

ESPON BT2050 Seminar

**The territorial future of the
Baltic Sea Region**
Insights for policy makers

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Shaping tomorrow, today

The Baltic Sea Region covers a vast geographical area with the Baltic Sea being its focal point. Traditionally the sea has been connecting the region, being the main means of transportation and trade. The region has a long cooperation tradition, bringing together regional players to address common challenges. Shaping the future has been a long time concern for the Baltic Sea Region. VASAB, Visions and Strategies around the Baltic Sea States, an intergovernmental cooperation of ten Baltic Sea states, supports territorial development and also has, already from 2009 developed a Long-Term Perspective for the region identifying regional assets, development trends and challenges that may affect the development of the Baltic Sea Region.

Scenarios and in particular territorial scenarios can be a useful tool to further inform and support policy makers in preparing for and shaping the future. To better support and update its work, VASAB initiated the ESPON targeted analysis project 'Territorial Scenarios for the Baltic Sea Region 2050'. This short report is aimed at informing policy makers, planners, regional stakeholders and researchers on how the project's outcomes can be used in practice.

Key Policy messages:

- Scenarios and territorial foresight are a useful tool to support the preparation of sound policies for desirable futures.
- The two territorial scenarios developed in the project are not about predicting the future, nor about making a final choice of a preferred future. Instead, they serve as eye-openers to raise awareness and stimulate out-of-the-box thinking in a more systematic and structured way about the future.
- Current trends and their territorial implications need to be considered to create balanced, sustainable and desirable futures.
- Territorial scenarios empower policy making, by enabling policy makers to prepare for the future, as well as inspire them to see the benefits and drawbacks of different paths that policies could take.
- Territorial scenarios can inform different levels of governance, different sectors and beyond of any administrative borders. It is in the hands of policymakers to consider them in the preparation of sound policies.

1 Introduction

Dealing with uncertainties. Today's world is more interconnected than ever. Interdependencies between places show that no place is an island. The future is full of uncertainties, and no one knows how things will develop. Black swans, like pandemics or wars, may occur unexpectedly. Trends like the internet of things, job automation, driverless vehicles, virtual mobility, decarbonisation of the economy, circular economy, changing demography, new forms of governance and political changes, de-growth and climate change, to name a few, will change every territory and by extension the future of the world irreversibly. For this, learning to deal with uncertainties is key.

Preparing for the future. When preparing for the future one needs to take those uncertainties into account, even if some look extreme or impossible in the present. The more statements about the future sound sensible, the more they probably still concern the present and would not be very useful for preparing the future. Instead, extreme, radical and exaggerated statements about the future are helpful to picture different outlooks. Territorial scenarios can analyse current trends, developments and their territorial implications. This glimpse to the future helps to see what may need to change or to continue in the future and how future policies can be best designed. Hence, territorial scenarios and foresight can provide plausible and possible different futures and can be a useful tool for policy makers in preparation for the future and in designing sound future policies.

Territorial Scenarios for the Baltic Sea Region 2050. The ESPON targeted analysis project 'Territorial Scenarios for the Baltic Sea Region 2050 – BT2050' developed three scenarios: one baseline and two alternative territorial scenarios. The project analysed the current state of the Baltic Sea Region, specifically in relation to how demographic, economic, environmental, and governance aspects have shaped the territorial structure of the region. The process of looking into the future resulted in the identification of the main trends and factors as well as unforeseen events (black swans) that can disturb the future development of the region. After this, a baseline scenario for 2030 and 2050 and two alternative territorial scenarios for the future of the Baltic Sea Region were developed. The baseline scenario assumes the most likely development if all important factors, including all major exogenous trends and all policy practices used in the recent past, will continue to be in effect until the target years of 2030 and 2050. The two alternative territorial scenarios for the BSR 2050 "Well-being in a circular economy – a RE-mind for a good life" and "Growing into green-tech giants – The ecological footprint clear-up" show two different pathways of how the future of the BSR could look like depending on different future developments. The scenarios were finally used to develop policy recommendations for the project's stakeholders.

