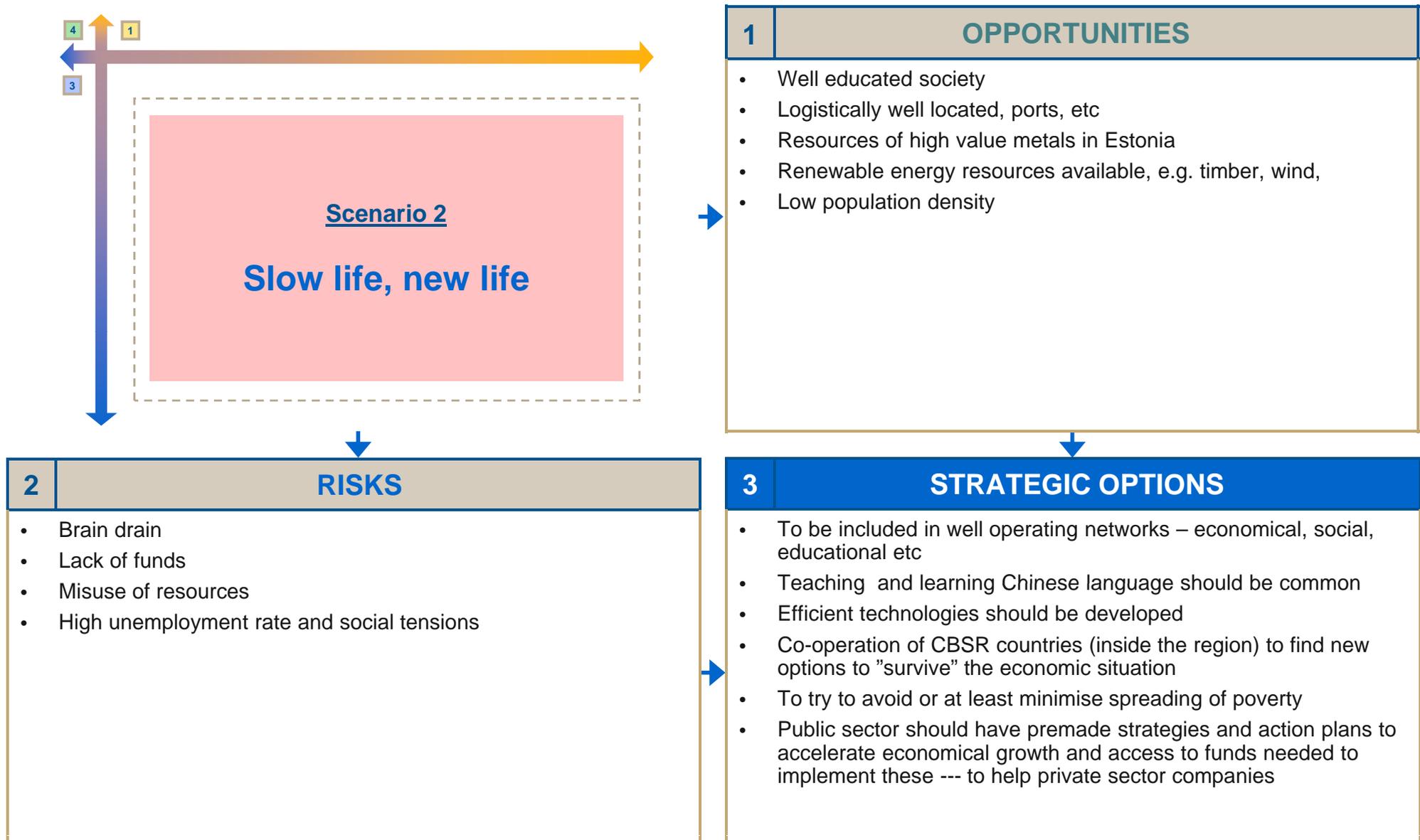


1	OPPORTUNITIES
	<ul style="list-style-type: none"> <li>• Possibility for receiving subsidies for protecting natural resources</li> <li>• Better use of natural resources. Innovation to recycle and refuse, more opportunities for R&amp;D. Opportunity to sell know-how</li> <li>• Possibility to pilot innovative models (legal issues, etc) to market and sell internationally. Stable economic growth</li> <li>• International companies may take out the profit from Estonia</li> <li>• Opportunity for niche products and services for multinational companies</li> <li>• Baltic Sea offers opportunity for the development of environmental technology.</li> <li>• Alternative energy sources (solar, wind)</li> <li>• Asian investments in Estonia, Estonian partner in Asia</li> <li>• Transit railway from China to Estonia through Russia</li> <li>• Self sufficiency (energy and food) Patents</li> </ul>

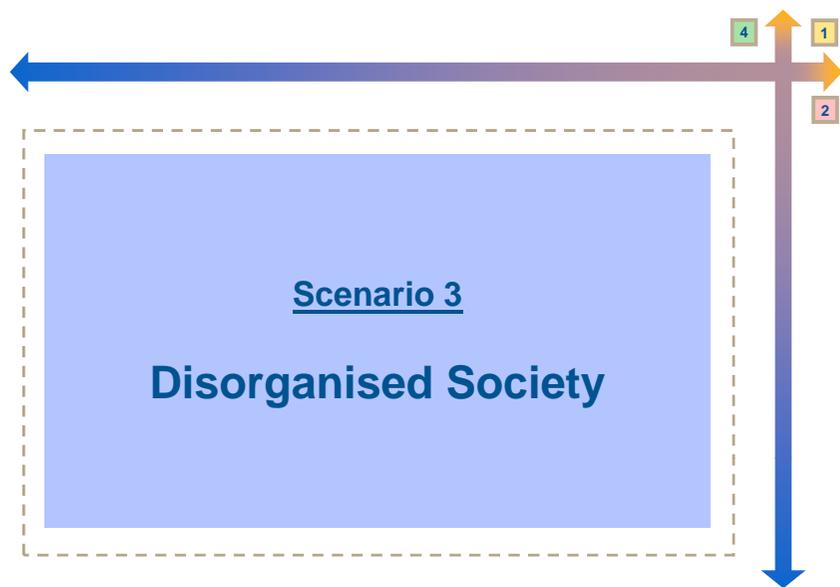
2	RISKS
	<ul style="list-style-type: none"> <li>• Northstream and other similar international agreements may present an environmental risk and influence the use of natural resources</li> <li>• Experimenting may also destroy resources</li> <li>• Nuclear power initiatives</li> <li>• Limited resources</li> <li>• Not enough educated, risk of losing human capital</li> <li>• Dependency on Russia and China (economically and politically)</li> </ul>

3	STRATEGIC OPTIONS
	<ul style="list-style-type: none"> <li>• Networking internationally</li> <li>• Good relationship with EU and USA in addition to relation with China and Russia</li> <li>• Educational sector prepares for international relations</li> <li>• Participation in democratic movements and civil rights NGO in China</li> </ul>

