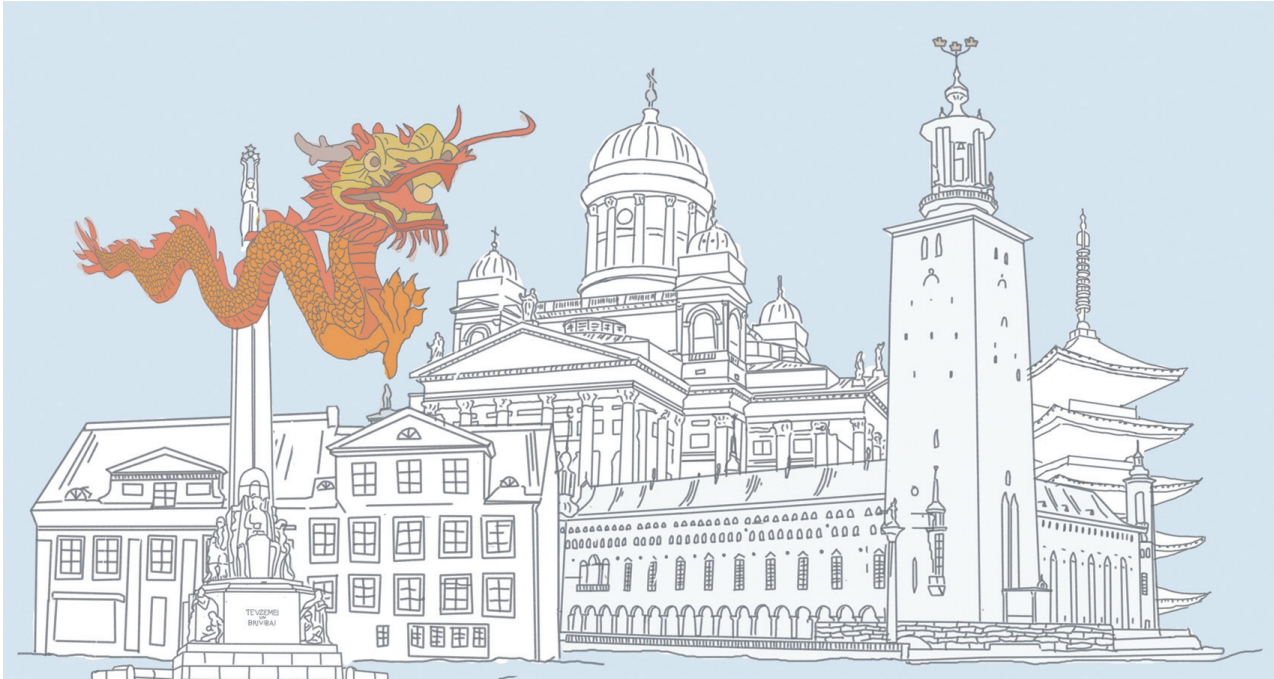


BASAAR Project

Baltic Sea- Asia Agenda for Regions in a Globalizing World



Policy Recommendations Summary

BASAAR Project
25 November 2010



CENTRAL BALTIC
INTERREG IV A
PROGRAMME
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Policy Recommendations

This is a list of all recommendations of the BASAR project. Please review the BASAAR Working Papers to get the full background information on which the recommendations are based.

SUMMARY OF POLICY RECOMMENDATIONS

1. Knowledge Society

- Provide or improve *services to integrate skilled Immigrants*
- Offer *flexible learning opportunities* to learn the local language
- *Provide primary education in English* for children of international workers
- Develop support programmes for *spouses* of skilled immigrant workers
- Make *public sector services more accessible* to immigrants
- *Market higher education opportunities* more actively Asia
- Make sure that *tuition fees in CBSR are competitive internationally*
- Provide *social networking services for newcomers* in the CBSR
- Develop *pathways into the local job market* to retain students and skilled workers

2. Resource Inventory

- Asian investments in CBSR require *careful preparation*
- Build and utilise qualified *expert networks*
- Develop better *business services* for companies coming to the CBSR
- Promote interest in the CBSR through more effective marketing in Asia
- CBSR regions should develop a joint Asian agenda and monitoring process

3. Networks and Flows

CBSR should improve its openness to Asia by

- easing the *visa granting* procedure for citizens of Asian countries
- making immigration policy more open, including the issuing of *work permits*
- *reducing barriers* to international trade and capital flows
- development of a *multicultural* society,
i.e. tolerance towards representatives of other races and their culture
- creating and improving competence in *Asian language and culture*.