This short report is the outcome of the ESPON workshop 'The future of the Baltic Sea Region' held on the 5th of March 2020, which was part of the project's dissemination activities and aimed to bring the project results closer to planners and policy makers. The objective of this report is twofold. On the one hand, it aims to highlight the usefulness of territorial scenarios for policymaking and future policy decision. On the other hand, it aims to give some first insights of how the territorial scenarios developed in the project could be used by different players, by reflecting feedback from the varied audience representing different institutions from different countries and with different expertise (e.g. local planners,

researchers, government representatives, private sector). This report first introduces the two territorial scenarios to then reflect the possible use of the BT 2050 project results in practice. It touches upon how the territorial scenarios produced in the framework of the BT2050 project could be used as tools for territorial and strategic planning in practice, reflecting upon the discussions of the workshop.

2 Two territorial futures for the Baltic Sea Region 2050

What are the possible territorial futures of the Baltic Sea Region? How could different trends play out in the different territories? The future of the Baltic Sea Region in 2050 is unknown; however, relevant players can prepare for it already today. Scenarios, and particularly territorial scenarios, is a means for stimulating discussions and preparing for possible futures to inspire policy makers in their work of policy design and implementation. The two territorial scenarios, developed in the framework of the ‘Territorial Scenarios for the Baltic Sea Region 2050’ project are not about predicting the future, nor about making a final choice of a preferred future. The two territorial scenarios serve as eye-openers to raise awareness and stimulate out-of-the-box thinking in a more systematic and structured way about the future.

Text-box 1: Territorial scenarios for the Baltic Sea Region 2050: How were the scenarios developed?

The territorial scenarios are largely based on a qualitative approach, involving a continuous participatory process of the project’s stakeholders. The involvement of the stakeholders from the beginning of the project and throughout it strengthened the ownership of the results. The first step towards developing the territorial scenarios was to select and identify the key trends that are most relevant for the Baltic Sea Region. The first workshop with the project stakeholders helped in discussing and identifying those trends that considered most relevant to the Baltic Sea Region. Based on this trend selection, the scenario logic was developed through a scenario matrix, based on a combination of trends, and presenting different extreme versions of them. The next step was to elaborate four extreme narratives, based on the scenario logic, giving a few more details on how they can play out. Findings from the baseline scenario¹, which was also developed in the project, also complementing the scenario logic. Through an interactive role-playing workshop, the project’s stakeholders discussed the four narratives and helped in narrowing them down to two, which would be further developed into two territorial scenarios through further desk research.

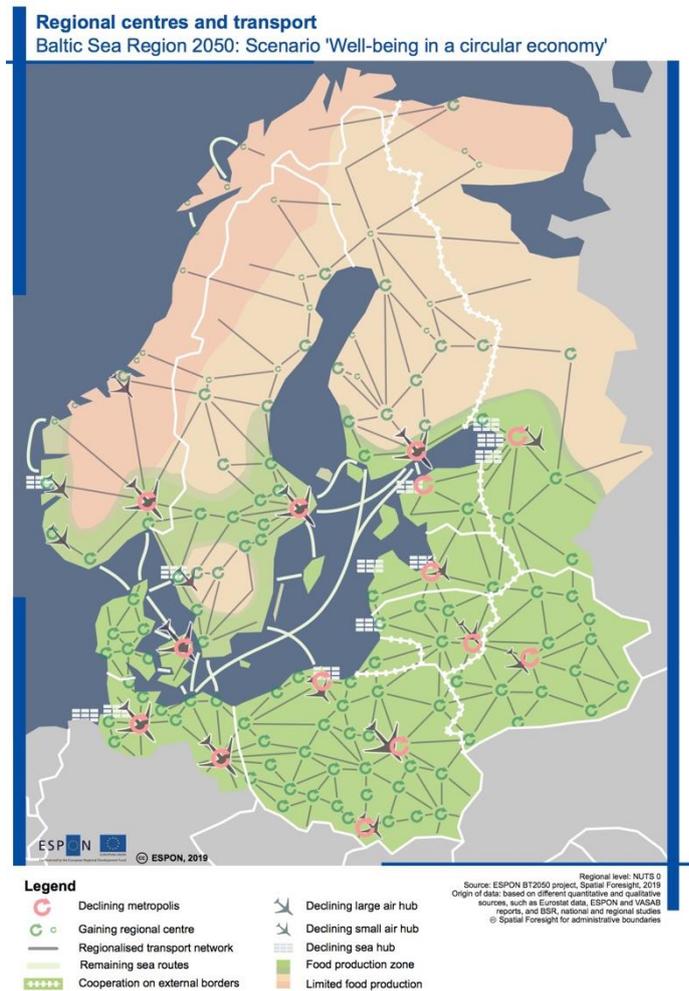
2.1 Baltic Sea Region 2050: Well-being in a circular economy – A RE-mind for a good life