## Scenario 2 | Tallinn and Harju: Opportunities, Risks and Strategic Options



# Scenario 3 | Tallinn and Harju: Opportunities, Risks and Strategic Options



1	OPPORTUNITIES
	<ul style="list-style-type: none"> <li>• Farming and agricultural production</li> <li>• Development of agriculture</li> <li>• Develop biosciences and food production</li> <li>• Niche research (space research...)</li> <li>• Business integration in the CBSR</li> </ul>

3	STRATEGIC OPTIONS
	<ul style="list-style-type: none"> <li>• Research in medicine and human genome</li> <li>• Research: Environment, agriculture, space sciences</li> <li>• Culture and tourism</li> <li>• Interact with Chinese immigrants</li> <li>• Co-operation in developing joint institutions (Nordic University)</li> </ul>

2	RISKS
	<ul style="list-style-type: none"> <li>• Agricultural products may not be clean (more fertilizers)</li> <li>• Defence spending may increase</li> <li>• High food prices</li> <li>• Russia? – Customs? Border?</li> <li>• Poverty and lack of cohesion, unfair income distribution, social tension increases</li> <li>• Xenophobia increases</li> </ul>

# Scenario 4 | Tallinn and Harju: Opportunities, Risks and Strategic Options



1	OPPORTUNITIES
	<ul style="list-style-type: none"> <li>• Oil shale resources</li> <li>• Booming economy – our economy is successful part of global economy</li> <li>• Strong public sector (lot of tax income)</li> <li>• Low population density</li> <li>• To become an innovation centre</li> <li>• People are open to new technologies, developing, testing and using</li> <li>• Test market opportunity to pilot new products</li> </ul>

3	STRATEGIC OPTIONS
	<ul style="list-style-type: none"> <li>• Well functioning networks in the field of science, to be initiators of networking and innovation</li> <li>• Efficient technologies</li> <li>• Management of human capital and immigration (to invite high skilled labour force)</li> <li>• To maintain our nature and culture as much as possible</li> <li>• CBSR metropolitan development with an aim to form new type of world business and financial centre</li> </ul>

2	RISKS
	<ul style="list-style-type: none"> <li>• Misuse and waste of resources</li> <li>• Risk of marginalisation as decision makers</li> <li>• Raising importance of international (multinational) companies and public sector is losing it's influence and cannot act as a driving force</li> </ul>



BASAAR Scenario Project

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**PART 8**

**Scenario Implications and Plans for the CBSR**

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*CBSR is a small region. What should CBS regions do jointly to position themselves better on the global map?*

# Scenario Implications for the CCSR | Opportunities

## Married to Asia

- Business opportunities as subcontractors and partners to Asian multinational companies
- CCSR offers interesting opportunities for Chinese investments
- Specialised knowledge hub and innovation centre

## Partners for sustainability

- Development of environmental technologies for global markets
- Education and research co-operation and exchange within the CCSR and with Asia
- Test markets and opportunities to pilot innovative models
- Tourism

## Disorganised Society

- Agricultural production
- Development of biosciences and food production technologies

## Slow life, new life

- Eco tourism and vacation homes in clean and exotic natural environments
- Opportunities for local businesses and smaller entities
- Development of welfare systems

# Scenario Implications for the CBSR | Risks

## Married to Asia

- Clashes between Asian and local values and business cultures
- Large Asian multinational companies buy up CBSR companies and R&D and management functions are moved elsewhere
- Competition for Asian investments between CBSR cities weakens their competitive position
- The public sector loses influence as a result of heavy privatisation

## Partners for sustainability

- Limited human capital and exodus of top researchers, experts and managers
- Shortage of venture capital and funding

## Disorganised Society

- Increased poverty and segregation of society
- Societal inequality may lead to tension and uneasiness, which undermines the current sense of relative security
- Decreasing purchasing power as a larger share of people's disposal income is used for buying food
- Ethnic tension and xenophobia
- High financial pressure on social systems and services

## Slow life, new life

- Isolation – the CBSR is a forgotten corner of the world
- Work is divided unequally – unemployment rises, some have too much work

# Scenario Implications for the CBSR | Strategic Options

## Married to Asia

- Joint efforts to attract Asian investments to the CBSR
- Development of Asian language and culture education
- Building relations with Asia-based global business and R&D networks

## Partners for sustainability

- Creating strategic alliances (universities, companies, regions) for R&D, for example in the field of environmental technologies
- Development of exchange programs at different levels between Asia and the CBSR, as well as relationship building towards Europe and the US
- Development of test markets for piloting new product and models
- Development of venture capital funding models

## Disorganised Society

- Utilisation of collaboration opportunities within the CBSR and with neighbouring markets, example Russia
- Increasing R&D efforts and co-operation in the fields of biosciences and food production technologies
- Programs for counteracting xenophobia and intolerance
- Rethinking and remodelling of public sector services

## Slow life, new life

- Development of local and joint measures for preserving natural environments, including the Baltic Sea
- Joint marketing of the CBSR as a tourist destination as a whole, including St. Petersburg
- Development of the Nordic welfare model and implementation of measures to significantly improve efficiency in the public sector

## Joint Scenario Dependent Plans | CBSR (1/2)

### Scenario 1: Partners for sustainability

- Gather money from EU and the CBSR states directed into the environmental sphere; political support and actions for sustainable solutions; early stage financing is available.
- CBSR network of higher education establishments targeted to education export to Asia.
- Coordinated actions towards immigration policy and education policy (equal policy in getting visa; education fees).
- Support and integration actions to retain labour force from Asia.
- The Baltic Sea Region strategy shall be taken into account; we shall upgrade it and follow it regularly. The Baltic Sea Region (not the CBSR) shall act as a mega region.
- Preserve the cultural historical values that are distinctive for the CBSR.
- Strong CBSR marketing strategy and action plan on a global scale; it is targeted towards demands from Asian people (definite tourism packages: boat along the Baltic Sea, eco-tourism etc.).
- Pragmatic co-operation agreements and actions with Russia to involve it in co-operation with Asia.
- Strategy to attract young people to the CBSR for staying and working and have [strategies and services for elderly people too](#).

### Scenario 2: Slow life, new life

- Develop the public sector towards making it less resource intensive. Welfare as a strategic goal – fighting poverty and inequality. Distribution of wealth should be more even.
- Encourage the change of values and attitudes.
- Socially sustainable work life and leisure time.
- Because of isolation from global markets it is necessary to work closer together in the Baltic Sea Region to get and offer more varied services and products.
- For example BSR should form common markets/products for marketing ecotourism services.
- Develop our slow operational environment to keep and attract knowledge workers in our regions.
- Emphasise quality over quantity. Safety and cleanness. Rise of rural villages.
- Support to voluntary organisations for building a stronger civil society.