CBSR should engage in active cooperation with Asian cities by

- *stimulating a dialogue* between the economic players of various cities
- mutually developing regionally significant *transport networks* for cooperation with Asian countries.

4. Recommendations by Outside Experts

- Promote cooperation between Asian and Latvian cities
- Promote cooperation between Asian and Latvian universities
- Focus on research collaboration as a long term strategy
- Initiate dialogue with Asia regarding values and sustainability
- Push cross-continental cooperation but not to accuse anybody

1 Knowledge Society

The policy recommendations for the Knowledge Society are based on the understanding gathered from the expert and stakeholder interviews. The purpose of these policy recommendations is to think about the best measures to be taken so that the Central Baltic Sea Region could improve its *possibilities to attract talent*. The recommendations are concrete acts or ideas raised from the current situation, from the perspective of highly skilled immigrants already living in the area and from experts working in fields closely related to immigration.

The majority of the material is based on interviews made in Helsinki, but the material provided by Stockholm provides very similar findings. The Latvian case is different, due to the different history of the country, the current economical situation and the smaller amount of Asian students and employees in Latvia. Therefore the Latvian recommendations are provided separately in section 4.

1.1 Provide or improve services to integrate skilled Immigrants

The first recommendation is that highly skilled immigrants shouldn't be seen as just one group a moving population but that there are two kinds of groups with different needs.

“There are basically two types of immigrants. There are those who are going to live here a very long term. Forever, even. And then there are others who are going to use this as a stepping stone for international experience. Five years, six years and then they move on to other country and go back to India, so ... Both of them have totally different needs. The short-term ones want to be able to save money and to go back with some experiences, some contacts, and some networks. And long term ones, they get adjusted to the whole life system here.”

In the expert interviews it became clear that highly skilled immigrants are looked at as a group that is only staying for a few years and therefore long term services for them are lacking. There could be several service improvements that could make staying in Finland an easier option for skilled immigrants.

1.2 Offer flexible opportunities to learn the local language

Local language classes should be offered in easier ways. It means more options including evening classes, more mandatory classes in universities and more flexibility in teaching methods (more emphasis on spoken everyday language).

“I haven’t found any Finnish courses that targets skilled immigrants that already have jobs. So that the courses are flexible, so that I can do it after work hours”

1.3 Provide primary education in English

Local language proficiency is a precondition for real integration. However, the possibility to educate children in the English language is very important to some immigrants, especially those from English speaking backgrounds or for those that will not stay in the CBSR. They want to start their children’s education in English, so that they can continue in a similar structure somewhere else. They want to be able to give their children more choices about their future and education.

“So, in Helsinki, why they don’t open new English speaking schools? There are lots of immigrants like us. Asked one government official about this, why don’t they open English speaking schools, they say that the immigrants are mainly floating population”

1.4 Develop support programmes for spouses

There should be special services and especially help with employment possibilities provided to the spouses of skilled immigrants. If the spouse doesn’t find work it’s unlikely that the family will stay for very long.

1.5 Make public sector services more accessible to immigrants

Services provided by the public sector should be marketed better to the immigrants. In the interviews the question of “How do you know what you need to know “ arose often. An integrated online service would greatly benefit the integration process. Infopankki (an online service in Helsinki) is well on its way to become such an service, but it should be marketed more efficiently as not immigrant groups aware of it.

1.6 Market higher education opportunities more actively

CBSR and its system of higher education should be promoted and advertised a lot more aggressively internationally. Students choose universities based on their recognition and reputation. Universities in the CBSR are not recognised enough although the level of education they offer can be excellent.

“Your graduation certificate is a certificate of your life. For your whole life, that’s why we check this list, when we decide which school we go to”

“If you say you come from US, then people say ok, it must be something good. I don’t know how people will react, when they see I’m coming from Finland “

1.7 Make tuition fees in CBSR internationally competitive

Setting the Tuition fees for universities at the right level is important. Finland and Sweden are not internationally well known for the quality of university education (like the UK and US are). Many students come here especially because of the free education. It’s likely that the amounts of applicants will be dramatically smaller if high tuition fees are introduced. If tuition fees are introduced it’s even more important to promote and advertise the universities of the CBSR internationally.

1.8 Provide social networking services for newcomers

Promote and develop social networking and activities for immigrants so that one of the biggest obstacles for staying in the area, i.e. loneliness and isolation, could be overcome.