The territorial scenario ‘Well-being in a circular economy – RE-mind for a good life’ pictures a future where the Baltic Sea Region has abandoned by 2050 the linear economic model and has adopted a fully functioning sharing and circular economic model in favour of a better quality of life. This scenario is about the change in citizens’ mindset towards endorsing a sharing, reusing and repairing culture to avert an environmental fallout. Here, citizens transform their lifestyles for their well-being, which relies on de-growth and less intense production. In this scenario, the everyday life of people changes dramatically. Sharing and repairing is the new state of mind, leading to a ‘re-purpose’ for all products and reduced consumerism. The sharing culture expands from housing to shared office spaces to clothing and knowledge. As the repairing culture is uplifted, the manufacturing sector is revived contributing to a re-industrialisation through more products ‘made in the Baltic Sea Region’, increasing the competitiveness

¹ The baseline scenario of the project is based on the SASI model and presents demographic and economic projections for the Baltic Sea Region in 2030 and 2050 and gives some hints about the territorial implications of this development. It assumes the most likely development if all relevant factors, including all major exogenous trends and policy practices used in the recent past, will continue to be in effect until the scenario’s target years of 2030 and 2050.

and resilience of the regional economy. Technological advancements continue with a flair of eco-vation, i.e. ecological innovation, connecting people on sharing platforms, work and activities.

Map 1 Regional centres and transport



Hence, decentralised patterns are observed in this territorial scenario, where second and third-tier cities and towns become the essential centres. Networks of small and medium-sized cities gain importance, and regional networks and economies emerge. Large metropolitan areas and capital cities lose their global importance as they are no longer the key GDP growth poles (see Map 1).

Given the regionalised character of this scenario, transport and logistics become secondary. Interregional air, rail and road freight transport connections lose their importance, as due to the increased local production and reduced consumption, less transport of goods and products is necessary. Transport becomes more expensive and serves only regionalised connections. This reduces the importance of metropolitan and large urban areas and particularly the global and European