## Joint Scenario Dependent Plans | CBSR (2/2)

### Scenario 3: Disorganised Society

- Regional governance and cross-border co-operation becomes important – institution building
- Protectionism, money, people, and business (restricting resource flows out of CBSR)
- Sharing natural resources, including European Russia
- Urban planning for new groups of inhabitants, housing and transportation
- More money for security and defence
- Strengthening local culture and identity
- Promoting a multicultural society: eliminating isolation and enhancing regional cohesion by education opportunities
- Lack of multinationals – more support for local SMEs
- Cost of travel increases: local production, for example farming, food and IT, becomes important
- Revising the welfare system

### Scenario 4: Married to Asia

- Chinese language & culture teaching
- Collaboration platforms: real projects and real ideas
- Baltic & Nordic welfare model 2.0, modification to meet the needs of the future (education, health-care, elderly care systems export)
- Increased university co-operation between the CBSR and Asia
- Attract skilled and competent people by managing immigration friendly politics and developing great, enjoyable urban and natural environments.
- Governmental support for an innovation system (food, environment, green tech)
- Export of Nordic local food production systems to Asia: food business there Nordic standards & brands
- ECOtourism, health tourism, quality tourism
- Being open to the world while maintaining good parts of our culture and identity, including democratic rights and taking care of others



BASAAR Scenario Project

## PART 9

# Monitoring Progress and Taking Action

*Time never stands still. The Scenarios and the Driver Assessments will need continuous updates and reassessments.*

# Monitoring Progress | Making Use of BASAAR Scenarios

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The BASAAR Scenarios can be used as a reference scenarios when developing focused scenarios for different regions.

Focused Scenarios can help

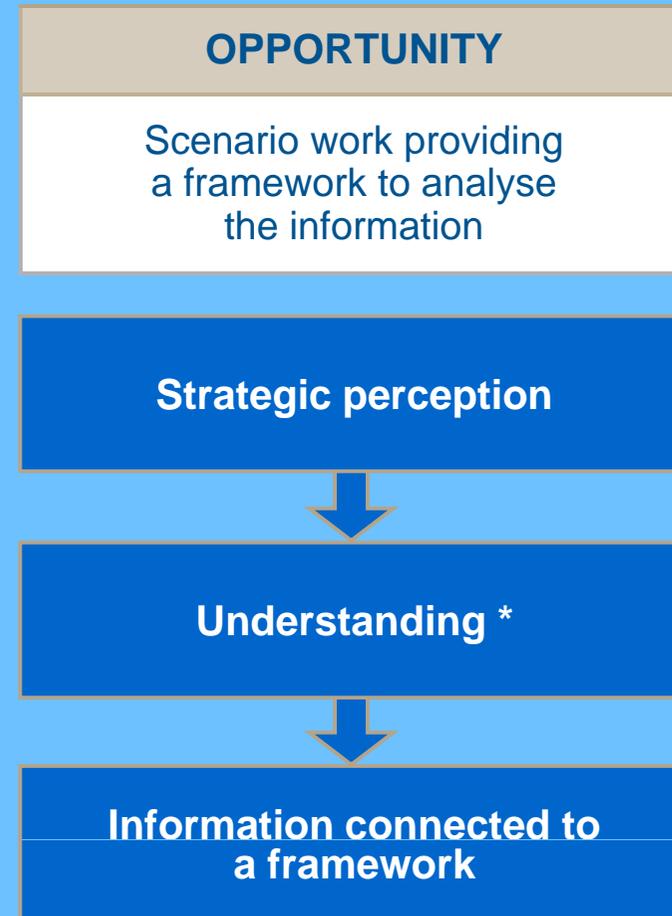
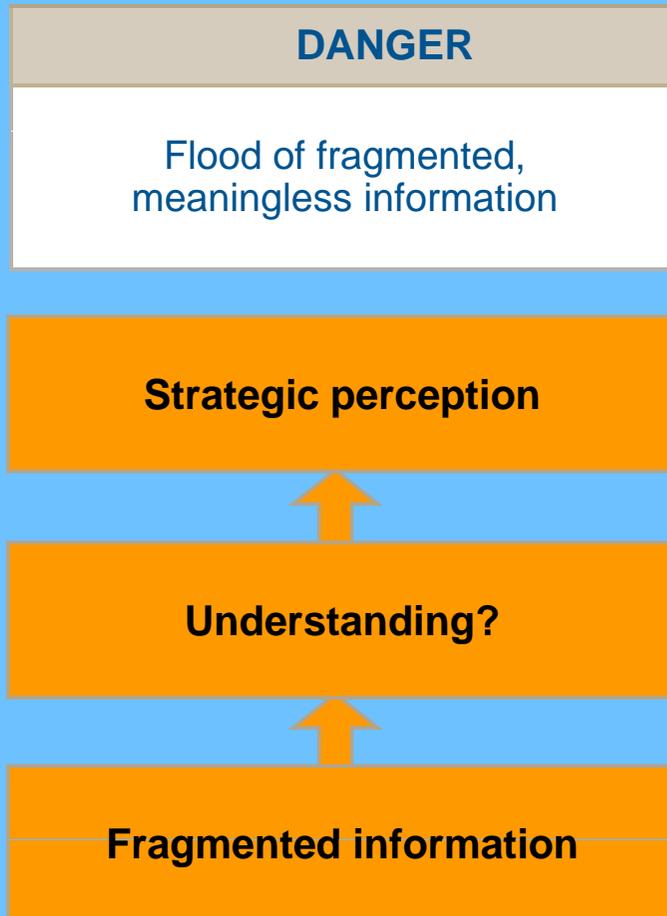
- to develop the region's current strategy
- to draft of contingency plans
- to develop alternative strategies, identification of risks and opportunities
- to renew or revise decision makers' strategic perceptions
- to monitor the operative environment

The Scenario Martix approach can be used for develpig new or more detailed scenarios.

The Matrix for Chnqe and Action can be used to follow up and reassessing trends and in the environment.

# Monitoring Progress | Information Flows

More information – What about understanding?



