



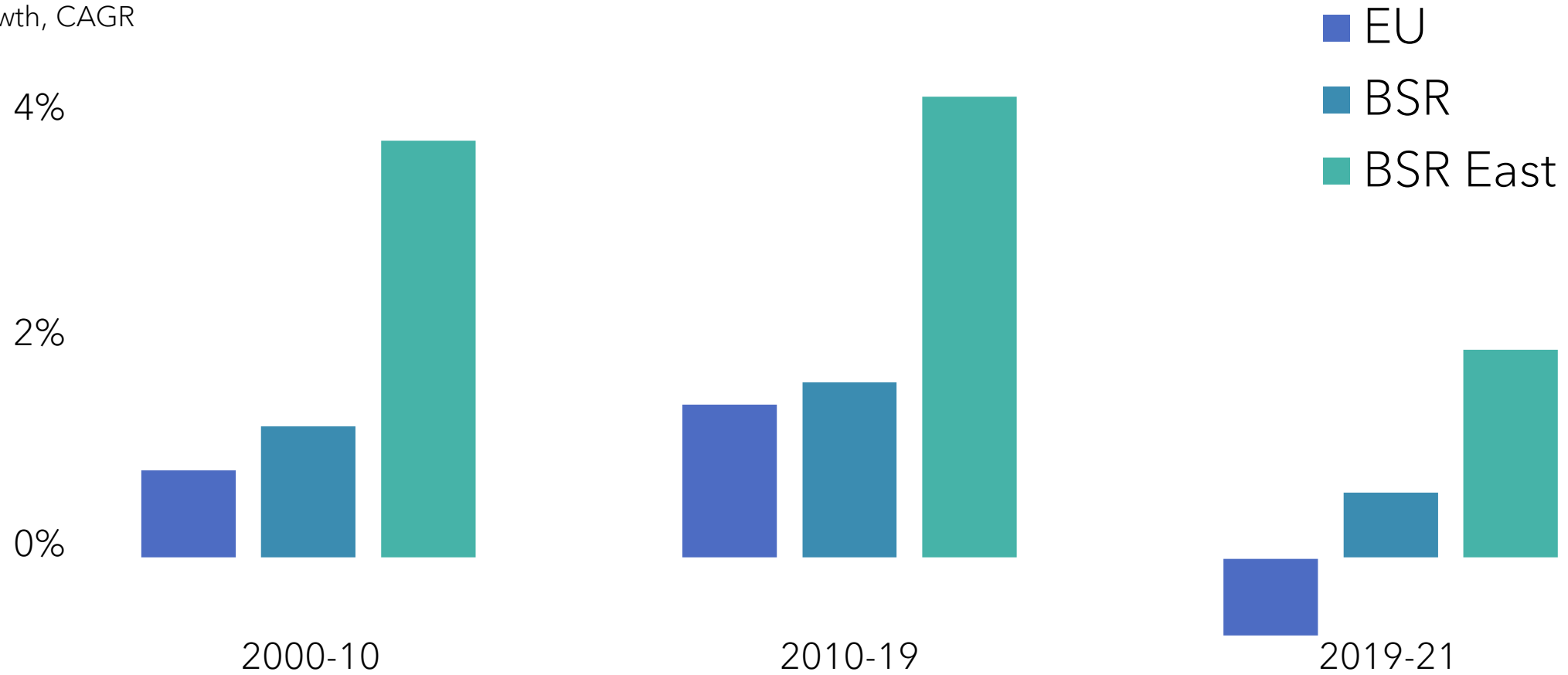
INNOVATION ARENA BALTIC SEA REGION

Dr. Christian Ketels
Harvard Business School

EUSBSR Annual Forum 2022
Lappeenranta, Finland

THE BSR CONVERGENCE MACHINE

Real GDP per Capita
Growth, CAGR





BSR INNOVATION
POWERHOUSE!

