

RED

Regional Economic Development

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19-03-2007

Report from the joint bilateral meeting in the frame of the project «Regional Economic Development» 15-16 February 2007



The meeting was held in the municipality of Zelenogradsk, Kaliningrad region and gathered 12 Swedish and 12 Russian participants. *List of participants are attached.* Sins this was a meeting held jointly with the BEE project there were some items that was held together. The same number of participants gathered in BEE project.

The programme consisted of a mix of plenum sessions and discussions; some of them were held jointly with Bee project, group sessions and study visits. *Meeting programme is attached.*

These two projects have two main tasks in common and that are to create a strategy for future project work including a developed method for co-operation.

The Swedish groups, RED and BEE arrived afternoon Wednesday the 14th at hotel Moscow in Kaliningrad city. A premeeting was organised to discuss the content of programme and decide responsibilities between the managers for carrying through the meeting.



There were also discussions concerning structure of first steering committee that was planed to be held Saturday the 17th. Unfortunately two of the Swedish SC members weren't able to participate due to much fog at the airport stopped

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their plain for landing. We decided to carry out the meeting any way with a reduced number of members. It was important to involve the steering committee in the project activities and give them a picture of the implementation process and how it proceeds.

Program is attached

The participant group went with buss to Zelenogradsk in the morning following day.

The purpose of this meeting was to give;

1. Exchange of project implementation results both on the Russian and Swedish side.
2. Presentation of the local governance system and economy development activity in local authority in Kalinigrad municipality.
3. Discussion on the content of WPs.
4. Planning of project implementation for future period.

Plenum session, April 15th

On the joint plenum session of RED and BEE projects **Konstantin Gimbitskiy**, AMOKO has introduced the frame of the sustainable development of the territory: how the territory thinks about itself and quality of its development as a joint problem for both projects and subject for its work. **Rolf A. Karlson** and **Peter Ratcovich** have described conditions in what local authorities in south Sweden exist, forming and performance of institutions that are in charge of territory positioning to the outer world.

Rolf A Karlson stressed the importance of sustainable development and used the municipality of Kalmar as an example of local networking for a better environment. Kalmar has taken a political decision that the municipality should be free of fossil fuel until 2030. They are using an arena model for starting co-operation with relevant actors at any levels. This arena stands as a model even for our discussion about future co-operation between south Sweden and Kaliningrad region.

Peter Ratcovich informed that municipalities in south Sweden are acting in the frame of business globalization process. For example the question of moving manufactures to low price countries stays a sharp one. Different local authorities select its own strategy to survive in the open world, for example, south of Sweden has made a bat of telecommunications, medical techniques and branches that require high level of knowledge. There is a need of increased knowledge in the Swedish industry as a strong component when it comes to competitiveness with the surrounding world. The industry in the Region Skåne has a high level of labour intensive industry (24%) and therefore the industry is sensitive for competitiveness from low cost countries. The European Union orients to promote growth and attract labor sources and development their knowledge. Regional development in Sweden bases on such documents as Lisbon strategy, Gothenburg agenda and national strategy for regional development.

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Peter Hogla, Regional Council of South Småland, has presented general principles and opportunities of lobbying. *Written paper is attached.*

The draft version (dummy) of bilateral cooperation was also presented; it will be developed and put into discussion on the next bilateral meeting in May 2007.

Study visit at the municipality of Gurjevsk

Gurjevsk surrounds Kaliningrad. It consists of 136 000 hectare land and 49 000 habitants (11000 live in Gurjevsk Town). The unemployment rate is rather low. Many of the inhabitants of Gurjevsk work in Kaliningrad Town. Due to the tax legislative system in Kaliningrad (people pay tax where they work and not where they live) Gurjevsk strives to get more people to work in Gurjevsk.

The Major of Gurjevsk is elected for 5 years with the possibility of getting re-elected for one period. There are 140 employees in the Municipality Gurjevsk. The Municipality works within four different areas: financial (budget related issues), social issues, town planning- and transport issues and Housing- and Municipal activities.

3 years ago the Municipality suffered from a severe depression. However 2005/06 a new strategy was re-in forced and since than the municipality has recovered financially.

The mayor sources of revenues for the Municipality are taxes. There are seven different taxes: property tax, company tax and tax regarding land of companies, gambling taxes, trade taxes, income tax and agriculture tax.

On the expenditure side the most important posts are: education (39 %) and the social sector.

When it comes to promote private investments in the municipality priority is given to the furniture and food branches.