1.9 Develop pathways into the local job market

Universities and institutions of higher education should develop trainee programs with local companies and other pathways into the labour market to facilitate employment possibilities for foreign students.

2 Resource Inventory

To date, Asian investments in the Central Baltic Sea Region have not increased to the same extent as trade. One of the primary objectives of this report is to identify recommendations regarding measures that could be implemented, locally and regionally, to support a development toward more direct Asian investments and joint ventures in the region. The significance of foreign investment for growth and employment is growing and most countries have ambitious programmes to attract investments. It is important that the inflow of foreign capital, technologies and human capital increases, particularly as a growing number of companies – primarily in Sweden and Finland – are moving their production, and their research and development, abroad. Competence-driven investments, such as Huawei's and ZTE's research centres in Kista, contribute to technology development in Sweden and broaden the base of qualified labour.

The recommendations below are written mostly from a Swedish perspective, but are hopefully applicable to all regions in the CBS.

2.1 Asian investments in CBSR require careful preparation

Based on experiences from previous Chinese investments, we have learnt that thorough preparation plays a vital role. Without careful preparation, there is a significant risk of failure. This applies to the involvement of municipalities and regions – and individual companies to an equal degree – in various investment and collaboration projects involving China:

A starting point is to ask why the municipality or region should become involved in a project with China. It is important that the cooperation is founded on the basis of well-reasoned and commercially viable grounds, not because others have done so.

It is also important to consider what types of cooperation and projects will be most beneficial? What are our comparative advantages, which areas, which sectors? Which city/region shall we cooperate with? Could it generate employment in our region?

Which other municipalities/regions engage in cooperation with China, which were successful, not so successful and why?

Do not be hasty to sign agreements. If something seems too good to be true, the chances are it is probably too good to be true.

2.2 Build and utilise qualified expert networks

Another recommendation that recurred throughout this project is the significance of forming qualified networks of individuals with extensive and in-depth experience of China. The right contact person who can arrange an introduction under the right circumstances can open many doors.

It is particularly important to utilise and build up networks with Chinese exchange students before they return home, since these contacts could prove to be important points of entry in the future. Swedish local politicians and companies can, for example, become much better at meeting and building networks with Chinese people in Sweden. A specific recommendation is to actively invite Chinese researchers and students in Sweden to various events, such as the celebration of Lucia Day, Walpurgis Night and Midsummer.

It is also important to identify and use *brokers*, meaning individuals with knowledge of both countries and who can match expertise from Sweden and China. There is a shortage of such individuals, since the majority only have knowledge of one of the two countries.

It is also more beneficial if “informal ambassadors” are involved in the cooperation. Sweden is a respected country in China, and is known for supporting free trade. The countries have long historic relations in terms of trade and Swedish establishments in China. Sweden’s relations with China commenced already in the days of the East India Company in the 1700s. In 1820, Sweden received its first official representative in China and the first bilateral agreement was signed in 1847. Already at the beginning of the 1900s, a number of Swedish companies, led by Ericsson and SKF, were active in China. This goodwill can be utilised!

2.3 Better business services

How companies are received and how rules and regulations are applied has a major impact on the local business climate and indirectly influences the interest in new investments.

It is vital that the region’s service to businesses operates effectively, for example, in connection with the issuing of permits and regulatory issues. Efficient procedures and rapid processes and, preferably, a common point of contact for newly started companies have been requested. This would mean that company officials would only need one contact address where they could do all of their

administrative business (e.g. register the company and pay tax, VAT and social security fees).

It is necessary to provide more and better information in English, or preferably Chinese. Authorities must be multi-lingual, particularly on the Internet.

The provision of qualified “aftercare” to retain, expand and create new company establishments is equally as important as a well-functioning reception service for foreign companies. This could include following up how companies perceive the business service and what problems they have experienced.

2.4 Better marketing of the CBSR in Asia is needed

Sweden and the Stockholm-Uppsala region are essentially unknown in much of Asia. The same can be said –perhaps to a greater degree – of the Central Baltic Sea Region. It is important to improve marketing activities and highlight our strategic sectors and profile areas.

To ensure that the region’s limited resources will be used in the most efficient manner possible, it is important to coordinate efforts in a joint long-term strategy. This can be achieved by focusing and restricting measures geographically to regions that are regarded as key regions or regions of particular importance.

An additional strategy could be to intensify focus on target groups that have already shown interest in the region. These groups could subsequently become bridge-builders in relation to new groups in the region.

Marketing activities could try to latch on to something bigger that is in progress and thus generate a greater impact, such as Expo 2010 Shanghai.