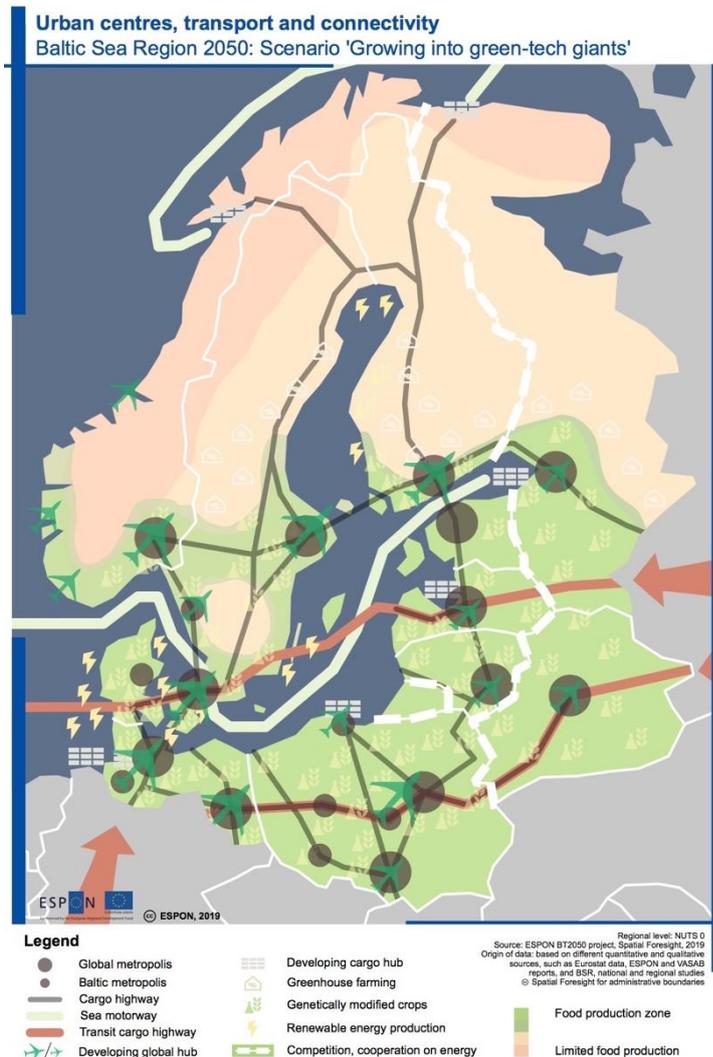
transport gateways of the region.

2.2 Baltic Sea Region 2050: Growing into green-tech giants – The ecological footprint clear-up

The territorial scenario ‘Growing into green-tech giants – The ecological footprint clear-up’ pictures a future where the Baltic Sea Region in 2050 is a global giant in green-tech, where innovation, growth and green technology are in the epicentre of work and everyday life. The Baltic Sea Region, putting as a key goal in this scenario the achievement of a net-zero greenhouse gas emissions, resulted in reducing the ecological footprint, while at the same time increasing eco-production and meeting growth targets, prompting a guilt-free apogee of consumerism. The everyday life of people changes dramatically. The 4th industrial revolution is in this scenario, the status quo, rather than a revolution. The Baltic Sea Region is becoming a ‘Baltic eco-silicon valley’ by using green-tech and innovation in different policies and sectors. Digitalisation, digital technologies, artificial intelligence, cloud computing, data mining, machine learning, cryptocurrencies are shaping every aspect of people’s lives. Algorithms can predict and adjust

what people shop, favouring personalised production, while e-commerce thrives at the expense of smaller local shops.

Map 2 *Urban centres, transport and connectivity*



In this scenario, a highly urbanised Baltic Sea Region is observed, with two cross-border global networks being the main green technology giants, namely Helsinki-Tallinn and Copenhagen-Malmö.

An increasing concentration of economic activity around the metropolitan areas and growth centres, which in most cases are capital cities is seen, leaving rural areas and smaller urban hubs with a less important role. Given the environmentally friendly production hype and the increasing growth, logistics and transport are of utmost importance. Hence, accessibility and transport by air, sea and rail have not only become greener and more intense but also transport hubs increased their global character (Map 2).

2.3 What are possible policy take-aways?

The two territorial scenarios serve as examples of how two different possible futures of the Baltic Sea Region in 2050 may look like and how different territories may be influenced, ranging from a decentralised region, with small and medium-sized cities in the urban hierarchy backbone and limited importance of transport and logistics, to urban green-tech giants as the key growth poles and global connectivity in increase. Depending on the policy choices and priorities, different outcomes may emerge. Territorial scenarios are to inspire policy makers in preparing sound policy choices for desirable futures.

