# The future of maritime clusters in Central Baltic Sea region and Russia

## Russia from the perspective of the Central Baltic region maritime clusters

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# SmartComp project

- Aims to unite the maritime clusters of the Central Baltic region (Estonia, Finland, Latvia, Sweden), to strengthen existing networks as well as to create new ones
- To improve the competitiveness and to create sustainable growth possibilities for the maritime sector through triple helix cooperation
- **Nine partners from three countries:**
  - **Finland:** Union of the Baltic Cities, Commission on Environment Secretariat (Lead Partner); University of Turku/Centre for Maritime Studies; University of Turku/Turku School of Economics; Centrum Balticum Foundation; Åbo Akademi University
  - **Estonia**: Tallinn University of Technology; University of Tallinn
  - **Latvia**: Riga International School of Economics and Business Administration (RISEBA); Latvian Maritime Academy
- **Outputs and results:**
  - Analysis on the current situation and future of the maritime clusters in the Central Baltic region and an understanding of the opportunities and challenges faced by the clusters
  - Brand strategy for the Central Baltic maritime clusters
  - SmartComp triple helix database
  - Policy recommendations for supporting maritime clusters of the region

# Key competences of CBR clusters

## ESTONIA

- Transport and logistics
  - Tourism
  - Russian transshipments
- Ship repair and maintenance
- Fishing industry

## FINLAND

- Shipbuilding
- Offshore structures and vessels
- Niche know-how and technologies
- Shipping and ports
  - Russian transshipments

## LATVIA

- Transport and logistics
  - Russian transshipments
  - Railway and road accessibility
- Ship repair and maintenance

## SWEDEN

- Ship repair and maintenance
- Wide network of industrial, technology, engineering and design suppliers
- Building of pleasure boats

# Common future challenges

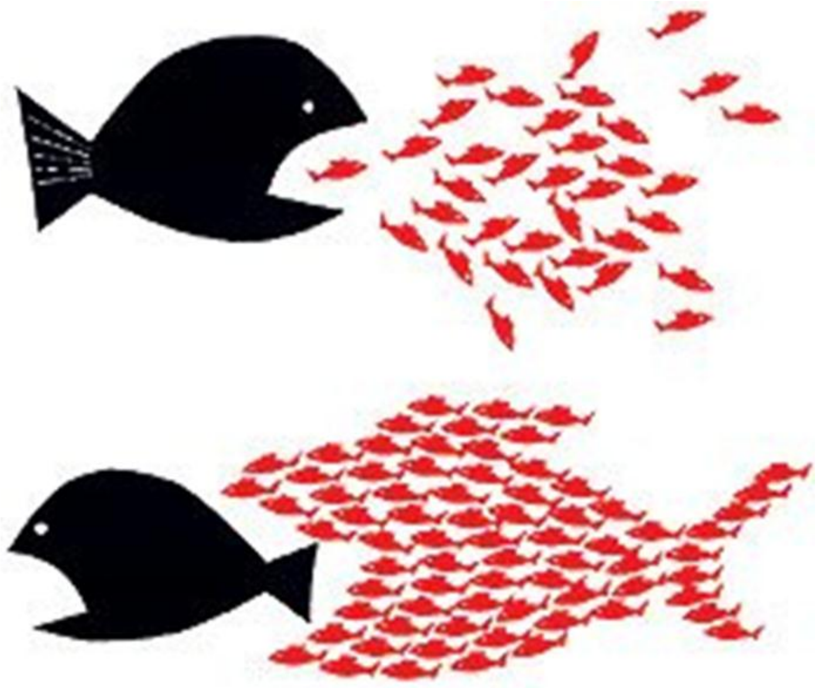
- Increasingly fierce global competition
- Rising cost levels
- Lack of qualified workforce
- Tightening environmental regulations, e.g. sulphur directive
- Lack of cooperation within and between maritime clusters

# Common opportunities

- Demand for new technologies, e.g. cleantech
- “Emerging” sectors, e.g. Arctic & offshore
- Development of Russia’s maritime sector

# Conclusions of the first SmartComp report

- Continuous investments in R&D and innovation activities and specialisation are a necessity – a good brand is not enough
- Smaller companies should join their forces to become providers of full solution packages
- Stronger clusters and innovative cooperation are needed among the relatively small players in the Baltic Sea region – coopetition



# Maritime companies in international networks

- Global companies actively cooperate with their international partners and have rather wide international networks particularly in Europe and Asia
- However,
  - companies should operate abroad not only as suppliers but as involved actors, their presence near customers is extremely important
  - vertical cooperation active, plenty of room for horizontal cooperation
- Traditional shipyard-orientation dangerous – also small companies should more actively engage in international markets and business networks
- Companies often look further than needed, for instance Russia next door provides business opportunities

# Maritime sector in Russia (1)

- Military interest guided the marine industry during the Soviet times
- Shipbuilding has deteriorated during the last 20 years
  - Lack of adequate facilities, own production of components and qualified personnel
- Recently new interest in maritime politics, guided particularly by energy exports and the strategic interest in the Arctic region

North-East Passage vs. Suez Canal route

# Maritime sector in Russia (2)

- Investments have been mostly directed to the development of ports
  - Ust-Luga in the Baltic Sea area
- Shipyards usually build both civilian and military vessels and the yards are not operating very cost-effectively
- Russian maritime industry is rather scattered in comparison with the CBR clusters – not an organised cluster, potential partners are hard to find
- The ”Russian” maritime industry is international
  - Ships built in cooperation with Finland, Norway, Korea, etc.
  - Modern technologies often imported or developed in cooperation
  - International cooperation in R&D, resources sharing, personnel training

# Maritime sector in Russia (3)

- High market potential for Finnish device and service providers – however, many companies hesitant to enter the Russian business environment
- Potential for common marine industry cluster between Finnish maritime SMEs and St. Petersburg region due to geographical proximity and high demand for knowhow
- The Arctic potential – great need e.g. for new ice-management ships, providing a lot of work in designing, building and operating the ships – full solutions need to be offered
- Russia is top priority market also for the Estonian and Latvian clusters that benefit from language skills and Russian ownership linkages, for instance
- Ust-Luga increases competition between ports in the Gulf of Finland – a challenge for the Estonian, Finnish and Latvian ports

# How to support the CBR maritime clusters in making most of the developments in the Russian maritime sector?

1. Events to promote the Russian market opportunities and support networking
2. Political actions to remove trade barriers and support SME interationalisation
3. Radical initiatives, e.g. ”the Arctic corridor”
4. New international research programmes and projects

Other ideas?

Thank you for your attention.

For more information, please check www.cb-smartcomp.eu
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