The image of the region that is communicated should be well reasoned and build on the region’s advantages and the positive view prevailing in Asia of the region – if indeed any such view of the region exists at all. Soft factors, such as high quality of life and effective welfare system, contribute to the positive view of Sweden abroad.

2.5 Development of a joint Asian agenda

Global growth is closely linked with development in Asia. At the same time, it is difficult to maintain knowledge at a local and regional level of events in Asia and their impact on us. A regional partnership on the build-up of a knowledge base and a joint Asia strategy in the Central Baltic Sea Region is justified.

The main elements of the strategy could be as follows:

- To jointly take stock of the region's China expertise – without knowledge of the expertise that actually exists in the region, we will not be able to utilise our full potential. By utilising each other's networks, and informal ambassadors, more channels could be utilised.
- To create better follow-up possibilities to gain an accurate picture of developments, such as through reliable statistics over the number of Chinese companies and students.
- To learn from and cooperate with regions that has advanced further. There is much to learn about how Hamburg was able to strengthen its China expertise and attract Chinese investments
- To identify and profile sectors with potential for a developed flow of trade and increased foreign direct investments from China and India. Demand is expected to increase significantly in both China and India, particularly in the areas of environmental technology and energy and water supply.

3 Network and Flows

When assessing the future relationships between Asia and the CBSR, two aspects seem especially important: firstly, openness or reticence towards Asia and, secondly, the character of cooperation among CBSR cities in regard to Asia.

3.1 Openness to Asia

The first is openness towards Asia wherein, on the one hand, state institutions and the society is open for the flow of people, goods, and services and capital from Asia. To envision and expect growth there must be, first of all, a major change in immigration policy, enhancing the way immigration documentation is being handled in both China and India. Unless this is done, not much growth can be expected neither in logistics, education nor tourism. If the national level policy is not altered, flows will remain small and growth can only be expected to happen via close partnership with the CBSR cities that already have gathered momentum in their cooperation with Asia. If, however, immigration policy and public awareness of Asian growth does change towards recognition, attention must be directed towards strengthening and employing cooperation with partner cities in China and India to invigorate the flows of tourism, education and logistics. This should be done in close unison with respective business representatives and national level politicians to increase the scope of this operation. Overall, public awareness must be raised with both cultural exchange and the far Asian language learning in schools.

The task of state and municipal institutions is to develop a more open policy towards the Asian countries. It would mean:

- Easing the visa granting procedure for citizens of Asian countries;
- Making immigration policy more open, including the issuing of work permits;
- Reducing barriers to international trade and capital flows;
- Development of a multicultural society, i.e. tolerance towards representatives of other races and their culture;
- Improving competence of Asian language and culture.

The ideas of reticence are reflected in the nationalism paradigm of globalization opponents, i.e. opposition to free flow of capital, goods and services as well as flow of people that pose an additional threat to local interests and national identities. Within this approach it is crucial to notice and to prevent threats connected to globalization. The more open state and municipal institutions are the higher will the threat of Asian enterprise and labour force competition be for

Latvian enterprises and labour force, as well as national values, i.e. language and mono-culturalism.

3.2 Cooperation among CBSR Cities

The second major development factor is the mutual relationships between the CBSR cities. There is either mutual competition or cooperation between the cities to attract flows of logistics, education and tourism. The data collected shows that some of these segments might operate on their own (i.e. market organizes cooperation and growth), while others depend significantly on municipality and its initiative to set out terms of cooperation. Even more so, as the profile analysis shows, there are somewhat different economies and scales operating on the opposite sides of the Baltic Sea. Economies of Sweden and Finland are stronger and are able to generate flows on their own, while those of Estonia and Latvia depend more on cooperation to attract Asian flows. Given that national political climate is not in favour of Asian cooperation, Riga and Tallinn might turn out to be even in a greater need to cooperate with other cities of the CBSR to generate inflows.

Within this development model it is the task of the municipalities

- to stimulate a dialogue between the economic players of various cities, as well as
- to mutually develop regionally significant transport networks for cooperation with Asian countries.

Within cooperation of city municipalities it is *necessary to increase the competitiveness of the network of cities by creating the critical mass necessary for the development and by joining the many capacities and competences of cities*. Cooperation stimulates economic growth of cities themselves and their nearest territories. Cities that are able to provide high quality value added services perform as cooperation knots in the network. Individual cities profile themselves within the city cooperation network or strive to develop a mutual supplement to the service functions rather than to duplicate functions.