During the visit to Gurjevsk city district project progress and planed activities for the next period on both sides were presented. The general situation on the Russian side is the following. The leading municipalities have formulated their vision of economy policy as a part of the overall policy for sustainable development. The Russian group, who has started to discuss the inner, structures of economy development, performance their thoughts. The innovative economy as a part of economy policy was discussed, the views of federal authorities on innovations was investigated. The process of economy development projecting has been started in particular when it comes to the tools of economy development. A question about necessity to start a network for economy development units in local authorities was formulated. This is of special importance in case when the regional level is getting stronger and it is a need to have examples of few strong local authorities.

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The local projects to reform local administration in Gurjevsk were presented. **Elena Diatlova, Head of department for strategic planning**, talked about general scheme of local governance. Following issues were covered:

- Base for sustainable development of economy – stimulating start of new companies and growth of the existing ones;
- Local authority together with business share responsibility for decision making;
- Cooperation between regional and local level in the Kaliningrad region and Sweden. For example; Creation of SofCentre in Ronneby was a mayor initiative but such a project couldn't be made without regional support;
- Local authorities in Sweden partly play a role of marketing service when they are assisting companies to find markets
- There was a question about what kind of business Swedish local authorities wouldn't like to see on their territory and who decided this
- How powers and responsibilities on economy policy issues are divided between levels in Sweden
- The market defines what business branch should be developed in the municipality, but the priority should be promoted on all levels
- It was a question about in what frames local authority when forming economy policy.

Sergeev Andrej, Deputy Head of Gurjevsk municipality of economy development presented the modern state and planning of economy development activity in the local authority. He, besides other things, informed that the task to developed dynamic of budget incomes increase is fulfilled and the new task is how to provide the sustainability of the municipality. Sustainability includes economy, social and environment policies. When it comes to the economy policy it is necessary to provide it with the following effective instruments: legal, administrative, public tools of local community development. At the moment in the municipality the tools are working out. For sustainable development a municipality has to position itself in the frames of cooperation with other municipalities, regional- and national level, global. Gurjevsk local community has decided that it is necessary to have on the territory such branches that will provide sustainability in the mentioned frames (by the moment the following branches are defined: wood processing, food industry, furniture manufacturing). Social situation on the territory influences the choice. The quality of labor sources cause a problem, that's why it is necessary to develop both industrial and innovative part of the economy to involve all. To develop necessary branches it is necessary to create applicable infrastructure. Nowadays in Gurjevsk a new investment project has started with creation of 6000 labour places that could bear threats for economy development and labour and human capacity building. This makes the need for sustainable economy policy even more actual. In the municipality such an institution like Council of entrepreneurs at the mayor is discussed. Special tasks are; how to involve of active people into the community?

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The draft version of first report on survey was presented by **Sara Nilsson**, The Regional Council of Southern Småland. It covered economic preconditions for the municipalities and how the public sector works with business development. There is a presentation that cover south Sweden and Kaliningrad region. The report was accepted by the participants and now is ready for printing. *First report is attached.*

Plenum session, Friday Mars 16th

Maria Janeke Municipality of Karlshamn has presented the program for local economy development in the municipality. The program is aimed to create favorable conditions for trade and industry in long term perspective. Local forum, stimulating interaction between businesses, creation of favorable conditions for living, information provision for business is included into the program.

Marcus Sandeker, Municipality of Ronneby presented current situation in the municipality on the issue how local authorities, business and university together solve issues referring to local development. Economy policy in the municipality is based on mutual benefits. The local authority has close cooperation with business associations. For example trade associations took on their responsibility coordination of culture life in municipality. The municipality also cooperates with owners of property to regulate attraction of new industries and citizens.

Thomas Petersson informed how strategic international work is developing in Skåne. The issues of interaction between local authority and business on territory development were discussed. The representatives of local economy development units exchange experience on development of tools for economy policy.

Work groups

WP3, The vision of tool box was presented. The priority for Kaliningrad region is to develop own views, methods of economy development of local authorities. On the Russian side the work on further development of economy policy tools will be continued, both with development of provision and mechanism for positioning of local authority in the world, creation of network for the heads of economy units. The main subject of interest for the Swedish side is support of economy links between Kaliningrad region and South Sweden. The Swedish partners will be presented the results of work and they will be suggested to enter into process on any stage.

May be it is necessary to include those people into the project who deals with forming and revising of their activity towards economy development of the municipality and those who develops local community.



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The Swedish side has suggested the structure of necessary information (part of toolbox) for economy cooperation between local authorities in Kaliningrad region and south Sweden. The Russian side waits content of needed information for comments and the request backwards.

As a result of discussions it was decided that it's necessary to demonstrate each other own approaches to overcome cultural differences between parties. The Russian side will prepare a glossary of the terms used in the project and will send it to Swedish partners for comments.