STRONG

- 6 BSR countries among top performers relative to income in the Global Innovation Index
- BSR outperforms the EU average by roughly 20% on the overall score on the EU Innovation Scoreboard
- BSR is home to 5 out of the top 20 regions globally by S&T intensity
- BSR is home to 265 out of 1000 leading European companies by R&D spend

INNOVATION FOR THE DUAL TRANSITION

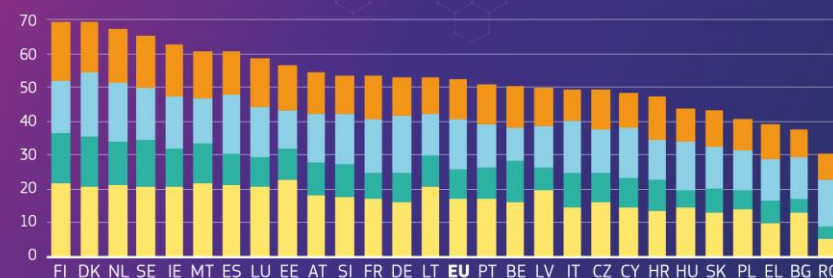
Global Sustainability Index 2021



Table 1: 2021 Global Energy Innovation Index rankings compared with 2016

2021 Rank	Country	2016 Rank	Change
1	Finland	1	0
2	Denmark	2	0
3	Sweden	3	0
4	United Kingdom	9	+5
5	Switzerland	8	+3
6	Belgium	10	+4
7	Netherlands	5	-2
8	Germany	11	+3
9	Canada	13	+4
10	France	6	-4