4 Additional Recommendations

These recommendations were submitted outside experts.

4.1 Promoting cooperation between Asian and Latvian cities

Sister city programme: There is an opportunity to make use of the cooperation city status: Riga-Suzhou, Riga-Beijing, Daugavpils-Harbin, in order to realize cultural and education exchanges. Riga should develop itself as a student-friendly city – there exists a hostile attitude towards foreigners, racial attacks, student fraud at places of entertainment in Riga;

4.2 Promoting cooperation between Asian and Latvian universities

Bilateral recognition of diplomas: It is necessary to sign an agreement on bilateral diploma recognition between Latvia and China. Latvian universities need to sign cooperation agreements with Asian universities in order to develop the already existing cooperation with Asian countries in the field of education. It is advisable to develop cooperation with Sri Lanka in order to attract medical students;

Student exchanges: Latvia needs to be popularized as a country that provides possibilities to study in English. Chinese students require information in Chinese language because of the generally poor knowledge of English. Contacts among Latvian universities need to be encouraged – foreign students should be given a possibility to come in touch with other international students in other universities;

Exchange of lecturers: It is necessary to both attract guest lecturers and to support the work of Latvian lecturers in Asian universities. Currently such cooperation is practically non-existent. This would provide a possibility to popularize Latvian universities.

Curricula development: Development of joint university programs should be encouraged – this way a student can spend each semester studying in a different country of the Baltic Sea region. This way the various competences could be merged, e.g. Estonians – Japanology, Lithuanians – Indiology, Latvians – Sinology; of an academic research program in Asian commerce. The goal of Latvia is to develop the largest Asian region research centre in the Baltic States; Development of a summer school program suitable for Asian students by drawing in universities of the Baltic Sea Region. *General entrance examinations* of Latvian universities should be organized before the arrival of

students in Latvia. This can help to reduce the flow of illegal immigrants in the country;

4.3 Focus on research collaboration as a long term strategy

Protecting research findings and product innovations is a part of global agreements regarding IPRs. However, the emerging economies are increasing questioning this approach as a general rule of international law. There are already many limitations on what can be patented in the fields of medicine and agriculture. And, the more critical for example green technology will become, the less effective will measures to protect innovations become. If the long term estimates regarding Asian research capacity is correct, then protectionist attitudes in small economies like the CBS will create more problems for us than they will solve (see Global Research Report - China, 2010).

In the long run, there may be no alternative to focusing on close research collaboration with Asian universities and research communities. The European research establishment will not be able to compete in terms of competence and finance. Therefore, rather than focusing on protecting our local research results at all costs, a more effective long term strategy would be to create cooperation models in research and product development where research results and ultimate commercial success are shared.

Because we cannot beat them in the long run, we should join them now, before your competitors do it.

4.4 Initiate dialogue with Asia regarding values and sustainability

In the globalized context, how China will co-exist with other nations in future is an interesting and vital question. In order to sustain the development of China and the global peace of the world, it is necessary for an international dialogue on values, religions and spiritualities between China and other nations of the world, and Christianity can certainly play a positive role in such an encounter, since people are now partners within a small earth-village, in addition to cooperation we has no other options for us to survive.

4.5 Push the cooperation but not to accuse anybody

Asian sustained and healthy economic development is an opportunity for the CBSR to continue its own economy growth. China's economic development intends to create new global business opportunities, not threats. It will not absorb talents, resources or market opportunity away from this region. During Asian financial crisis in 1997 and the U.S. subprime crisis in 2008, it was China's strong economy growth that provided a recovering lift to the world economy.

Without the current Chinese economic development, these economic crises may have caused Western economies a great recession like the one in the 1930s.

About the BASAAR project

This report is one in a series prepared 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 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 sector¹.

One of the main aims of the BASAAR project is to improve the capacity of 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 a background papers for planners involved in regional planning processes by the project partners and other organisations. All reports can be downloaded from the websites of the project partners.

¹ Central Baltic INTERREG IV A Programme 2007-2013, p. 56; <http://www.centralbaltic.eu/programme>, accessed on 30.01.2010

BASAAR project partners:

- City of Helsinki Urban facts, Finland
- City of Stockholm, Sweden
- City of Uppsala, Sweden
- Harju County Government, Estonia
- Office of Regional Planning, Stockholm County Council, Sweden
- Regional Council of Southwest Finland, Finland
- Riga City Council, Latvia
- Riga Planning Region, Latvia
- Tallinn City Office, Estonia
- Turku Science Park Ltd., Finland
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