\*Understanding: Explanations why a certain thing is like it is, and how it is connected to other things

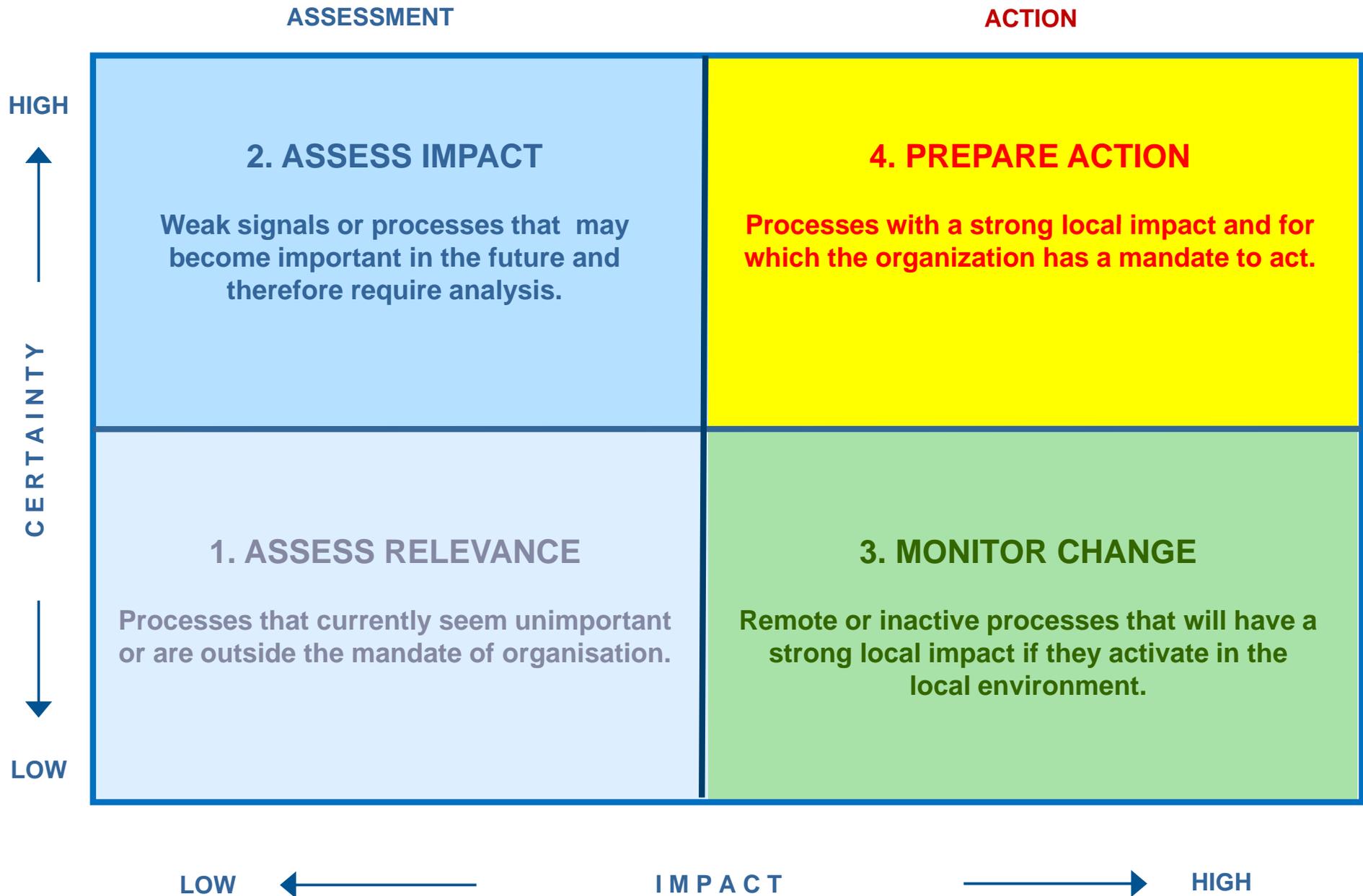
# Monitoring Progress | Operating Environment

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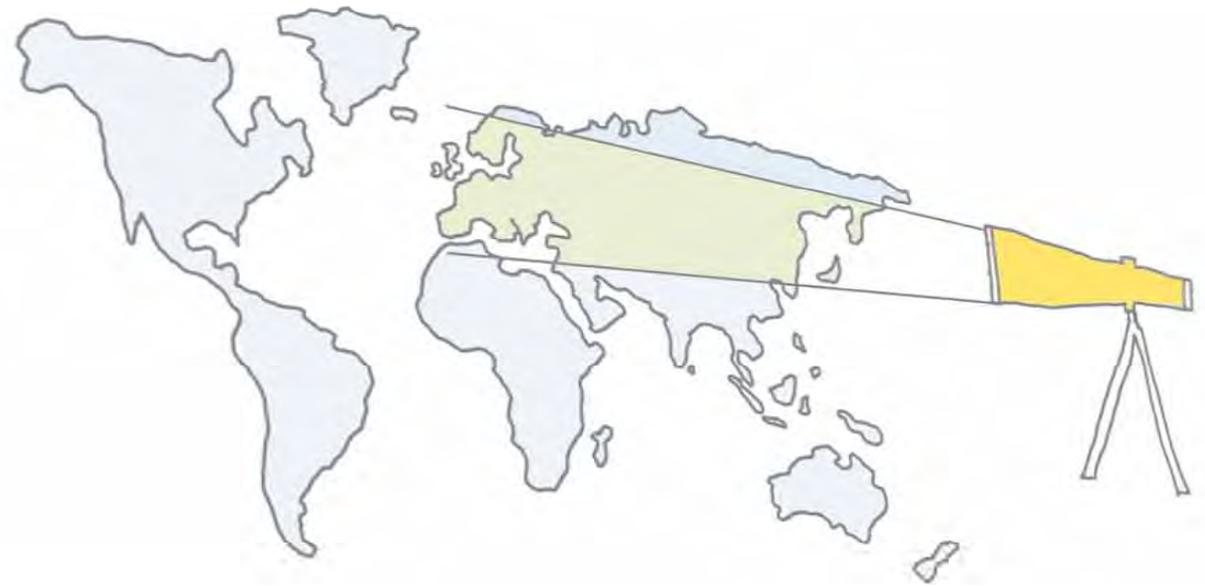
The BASAAR scenarios can be used to monitor the operating environment

- We can monitor changes in the scenario matrix and scenarios. To what direction the operating environment is developing? Is a certain scenario unfolding?
- Monitoring trends and certainties. What is happening regarding scenario independent factors, trends and continuities?
- What are the implications of the changes on different regions in the CBSR?
- Can we identify some new trends, uncertainties or weak signals?
- Monitoring business environment related basic assumptions of region's strategy.

# Monitoring Progress | Change and Actions







BASAAR Scenario Project

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**PART 10**

**Comments by Experts**

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*Listening to what the Asian and European experts want to tell us is a Critical Success Factor.*

## Comments | External Experts

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The BASAAR Project invited a group of external experts, not related to the project, to comment on the scenarios and their implications. A large number of comments were submitted, mostly by Asian commentators. The comments have no statistical significance and they cannot be viewed as representative of any particular target group, but they do represent the opinions of experts that are well aware of the issues addressed in the scenarios and have a good understanding of possible future trends.

Regarding some scenario topics assessments tend to converge. Regarding others assessments sometimes differ widely. For instance, the need for intensified contacts between Asian and CCSR is often directly supported or implied. However, Asian comments reflect a trust in technological progress and in the ultimate success of global business. European comments often reflect a concern that the human and material costs of a degrading environment will ultimately undermine growth and create social tension.

The comments do not necessarily reflect the opinions of the BASAAR project partners or their organizations. The submitted comments should be viewed as *food for thought*. The BASAAR Project Team hopes the comments will inspire to a much needed East-West dialog about sustainability and that they will encourage other partners to conduct more focused studies than what was possible in the BASAAR Project.