From the two territorial scenarios, a few overarching policy take aways can be extracted. First and foremost, the importance of acknowledging the environment as a key driver for the economic development and of accepting technological change. In both scenarios, climate change and rapid technological progress are two developments that seem inevitable and can be addressed and tamed in

the future when joint approaches are taken forward. Acknowledging these will help in busting the myth that strict environmental policies hamper economic growth and further cultivate an environmental mindset. Technological advancements and innovation need to be high in agendas and keep the region competitive, while enforcement of cooperation and networks in this field may develop a stronger and more sustainable regional technological profile. Furthermore, a balanced territorial development would need to be envisaged. This balance is not only pivotal between regional development and global competitiveness for the region, but also between second-tier and smaller cities and urban growth poles. The two scenarios have shown the different paths that territorial development could take, with different 'winners' and 'losers' and hence a future for all places needs to be considered. From a more anthropocentric view, population changes and thinking beyond GDP need to be considered. Recognising that people's lifestyles change and what they consider as their 'well-being' or 'quality of life' is influenced by different factors is vital, as, in turn, this may also influence policies. Last but not least, the two scenarios have shown that the Baltic Sea Region is not an island, but part of an interconnected world. For more stability and growth in the region, the cooperation of all places, levels and players remains a must.

3 How can the BT2050 territorial scenarios be used in practice?

This was the baseline question of a workshop held in Stockholm in March 2020. The diverse audience with participants representing different institutions from eight European countries (Norway, Finland, Estonia, Latvia, Lithuania, Sweden, Poland, Luxembourg) and with different expertise was a great opportunity to grasp how the scenarios can be used in different working contexts.

In the workshop, the participants reflected and discussed their roles and competencies in both BT2050 scenarios: 'Well-being in a circular economy – RE-mind for a good life' and 'Growing into green-tech giants – The ecological footprint clear-up'. In the first discussion round, groups with members with different expertise (e.g. local planners, regional planners, researchers, representatives of international organisations, representatives of public authorities) reflected on how the role of their organisation could change in both scenarios. They also discussed if their organisation, currently, works towards or against the developments depicted in any of the scenarios. For example, regional planners are likely to strive for decentralised development as it enhances territorial cohesion.

This exercise aimed to promote a better understanding of how both scenarios may imply different challenges and opportunities to different practitioners, and by doing so, inspiring the discussion of policies or actions that could strengthen desirable developments and/or inhibit those deemed unwelcome. After this discussion, new groups were formed with participants with the same profession, who discussed and outlined challenges and opportunities, of their current practices in relation to the BT2050 scenarios. Some valuable lessons can be drawn from this exercise.

→ The scenarios motivate and inspire discussions

By providing holistic and coherent stories about the future, the scenarios made it easier for the participants to relate to them, express their opinions and exchange ideas. Thereby they were useful to bring the different stakeholders together and grasp how their competencies can play out in the future. For example, regional planners outlined that their strategies for mediating the discussions between national and local authorities would vary in both scenarios, such as prioritising policies that strengthen the competitiveness of the Baltic Sea Region in the global economy or focusing on strengthening the territorial cohesion of the region in which no place is left behind. The possibility to reflect on the differences of both scenarios does not mean that one scenario is particularly better than other or that participants have to choose between the two, but rather that the scenarios open the opportunity to discuss the future.

The scenarios also triggered discussions on the overlaps between different governance levels and how this issue is significant for the macro-regional approach. Public authorities and regional planners were particularly keen on discussing the importance of collaboration not only across different levels but also sectors and how it could play differently in both scenarios.

Local planners found somehow challenging to reflect on the role of their cities in light of both scenarios. Nevertheless, they highlighted that the cities are the *micro-organisms* of the macro-region, as it is in cities that daily life takes place, policies are implemented legitimised and/or contested. Some

participants also pinpointed the importance of urban agglomerations located in the cross-border regions for the territorial development of the macro-region as these cities are, usually, subject of different legislations. The planners, nevertheless, recognised and discussed the different roles urban and rural areas would have in both BT2050 scenarios and debated on issues of quality of life.

Implications of digital technologies on territorial development of the Baltic Sea Region were also discussed. Some planners argued that distance working would make it possible for people to spread through the territory more evenly. In contrast, others argued that this could be possible only through policy. Some participants also shared the belief that population growth would slow down in big cities while medium-sized cities would experience an increase in population as people need proximity, social amenities, and interaction which boosts creativity and business. In the perspective of some planners, smaller cities are apt to deliver a better quality of life, whereas other participants argued that there is no future for remote rural areas. A lesson learned from this reflection is that the scenarios inspired and engaged the participants in discussions and observations about how the future can unfold.