DESI 2022 Digital Economy and Society Index

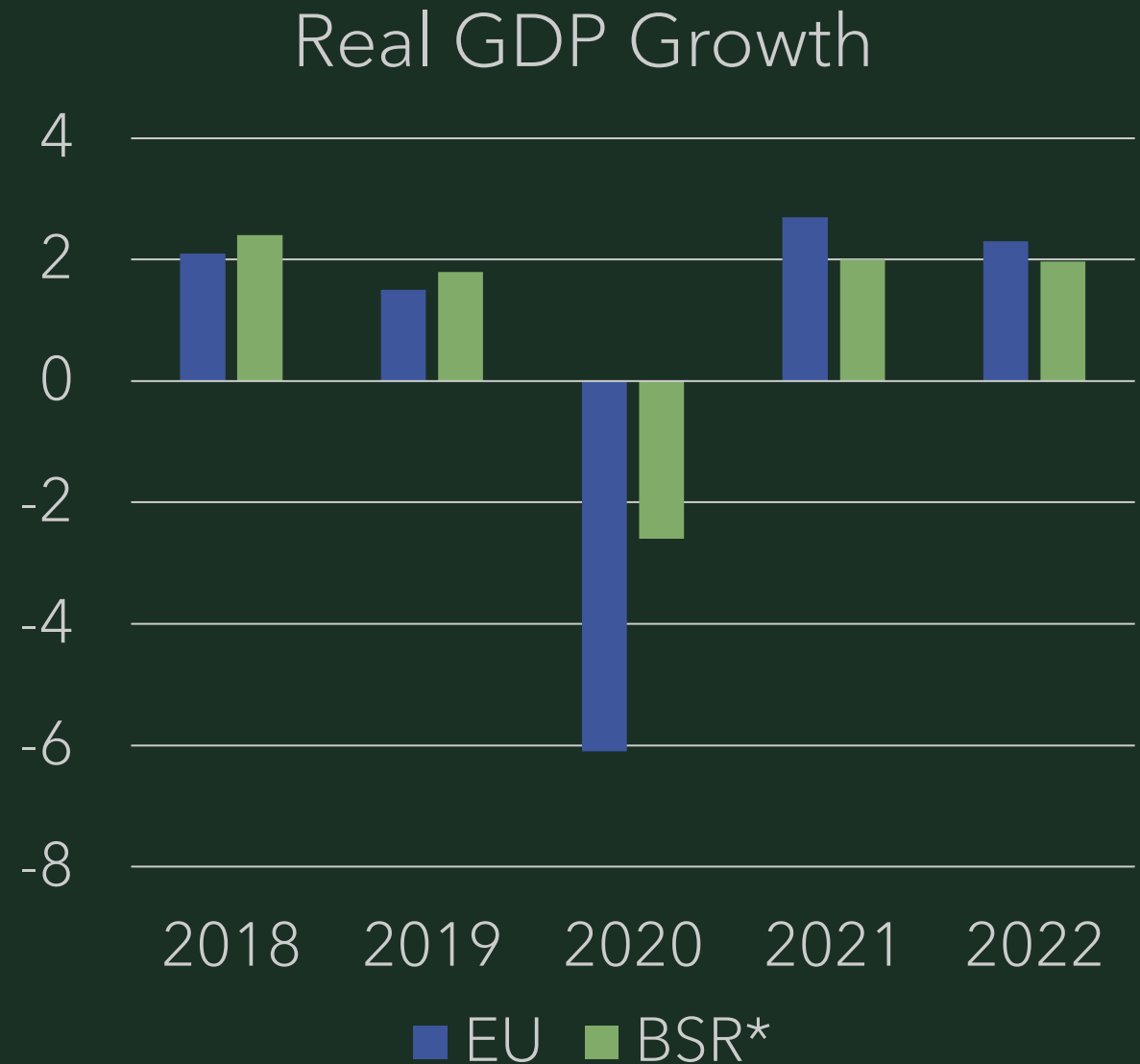


- HUMAN CAPITAL
- CONNECTIVITY
- INTEGRATION OF DIGITAL TECHNOLOGY
- DIGITAL PUBLIC SERVICES

STILL THE TOP OF EUROPE?

- Dependency on energy imports from Russia
- Dependency on global economic climate

What happens to the
Winner of Globalization
when
Globalization is changing?





BSR INNOVATION POWERHOUSE?

BUT SMALL

- BSR is home to 1 out of the top 50 regions globally by S&T volume
- BSR is home to 15 out of 100 leading European companies by R&D spend
- BSR is home to 90 out of 2500 leading global companies by R&D spend
- Top 5 companies account for 50% of all BSR corporate R&D spend



INNOVATING IN
THE REGION



INNOVATING AS
THE REGION

How important is regional collaboration for innovation in the Baltic Sea Region?

Topics

Funding

Actions



Challenge-driven innovation



Digital transformation



Co-Creation

At what level
are we addressing
Global Challenges?

European

Regional

National

Shifting Context of Global Innovation



Innovation policy moving from systemic to directional approaches

Knowledge is available everywhere. Top scientists co-locate in few locations. Innovation is increasingly a team effort

Innovation is increasingly concentrated in a few **urban hotspots**. These hotspots are increasingly connected and collaborating globally

Firms fund a stable 2/3s of R&D spending. A small number of MNCs dominate this spending

Emerging economies, China in particular, are increasingly key players in R&D activity

The **cost of innovation** is rising. The resources available for innovation are growing but are pro-cyclical

Innovation paths are becoming more heterogeneous, generally less linear, and cross institutional boundaries more often

ELEMENTS OF A UNIQUE ROLE FOR BSR COLLABORATION ON INNOVATION

Common Action

Cross-Border projects
in areas of significant
regional value-added

Common Voice

Shared efforts to shape EU
policies and position the region
as an Innovation leader

Common Tools

A new Challenge Fund
for High Risk, High Return
Missions

Offshore Wind Energy

Where else is there
potential?



ELEMENTS OF A UNIQUE ROLE FOR BSR COLLABORATION ON INNOVATION

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Cross-Border projects
addressing shared challenges

Common Voice

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EU policies and position the BSR
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Common Tools

A new Challenge Fund
for High Risk, High Return
Projects

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Common Tool

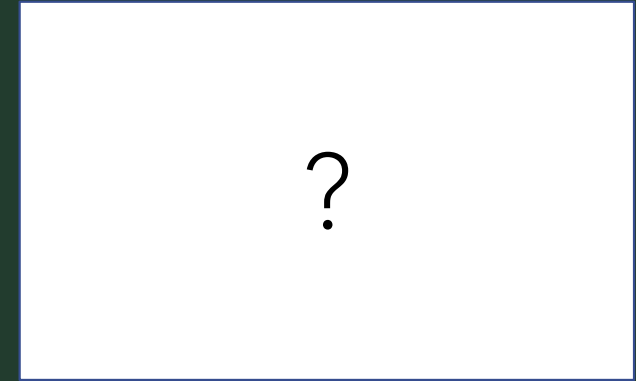
A new Challenge Fund
for High Risk, High Return
Projects



Vibrant but messy



Structured but with limited
political leadership



Working in the right areas

Making a unique and meaningful
contribution