



THIRD MEETING

**Oldenburg, Germany
30 - 31 October 2003**

Agenda Item: 6
Subject: Generic scenarios
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PROPOSAL: The meeting is invited to take note of the document and to agree on the continuation of the work of the TGs on the basis of the attached generic scenarios and the proposed amendments

WADDEN SEA FORUM
GENERIC SCENARIOS, VERSION 1

Introduction

At the TG-2 workshop (Assen, 23-24 June 2003) it was decided to use EU development and economic growth as axes for the development of the generic scenarios and to pay due attention to the trend technological innovation in all four scenarios. In addition the trends Mobility, Globalisation and Climate change were selected for inclusion in the scenarios:

The secretariat was mandated to work out scenarios with these six trends, in close consultation with the TG chairs.

As a first step combinations of trends were made, which are presented in the so-called “scenario skeleton” below.

Scenario Skeleton

Scenario 1	Scenario 2
<ul style="list-style-type: none"> • United EU • Low economic growth • Low technological innovation • Global markets • Low mobility • Low Freight traffic growth . • Passive, community oriented people 	<ul style="list-style-type: none"> • United EU • High economic growth • High technological innovation • Global markets. • High mobility • High freight traffic growth • Active, individualised people
Scenario 4	Scenario 3
<ul style="list-style-type: none"> • Strong EU nations • Low economic growth • High technological innovation • Regional markets • High mobility • Medium freight traffic growth • Active, community oriented people 	<ul style="list-style-type: none"> • Strong EU nations • High economic growth • Low technological innovation • Regional markets • Low mobility • Medium freight traffic growth • Passive, community oriented people

The main starting point in establishing the different combinations of trends has been to create as much difference as possible. This is also the reason why a number of combinations was chosen which may seem not logical at first glance, for example the combination of high economic growth with low technological innovation.

After discussion with the TG chairs it was decided to leave out the trend climate change because there is no causal relation of this trend with any of the other trends. Climate change will happen or not and will affect all four worlds to a lesser or greater extent.

On the basis of the skeleton a first draft set of generic scenarios has been elaborated. An overview of the scenarios is in the so-called “extended skeleton” which is on the last page of this introductory paper. Summaries of the generic scenarios are in **Annex 1**. The full scenarios can be downloaded from the WSF website.

The draft scenarios have been discussed by the TG-3 meetings.

Annex 2 contains an overview of proposed amendments to the generic scenarios, prepared on the basis of the discussions within the TG-3 meetings.

What are the functions of the scenarios in the forthcoming work?

Bear in mind that these scenarios will not necessarily happen but are based upon plausible combinations of possible trends. It may help to catch up on new opportunities in sector specific actions. The future worlds described in the scenarios demand new strategies in spatial and economic development and the implementation of new management plans to achieve a healthy economy, a good living environment and a balanced social cohesion.

The generic scenarios must be complemented with sectoral scenarios tailored to the trends of the sectors. At the TG-3 meetings sector specific trends have been identified which will be the basis for the writing of sector-specific trends.

The full scenarios will be used to test and develop proposals for strategies by the Thematic Groups. Strategies are policies, measures, actions and projects which stakeholders, both public and private, will carry out. If a strategy is able to “survive” the test, i.e. be feasible in basically 3 out of the 4 worlds it is considered a robust strategy and therefore a strategy that would be worthwhile to pursue.

As a next step the Thematic Groups must develop Strategies on the basis of the sector trends identified. This can be done already in parallel to the development of the sector specific scenarios and external studies. A start with developing strategies has been made at in the TG-3 meetings, and the main discussions and testing will be done in TG-4 and TG-5.