The representatives of public authorities and international organisations highlighted the added value of the BT2050 scenarios in making European policies and objectives more tangible at a lower geographical level. Depicting futures in a macro-regional scale increases the possibility that different stakeholders may have to realise their opportunities to influence the future of the macro-region. In some way, the BT2050 scenarios downplayed national borders while, at the same time, provoking debate what could be the role of the different countries in a particular future. Rather than claiming that any of the scenarios are desirable for the macro-region, they have proven to be useful for the participants reflecting on actions that would potentially have the most significant impact on the state of the macro-region.

Despite the different perspectives, the narratives of the future created empathy as the interplay between different expertise enhanced a better understanding of other stakeholders' expectations on the future development of the region.

→ **The scenarios stimulate critical and inventive thinking**

The scenarios have prompted critical thinking as the participants could reflect on the role of their organisations and their professional practices in light of the alternative futures for the Baltic Sea Region. For example, during the workshop, one group with representatives of international organisations pinpointed the possibility of weakening inter-governmental collaboration if the region is characterised by more regionalisation and relies more on local ties and networks. This indicates that the scenarios assisted the participants in making sense of changes in their external environments, helping identifying warning signals of possible problems.

The scenarios also have proven to be useful to unveil new possibilities and uncover new roles and competencies to address potential challenges or opportunities that may arise in the future. As technology plays an essential role in both scenarios, concerns on how digital technologies are undermining security and democracy were raised. In the opinion of some participants, democratic structures are threatened, by targeted advertising, enabled by Artificial Intelligence, and by trolling,

particularly during elections with acts of discrediting politicians and parties. They also highlighted that other forms of cybercrime are on the rise, (e.g. hacking) and that mass surveillance is undermining individual freedoms. These concerns signalise the need to further implement policies (international laws, align legal frameworks, norms of behaviour) and develop mechanisms (e.g. capacity building) to leveraging international cooperation to support free and secure cyberspace for the Baltic Sea Region.

Some participants shared the opinion that consumption would not lessen in the future but rather would focus more on 'experiences' than on 'products'. This would imply a lower environmental footprint and perhaps would become an opportunity for far-off areas exploiting their local and natural assets, attracting newcomers and tourists.

→ **The scenarios empower actors to play a role in shaping the future**

Alternative futures create images that convey different expectations of future developments and thus open space for analysing and challenge current structures. A coherent narrative about how the future could evolve provides a 'space for reflection' that otherwise, would be difficult.

During the workshop, the participants discussed the role of their organisations in both BT2050 scenarios. This exercise pointed out pro-active measures that could be taken to encourage desirable features of a particular scenario and/or to curb those that are unwanted.

The scenarios also sparked reflections about emergent and uncertain issues as a participant highlighted that a regionalised territorial development might become a reality considering the mobility restrictions imposed by the threats with COVID-19. In this respect, the scenarios have provided a framework to reflect on new alternatives to managing the effects of COVID-19 and to, possibly, minimise the vulnerability of the Baltic Sea Region.

Drifting away from 'business-as-usual' the BT2050 scenarios allowed relativisation, in which the future become negotiable, open and changeable. This raised awareness the future is created in the present as it is dependent on the actions and decisions that are taking today.

→ **The scenarios help to uncover the benefits and drawbacks of different decisions**

The BT2050 scenarios present quite different ways in which the future can evolve. Nonetheless, three assumptions hold similar for the development of both scenarios: **technological advancements** endure, **climate change** issues are tackled, and **cooperation between the Baltic Sea Region and the European Union** remains in the future.

These three aspects, however, play out differently in the different scenarios leading to different outcomes. For example, in 'Well-being in a circular economy – RE-mind for a good life', technology supports the production of high-quality goods that last longer and are easier to repair. Technology also supports the exchange of services and goods, the sharing economy, and, thus is a mean to decrease consumption and refrain climate change, which is the primary concern that drives civil society to strive for a more sustainable future.