A dialog at all levels - planners, futurologists and business - is needed to reach a common and deeper understanding of ways to develop a more sustainable world. One Asian commentator concluded that '*Let's sit down and discuss how to solve the problems*'. This may well be the most important recommendation of the BASAAR project.

The next pages is a sample of comments received.

## Comments | Two Key Questions

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### **Don't worry about the environment and resource issues**

Human beings have developed new technologies to address issues of resources and environmental bottlenecks in the global development. Countries and regions that are open and integrated into the globalization process need not worry about slower economic growth and their welfare to decrease, unless they themselves select self-isolation. Environmental damage is the result of wars and irrational behaviour of human beings, not the result of business competition.

In the foreseeable future, as long as nation-states exist and the global political system is not unified, global competition for resources is inevitable, unless private ownership is eliminated. Taking developed countries as a proof, the environment will become increasingly better when their economy and society are developed to a certain level. Solving this issue depends on whether developed countries are willing to share the know-how of new technologies and if one can improve current ways of production and wasteful lifestyles.

### **Education**

A positive public attitude to this integration, to the some extent, is a key matter for you to get there, so you need to educate public first, that means let public understand the real story.

### **Need an understanding about Asian development**

need a thorough understanding about Asian development, it is not a negative factor for the worldwide environment and economic development, Asian countries have made a commitment for the environment, so the first key question has to be reconsidered how to ask, and it is so important because it is a question which will lead your thinking through the whole study

# Comments | Scenario Independent Factors

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## **More look for growth opportunities and less worry about issues**

Globalization is the trend of global economic development. The importance of China and India is increasing in the global economy, but it should not be overestimated. Their economies are still weak and under development. Before 2050, the European Union and North America will remain the leaders of the global economy. Rapid population growth in China, India and in other developing countries is the consequences of both economic underdevelopment and inadequate social security.

I believe that when a certain level of socio-economic development is achieved, the rapid population growth problem will be remedied. Decades ago, the Chinese government had decided to actively limit excessive population growth, but India has not done so. This may be a question of a democratic society. Increased urbanization is a good way to develop economy and to improve living standard. Issues of limited resources and climate changes will be resolved by the new technologies and it provides opportunities for a new market. One should not be panic about this.

## **Attitude is everything**

The independent factors listed above are the dependent factors on attitude. The public attitude is so important while you want public makes a choice. And what can change public attitude? The answer is education, which has a very broad meaning.

# Comments | Drivers

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## Development of Asia

### *Scenario: 3. Disorganized Society*

#### *Funny way to ask the question for academics*

"a tiger with teeth" is a funny way to ask public a question like this, so you can see that education is not just needed for public but also for the researchers.

we all know that a strong trade protectionism comes from where.

#### *United States of China*

What about if China falls apart into many states? Can it be in this scenario??

A good example is that Google retreated from China to Hong Kong. What does it take to maintain an unified China while it is getting harder and harder to contain the freedom of speech? I would suggest 2 scenarios for China development: 1) an unified China, a tiger with teeth 2) United States of China, a peaceful regional power.

#### *Comments*

Move towards protectionism in the "world" limits global trade. - protectionism doesn't only happen in Asia but also in Europe and America.

# Comments | Drivers

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## Climate change

**Scenario: 4. Married to Asia**

***Lack of global agreements may coexist with a fragmented and green market.***

The *International community* refers to governments, UN, WTO and other bodies trying to create global agreements. They may fail to reach globally binding agreements, but companies may still compete with energy efficient products. This creates a heterogeneous environment which is ineffective on a global scale because solutions are patchy and random. In fact, this is somewhat like the current situation.

***Claims inconsistent***

Here the first claim clashes with the other two, particularly with the second one. Therefore impossible to assess this.

## Communication and Networking

**Scenario: 4. Married to Asia**

***Suggestion***

Networking with Asian and other emerging economy, e.g. BRIC, is an essential.....

# Comments | Strategic Options for CBSR

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## ***Scenario: 1. Partners for Sustainability***

### ***The conclusion of risks and opportunities is not complete***

In the opportunities and risks, the summary could include more points. For instance, the regions can enhance trade and investment with Asia and Africa to obtain large-scale differentiation of goods, services and technologies; to attract foreign direct investment; and to implement an open immigration policy to attract foreign talents.

The resource of this region is the natural environment, but the risk is the American wasteful life style that will spoil this environment. To enhance economic cooperation between this region and China, the Strategic option should emphasize the regional economic integration and the single market economy and to establish free trade zone (FTA) with Asian countries in economic and technical cooperation.

## ***Scenario: 2. Slow Life, New Life***

### ***CBSR has many advantages***

Despite its small population and market and its independence on external economy, the CBSR has its special niche and plentiful resources, especially its extraordinary human capital. Therefore, this region can employ its predominance niche in its technology, resources and location to enhance cooperation with global partners including Asia. To achieve that, the government should lower taxation and welfare, to encourage investment and to expand employment. The risk is that the region is self-isolating and self-satisfied. Rigid social welfare system and political system also poses great challenges for expanding cooperation with outside world.

# Comments | Strategic Options for CCSR

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## ***Scenario: 3. Disorganized Society***

### ***Self-isolation policy and strategy are not good for CCSR***

A strategy of self-isolation is undesirable in the globalized world of today and the development of Asia is inseparable from Europe and the Baltic regions. The continued economic growth in Asia is the opportunity for this region. The actual risk for this local economy is the stagnation of Asian economy as capital, talents and cultural will lose its market. And it is the biggest risk for this local economy since it will lose its momentum to grow. Furthermore, without Asian economic growth, this region will need to pay higher cost of living since there are no cheaper products to import.

The key strategic options are to deepen economic cooperation with Asian countries and to promote trade and investment flow, especially in technology cooperation, to improve economic efficiency, and to upgrade regional economy to high end service and manufacturing industries.

## ***Scenario: 4. Married to Asia***

### ***Economic cooperation will not bring about value and cultural conflicts but will increase understanding and friendship***

Enhancing economic cooperation with Asia will not bring cultural and value conflicts, but only mutual understanding and friendships. Bilateral economic cooperation will increase the opportunities for sustainable economic development and will not pose a risk to any party.

But if the two sides fail to co-operate or one of them encounter economic turbulence, it will cause great risk to the other. The CCSR economy as a whole is much better developed than it is in Asia. With your predominant economy, the CCSR will benefit more from the cooperation; the Asian economies will also benefit from it, but comparably smaller. The CCSR should emphasis on high-end manufacturing and service industry to create liberal and open trade environment. It will lead the bilateral economic cooperation, enhance the cooperation.

# Comments | Strategic Options for Riga Region

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## ***Scenario: 1. Partners for Sustainability***

### ***The conclusion of risks and opportunities basically correct***

Summaries of challenges and risks are basically correct as the CBSR regions need to enhance economic, technological, educational, cultural exchanges and cooperation. Exchange and cooperation within the regions is an important strategic choice. Some of creative and innovative industries may have advantages, but it requires governmental organizations to coordinate and promote.