WP4, Discussion and agreement regarding structure and time table for B2B.

The work in WP4 during the next project period was planned in the context of B2B cooperation. Frames of concrete business contacts should correspond to mutually discussed and defined directions of economy policy. The business contacts will go through official servant's ore business networking organizations.



We established the fact that the Russian partners, both civil servants and organizations, have had fruitful relations and contacts with local businesses concerning their interest to co-operate with Swedish companies. From the Swedish side there have been some difficulties to convince enterprises to see Kaliningrad as a potential partner for investments or joint venture etc.

During the days in Kaliningrad the WP4 partners went for 14 study visits to different types of companies. There were companies from shipbuilding to information support centers. All of them have earlier filled in the co-operation profile enquire and together with this personal contacts the meetings gave the Swedish participants fruitful information that will be useful for future contacts with their own local businesses.

There was an agreement about first Swedish business visit to Kaliningrad in March 26-30. At that meeting there will be a decision about date for Russian companies to visit Sweden.

Plenum session, sum up the two days meeting.

The possible content of arena/forum was discussed. For example network of economy development units with participation of regional representatives could be a local example of arena for Russian actors. Whether it will be a national or bilateral arenas jointly with the BEE project or only for economical issues is a question to be discussed both locally and then at our next bilateral meeting in Sweden. The starting point for the discussions will be in the context of the first written draft version –“The arena thinking”, a concept for a win-win co-operation. *Attached*

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We have decided the content of the second report in WP2 and responsibilities for its implementation. The topic of the following study in the project is the issues of coordination of local economy policy with global, national and regional policies.

To sum up the two purposes of the toolbox (WP3) that has been discussed at this meeting we will start with the Russian vie: The main purpose is to get new knowledge about how to co-operate between official servants, local business and non governmental organizations in the work with local/regional economic development. This should be seen in the context of national, international and global networking. The Swedish main purpose is to get a common understanding about preconditions for bilateral co-operation between south Sweden and Kaliningrad region in the future, concerning regional economic development issues. Especially in the context of the new Cross Boarder Co-operation program, Interreg IV there we have great opportunities to co-operate in the future. It is possible to create common bilateral projects if we have a better understanding about our different preconditions for economic development.



These two vies is not contrarily opinions, they are a complement to each other. We will have follow up discussions concerning this issue both at local meetings and at the next bilateral meeting in Sweden.

In the Russian group the network for leaders of economy development units was discussed. On the regional level there are no final visions about priorities for economy development and what part the innovative economy should take. The local authorities have an opportunity to be involved into defining of the priorities. Suggestions about how the network should work are as following:

1. The network as a form of exchange and development of knowledge in the field of local economy policy.
2. The network as an expert club for interaction with region.
3. The network as a tool to lobby local interests.

Sovetsk municipality has already showed its interest towards the network as arena for discussion about development of eastern municipalities. The network meeting is planned for the middle of March in Gusev (may be two days with overnight stay in the frame of the project).

At this meeting a concrete step has been taken regarding the work in **WP4**. Several study visits at companies was organized and that gave the Swedish participants great information about the companies and a better foundation for convincing Swedish companies to co-operate with Kaliningrad region. A first B2B trip is planed to be in Mars 26-29th.

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Joint plenum session, RED and BEE

These projects have two things in common and that is first to develop a common strategy for future co-operation between south Sweden and Kaliningrad region. Second is that the strategy will include a model/method for concrete co-operation within the perspective of sustainable development. That means that all projects in the future will take the sustainability in consideration every time a project will be developed.



Konstantin Gimbitsky stressed the importance of continuing the activities in the two projects and that the results are at use for their own work at a municipal level as well as a central input and a good example for the overall Kaliningrad regional development work.

The discussion concerning the overall objective for these two projects will continue at a local level both on the Russian and Swedish side. At the next bilateral meeting in Sweden these issues will be the central purpose.

Rolf A Karlson talked about the importance of tackling the climate change and the responsibility for all nations around the Baltic sea to look over their options to contribute to a better environment. *Ja, du Rolf – vad sade du egentligen???*

Peter Ratcovich presented the results achieved at this meeting and concluded them as follow;

- Decision has been taken concerning structure of the second report in WP2.
- We have put some light on our different views on the content and purpose of a toolbox.
- Decision about construction of a glossary for common understanding
- We are now agreed about the importance to start at the next bilateral meeting with the concrete discussion concerning structure of a common strategy for future bilateral co-operation.
- The practical work with B2B has started and now is on the track.

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Project part-financed by the European Union within the BSR INTERREG III B NP and External actions (TACIS)