Similarly, in 'Growing into green-tech giants – The ecological footprint clear-up', the target of reaching a zero-emissions Europe by 2050 makes climate a major driver for change. Nevertheless, in this scenario is the governments rather than the civil society, that triggers change which is much based on technological developments. The Baltic Sea Region becomes a strong economic global player and people in the region consume even more than today at expenses of technological modernisation that refrains the effects of climate change.

Thereby, the scenarios explore the dynamics of change and help understanding mechanisms that underlying change. They inform different courses of actions in relation to a goal, allowing the evaluation of alternatives and, by doing this, they shed light on the benefits and drawbacks of different decisions.

This possibility became evident in the outcomes of the workshop in which the experts were able to anticipate risks and opportunities linked to the transitions towards different scenarios.

→ **Scenarios inspire policymaking**

As mentioned before, the BT2050 scenarios do not intend to be realistic but provocative. Exposing the consequences, both beneficial and adverse, that can result from different developments, the scenarios can be helpful in mediating discussions, engaging stakeholders and inspiring policy making.

Offering ways of addressing current and future challenges, the BT2050 scenarios outlined different transitions to possible futures of the Baltic Sea Region. The changes described in both were initiated by different actors and have had different implications in the economy and society leading to different territorial developments in the future. A conscious society initiates a change towards a more sustainable future which is mediated by a circular model that reshapes the economy. On the other hand, government targeting to reach zero-emission by 2050, prioritise technological developments that assist in delivering a sustainable region, despite not changing the lifestyle of people radically. Thereby, both futures suggest alternative strategies and policies to deal with recurrent problems that have not been solved using traditional policies.

The scenarios are also a mean of integrating new perspectives into policy making process at different levels. The workshop held in Stockholm is an example of how the BT2050 scenarios can harvest different perspectives on the future of the region and hopefully has helped the participants identifying opportunities that can unlock means to implement measures that could strengthen the macro-region. This can, in fact, boosts the capacity of different actors to frame decision-making agendas to address probable challenges.

Mediating the conversation between different actors and allowing them to realise their possibilities for action, the scenarios can help to change uncertain futures into opportunities to achieve desirable futures.

4 Insights for policymakers

The two territorial scenarios serve as examples of how two different possible futures for the Baltic Sea Region in 2050 may look like and how territories may develop differently. They point out some policy choices, and it is in the hands of policymakers to consider them in the preparation of sound policies. In this respect, the BT2050 scenarios can assist policy makers in:

- **mediating dialogue and exploring and managing conflicts** between different interests and values to build a common ground for future action between various stakeholders;
- **finding compromises and identifying priorities**, as the scenarios enhanced a better understanding of the expectations different stakeholders have on the future development of the region.
- **informing discussion** to increase sectorial and multi-level cooperation between institutions that play a role in the region. This is particularly relevant for representatives of international organisations, national and regional authorities and local planners;
- **setting priorities for different futures**, as the scenarios explore how particular sectors (e.g. education, energy, bio-economy, tourism) may evolve in the future of the Baltic Sea Region. This is especially pertinent for Policy Areas Coordinators of the EUSBSR, national and regional authorities, private actors;
- **realising the potential of the different countries and regions** and strengthen multi-level governance cooperation in the future of the Baltic Sea Region. This may assist the work of national authorities and international organisations;
- **communicating intentions and visions** and evaluating if policies are leading to any of the futures depicted in the BT2050 scenarios, which is most appropriate for politicians.
- **outlining strengths** between environmental protection and economic sustainability, which can facilitate the work of environmental authorities;
- **providing alternatives** that strive for a balance between regional development and global competitiveness and to unlock the potential of smaller cities in capitalising their comparative advantages and have a position in the growth arena. This can be relevant for regional and local planners and
- **serving as a starting point** towards reflecting how the VASB Long Term Perspective can be updated due to new developments or changes that emerge through new trends and factors (ESPON, 2020), which is particularly relevant for VASAB members.

References:

ESPON (2020): Territorial Scenarios for the Baltic Sea Region 2050 – BT2050. *Final Report*. Luxembourg: ESPON EGTC