## ***Scenario: 2. Slow Life, New Life***

### ***Self-isolation and rigidity are greatest risks***

Globalization and global economic flows are comprehensive, not only limited to the population migration. It is rather parochial that the discussion of risks and opportunities are only limited to population mobility. From my opinion, isolation and stagnation are the greatest risk. Latvia has its geographic, ecological and cultural advantages which can enable cooperation with other Asian countries in transportation, tourism, education, cultural services and trade cooperation. Furthermore, Latvia can expand opportunities by cooperation with CBSR and other EU member countries. Opportunities are many but they requires people to strive for them. For instance, Japan is lacking natural resources, but with its creativity, it has created its economic miracle from foreign trade and external economic cooperation.

# Comments | Strategic Options for Riga Region

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## ***Scenario: 3. Disorganized Society***

### ***Not open policy is fatal***

In a globalizing world, it is economic demand which drive population mobility. Isolation and restricting mobility will cause Latvia to lose its development opportunities. In the meanwhile, to develop competitive companies that serves the global market. Latvia should actively promote its resources, goods, technology and international flows, attract foreign direct investment, technology from abroad, optimize industrial structure, and vigorously promote tourism, entertainment and creative services.

## ***Scenario: 4. Married to Asia***

### ***Prepare to cooperation is wise and don't just worry about immigration***

Taking Asian countries as economic, naturally there will be exchange and mobility of talents. In order to facilitate normal economic and trade contacts, one may not need to adjust to an open immigration policy but visa grants. Immigration is important as economic resources, and it is an opportunity, not risk. With economic cooperation with Asia, Latvian R & D researchers will not only gain better returns, but also will get more business opportunities for domestic enterprises, increase employment opportunities. This requires intergovernmental cooperation to expand opportunities, to build more cooperation platforms and to create a better economic environment.

# Comments | Strategic Options for Tallinn and Harju

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## ***Scenario: 1. Partners for Sustainability***

### ***The conclusion of risks and opportunities are not fully correct***

Some descriptions and opportunities of the scenarios are paradoxical with each other. Identified risk is not correct as, in my opinion; the real and primary risk is the unitary economic structure or insufficient economic integration with EU members. Some strategic options are not feasible, such as participation in China's democracy movement. More open and promotion of tourism is an important strategic option. Developing competitive industries or enterprises to participate in international competition is very important.

### ***A ridiculous option***

Is there any reason for you to suggest Tallinn and Harju take a strategic option under the scenario 1 (ie. partner for sustainability) of participating in democratic movements and civil rights NGO in China?

## ***Scenario: 2. Slow Life, New Life***

### ***Risks depend on self-isolation, rigidity and governmental no action***

Estonia is not a short of funds, manpower and resources. The key issue is to organize, integrate, and to use economic resources to transform into economic advantages. The risk is self isolation and, stagnation, or if the Government have not reacted to the challenges or over-reliance on market mechanisms. By deepening cooperation with Asia, Europe and CBR regions, Estonia can gain lots of business opportunities of access to differentiated market opportunities, optimizing the economic structure and improve the level of economic internationalization.

# Comments | Strategic Options for Tallinn and Harju

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## ***Scenario: 3. Disorganized Society***

### ***It is not reality to get rich by agriculture***

It is an important strategy for Estonia to enhance its advantages in cultural and ecological tourism. Need not worry about inflation of food prices, and it is unrealistic to expect getting rich by developing agriculture. Strengthening local economy in cooperation with Asia is a major opportunity. Isolation will cause economic decadence.

There is no use to worry about the potential border disputation with Russia or increase defence spending. Emphasis on integration and optimal allocation of local resources to create economic advantage, in the meanwhile, attract foreign investment and talents.

## ***Scenario: 4. Married to Asia***

### ***Cooperation is equal, and don't worry about losing anything***

Cooperation with the Asian economic resources will not cause waste and abuse of economic resources. Decision of cooperation is in your own hand and you will not be marginalized. Risk may exist in the loss of opportunities for cooperation, or in the Asian economic recession. Opportunity lies in the participation in the Asian economic development: finding the biggest market for the local talents, products, capital and technology. In the meanwhile, bring in Asian economic actors to the local economy.

# Comments | Strategic Options for Stockholm Region

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## ***Scenario: 1. Partners for Sustainability***

### ***Risks for Sweden do not have so high***

Sweden has better opportunities, such as to lower taxation, to provide favourable policy for foreign investors. Attracting FDI can maintain continued economic growth. Risk assessment in Sweden is too high. In fact, the biggest risk is self-isolation and stagnation, especially for/within the rigid social and political institutions. To provide a good environment for business, development, and education is a wise strategic option.

## ***Scenario: 2. Slow Life, New Life***

### ***Sweden have many advantages and opportunities, but high risks to self-isolate***

Sweden has many economic, technological and resource advantages. China's economy is increasingly open and seeking cooperation with other countries, not only Latin America, Africa and Oceania cooperation, but also with the European Union and North America.

China will not close the door and do the research on its own. European and American countries do not want to carry out scientific and technological cooperation with China and it forces China to go alone. Sweden's cooperation with Asian economy, science and technology, education, and cooperation in science and technology innovation will not be decreased. International migration is economic and useful. It will not cause depletion of human resources. Self-isolation is the biggest risk.

# Comments | Strategic Options for Stockholm Region

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## ***Scenario: 3. Disorganized Society***

### **Do not take the strategies of no open and self-isolation**

Global talent mobility and migration is an economic opportunity, not risk, Societal openness and efficient integration of cultures will create great benefits. Taking economic development of U.S. is the best example. Closure and isolation strategy is undesirable. Sweden has the technology innovation, entertainment, creativity, language skills and business experience advantage.

### **Exaggerate the risks of climate change**

The world economic order will not change in the next few decades. Neither China nor USA will become trade protectionists; however growth and income inequality in Asia will create a number of social problems. The risk of increasing climate refugees appears exaggerated, Talents mobility is economically reasonable. It is not risk but opportunity. Rising food prices to some extent is possible, but to expect food export from this region is unrealistic, because the local labour costs are too high. To attract Chinese riches to come to live here seems unrealistic. The real opportunity is to deepen cooperation with China and to expand business opportunities.

## ***Scenario: 4. Married to Asia***

### ***There are large potential for cooperation between China and Sweden***

Chinese and Swedish economies are highly complementary with each other and there is great potential to expand investment and trade. China's economic development will provide great business opportunities for the Swedish economy, technology and professionals. At the same time, the open Sweden economy will attract Chinese capital and talents. By cooperation, both can optimize resource allocation, increase economic efficiency, and pass on different opportunity to each other. Sweden has clear technology, talent and resource advantages. Combining these with the Chinese market and its low cost production will create comparative/synergy advantage.

# Comments | Strategic Options for Uusimaa & SW Finland

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## ***Scenario: 1. Partners for Sustainability***

### ***Do not need to highly value the risks for Finland***

Finland has many advantages in human capital, technology, resources and so on. The risk in the scenarios was overestimated. In fact, Finland has strong marketing network, international business experience and international language skills. What Finland needs to do is to strengthen cooperation with other members of the European Union, Asia, and North America in economy, R & D, and education. Your strengths are complementary to those of Asia. To support Finland in cooperating externally in all fields is the most important strategy. To build a global image in renewable energy is unrealistic.

## ***Scenario: 2. Slow Life, New Life***

### ***Nature***

The value of clean air, nature, quietness will increase and places which can offer that become popular destination for leisure travellers from densely populated world (China, India)..

### ***Isolation will lose the growing opportunities***

Self-isolation, self-satisfied, self-isolation are the biggest risks, and it is against the trend of globalization. Asian economic development and cooperation with Asia is an important opportunity for Finland and CBSR regions to fully play in its human resources, technology and resource.

Global mobility of talents is an opportunity but not the cause of the depletion of talents from the CBSR regions Easing the limitation on migration will help solving the problem brought by aging population. This Region's depending cooperation with China, such as establishing free trade zone or Chinese economic development zone will further expand the bilateral cooperation and trade.

### ***New-old lifestyle***

Quiet life could be best life for us, quickly ageing population of S-W Finland. We could consume less, travel less and use renewable products. If we can keep this country clean and quiet, why to try to attract eco-tourism? Or, if we accept eco-tourism, our services should be extremely expensive and difficult to get ("members only" -concept).

## ***Scenario: 3. Disorganized Society***

### ***Exaggerate the risks of climate change***

The world economic order will not change in the next few decades. Neither China nor USA will become trade protectionists; however growth and income inequality in Asia will create a number of social problems. The risk of increasing climate refugees appears exaggerated, Talents mobility is economically reasonable. It is not risk but opportunity. Rising food prices to some extent is possible, but to expect food export from this region is unrealistic, because the local labour costs are too high. To attract Chinese riches to come to live here seems unrealistic. The real opportunity is to deepen cooperation with China and to expand business opportunities.

## ***Scenario: 4. Married to Asia***

### ***Cultural understanding***

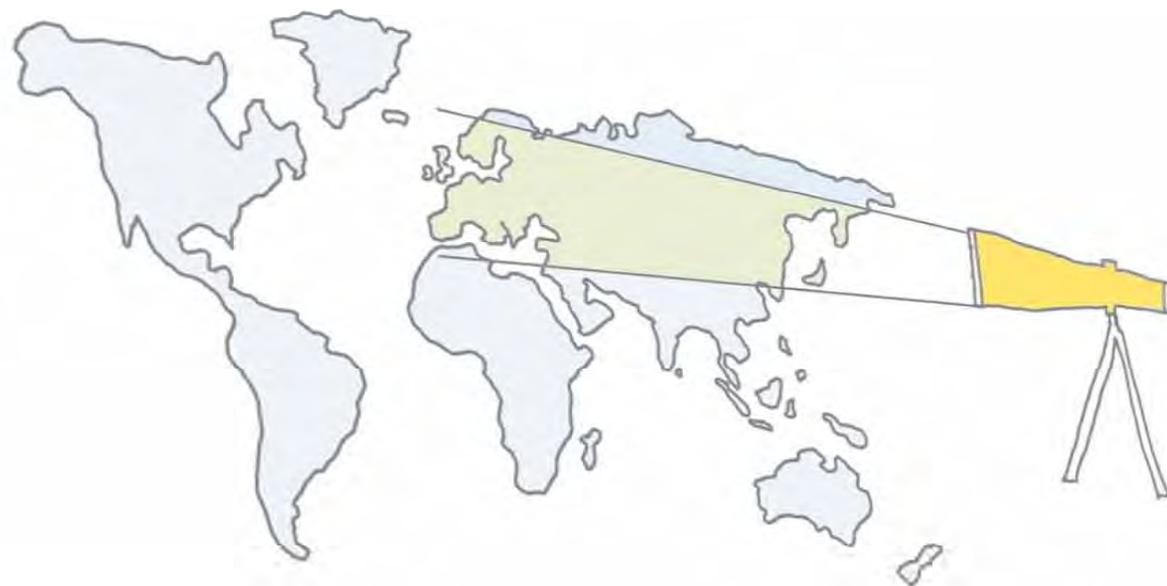
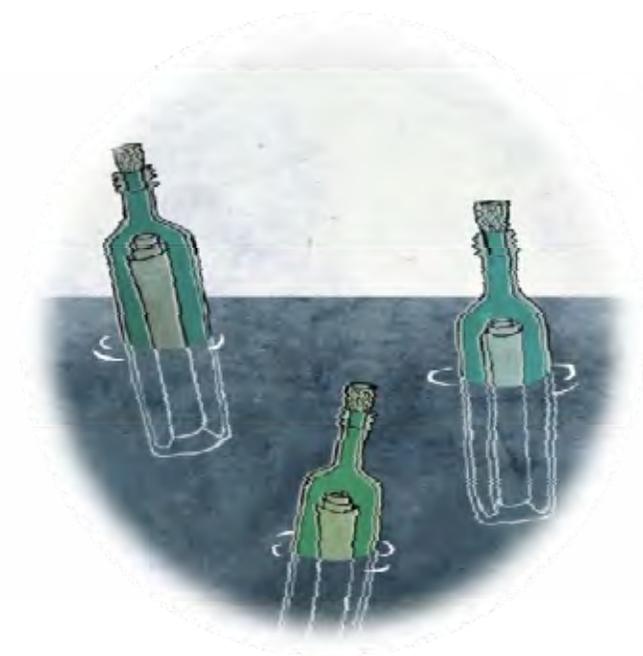
is needed and will increase. those countries who have invested in this will benefit, 'chinatows' will emerge is larger cities.

### ***Finland has many advantages and opportunities to sustainably grow***

Finland and the Baltic regions do not have outstanding advantages in attracting Chinese investments in labour-intensive industries, but may get investments in innovative ways. For instance, easy granting of working visas, improving the investment environment, special policies such as Industrial Development Zone for Chinese. The possible beneficial cooperation with Asia is in the fields of R&D, education and culture. Expanding technology, personnel and cultural exchange is very important. Finland can take great advantage of its strengths. Both countries can learn from each other. Finland can improve efficiency of resource allocation so that its predominance in its service sector can stand out.

### ***Promote openness towards foreign cultures***

In CBSR we should promote all kind of awareness and openness towards other cultures. This will help us to survive with all changes and with different scenarios. Borders are open, we have to be open for new things quickly.



BASAAR Scenario Project

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**PART 11**

**Appendices**

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# Appendices | Project Partners

## BASAAR Project: Baltic Sea –Asia Agenda for Regions in a Globalising World, 2009-2010

### Steering Group

- |                                |                 |
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| • Harju County Government      | Kaarel Kose     |
| • Riga Planning Region         | Janis Miezeris  |
| • City of Stockholm            | Helen Slättman  |
| • Uusimaa Regional Council     | Eero Venäläinen |
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### Project Partners

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| • Riga Planning Region                  | Dace Grinberga       |
| • Tallinn City Office                   | Inga Skurihhin       |
| • Turku Science Park Ltd                | Carl-Johan Åkerblom  |
| • Uusimaa Regional Council              | Jan-Henrik Johansson |

### Associated Project Partners

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| • Culminatium Ltd,                          | Kimmo Heinonen |

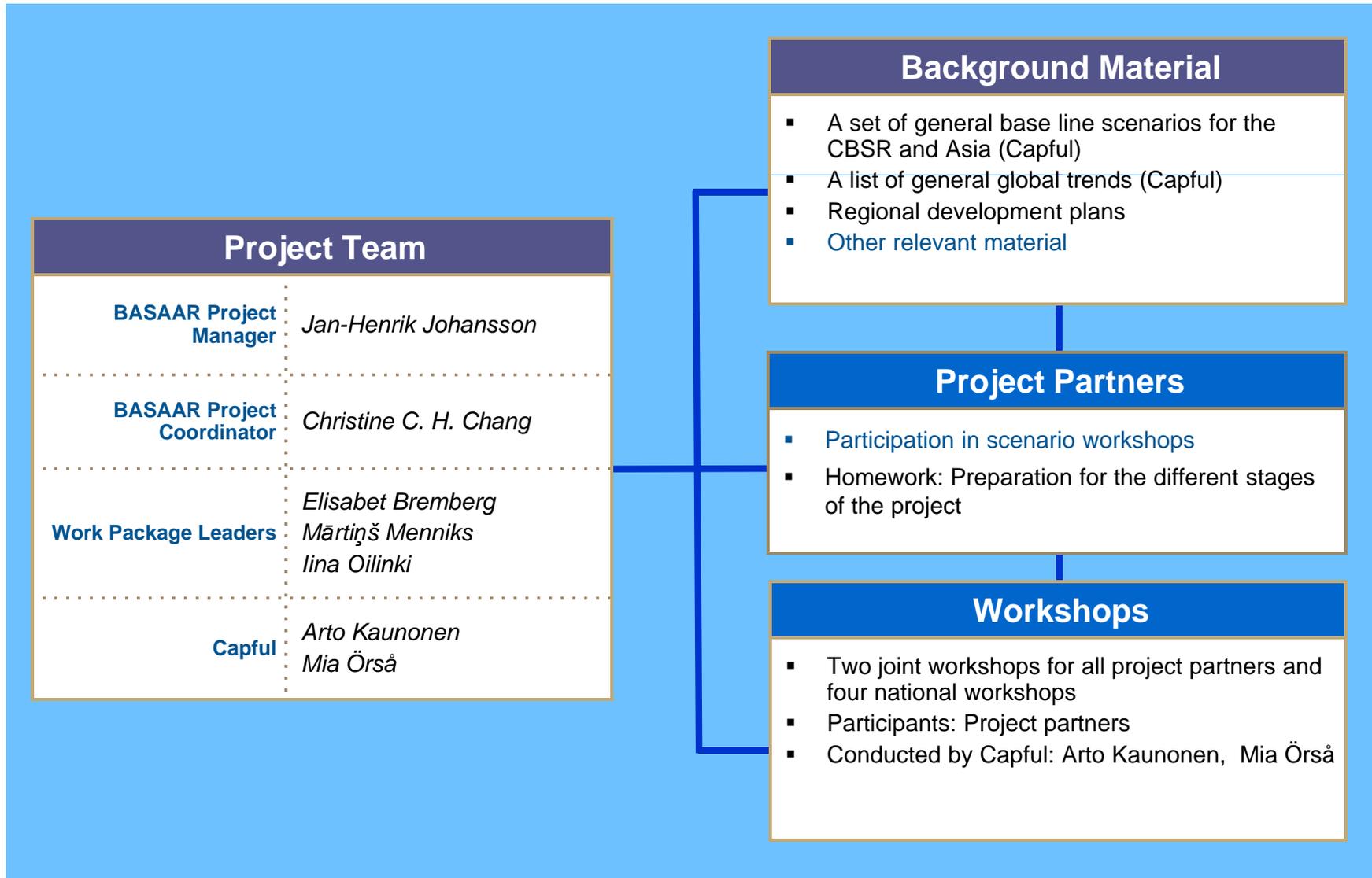
### Consultants

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| • Capful Ltd | Mia Örså      |



# Appendices | Project Organization

## BASAAR Project: *Baltic Sea –Asia Agenda for Regions in a Globalising World*



## Appendices | Scenario Group members and Eternal experts (1/2)

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Pesola, Jaakko	Centre for Economic Development, Transport and the Environment	Finland			

# Appendices | Future Links on Internet

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## Regional Foresight

- Regional Foresight <http://cordis.europa.eu/foresight/regional.htm>
- Earth System Visioning <http://www.icsu-visioning.org/>

## Scenarios, global outlook

- Global Scenario Group <http://gsg.org/>
- The South West Debates <http://www.swdebates.info/>
- Europe 2020 <http://www.europe2020.org/?lang=en>
- Global systemic crisis (Leap2020) [http://www.leap2020.eu/Global-systemic-crisis-New-tipping-point-in-March-2009-When-the-world-becomes-aware-that-this-crisis-is-worse-than-the\\_a2567.html](http://www.leap2020.eu/Global-systemic-crisis-New-tipping-point-in-March-2009-When-the-world-becomes-aware-that-this-crisis-is-worse-than-the_a2567.html)
- Future of Consumer Society <http://www.futuresconference.fi/2009/?id=materials>
- Global Risks 2009 <http://www.scribd.com/doc/10229864/Global-Risks-Report-2009>
- Global Research Report - China, 2010 <http://researchanalytics.thomsonreuters.com/m/pdfs/grr-china-nov09.pdf>
- Paradigm shifts Modelling and Innovative Approaches <http://www.pashmina-project.eu>
- The Future of U.S. Power: Is China going to eclipse the United States? Two possible scenarios for 2040. <http://www.rsis.edu.sg/publications/WorkingPapers/WP203.pdf>



# Four Futures

## *Central Baltic Sea Region 2050*

How will the emerging economies affect us?  
Will we be a tourist destination?  
How will the climate change treat us?  
How to serve foreign students?  
Will we be able to provide competitive green technology?



City of Helsinki Urban Facts | City of Stockholm | City of Uppsala | Harju County Government | Office of Regional Planning, Stockholm | Regional Council of Southwest Finland | Riga City Council | Riga Planning Region | Tallinn City Office | Turku Science Park Ltd | Uusimaa Regional Council

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