Extended skeleton

<p style="text-align: center;">Cautious world</p> <ul style="list-style-type: none"> • United EU Enlarged and strong bureaucratic EU. EU Parliament and Court of Justice with strong authorization. Regional economies and their characteristics for further development greatly neglected and national and regional economies struggling with uniform EU regulations • Low economic growth Average growth rates below 1,5 % per year. High unemployment. • Low technological innovation EU stability regulations forced member states to cost-cutting measures; change in consumerism of the population setback for the investing enterprises; some cost intensive investments at the beginning of the new millennium blocked further investments. • Global markets. Global economy has influenced nearly all trade relations. EU is a strong economic block. Trade markets have suffered a setback due to the huge national budget deficit of the US and the independent economic growth in China and South-East Asia. • Low mobility Due to economic situation lower mobility. People are sharing a car and use public transport systems. These have not improved since 2000 because of the weak economy and lacking investments in new technologies. • Low Freight traffic growth • Passive, community oriented people Due to bad economic situation people behave cautiously and take no risky initiatives. Due to loss of national identity people increasingly appreciate their traditional values of family and friends 	<p style="text-align: center;">Future unlimited</p> <ul style="list-style-type: none"> • United EU Strong, efficient EU institutions aiming at decreasing bureaucracy. Active influence of citizens in democratic process • High economic growth Liberalized market. High tech, knowledge intense sectors and personal services High labour productivity due to longer working hours, fewer holidays, and higher labour participation. Sober social welfare system • High technological innovation High confidence in problem solving possibilities of new technologies. High tech products and fancy functionalities and gadgets accepted easily. Most important sectors are energy (because of the growth in energy use), agriculture and food quality • Global markets Fierce competition on international market. Cooperation in value chains like food and consumer electronics. A few big international players dominate these chains. Increased demand for energy and food in developing countries has caused enormous growth in energy and food production • High mobility Because of their international orientation people are used to travel a lot, both for job and leisure purposes • High freight traffic growth High economic growth and global market cause high trade flows • Active, individualised people Impulsive consumerism and exiting experiences characterize the dominant life style. Only a minority lives in a traditional family group
<p style="text-align: center;">Challenging world</p> <ul style="list-style-type: none"> • Strong EU nations Low support for and diminishing power of the EU as a political institute. National governments very successful in implementing policies in a way that fits best with the local conditions • Low economic growth Almost zero growth in most countries in Europe in last 2 decades. Vivid 'informal (black) market' Decreasing differences between formal and informal market • High technological innovation Much "high tech copying": importing research results from outside which are translated into products for the European market (less investment risks). Implementation of innovations is often difficult because of (national) protectionism and differences in legislation for new products. • Regional markets Global political tensions and the problems of EU companies with doing business in China have led to a strong development of regional markets • High mobility (Commuting) People move easily to other communities, regions (or even continents) to find a job or living conditions that fit. • Medium freight traffic growth Mainly increase in growth in intra European trade • Active, community oriented people Differences in culture and life style are seen as a source of inspiration. People are strongly focussed on their local community. Many different lifestyles. 	<p style="text-align: center;">Satisfied citizens</p> <ul style="list-style-type: none"> • Strong EU nations In the EU25 several bi-and multilateral cooperations exist and the only common element is a more or less free common market. There are large differences in welfare, with a very prosperous north-western part and a relatively poor eastern part • High economic growth In the north-western EU countries average economic growth has been high for a long period, despite a rather passive behaviour of consumers. The main causes are the very high efficiency of production, and the high labour participation • Low technological innovation Technological innovation decreased due to low consumer's interest in short-lived fancy products and decreasing possibilities for investing in large scale research and development. More investments have in structural innovations. • Regional markets Large internal EU market and protected national social and economic systems. EU is weak global player causing increasing protectionism towards the other global blocks • Low mobility Strong reduction in traffic "pressure" due to Car sharing, public transport and evolution of traffic guided systems • Medium freight traffic growth Within EU both sea and inland ship traffic have increased considerably. Reduction in long distance land transport • Passive, community oriented people Well organized and efficient society in which there is no place for short-lived gadgets and frivolities. Regional self-support and the desire for high living standards

Annex 1

Scenario Summaries

Cautious world

NORTHWEST EUROPE IN 2020:

In 2020 Northwest Europe is a region within an enlarged and strong EU. The European Convention, passed in 2004, has been improved some ten years later, to strengthen the EU bodies and to improve legislation and foreign affairs. The Union is a strong economic block in competition with the US and Southeast Asia. The costs of the integration of the new member states were enormously high and have used up money which was originally planned for stimulating the weak economy. But nevertheless, the Union has made great success in social and health care, as well as in environmental protection policies.

Europe 2020 is a cautious world. The low economic growth, caused by weak global markets, in combination with failing common policies and innovations, have led to a high unemployment rate and a passive consumerism. An uncertain future with decreasing social protection has made the people save their money. This had also effects on the mobility of society. Private travelling is at a low level now, and car sharing and a reduction in commuting have also contributed to a low mobility. Freight transport has only moderately increased because of the cautious economy.

Globalisation has increased continuously, and new countries play an important role on the international market while the competition between the economic tigers has increased much. Regardless of low economic growth, the finance markets operate world wide and the energy sector is still a classic example of a globalised economy. The energy consumption has dramatically increased but the market has been divided between just a few companies. Also new trade opportunities have commenced: the trade with greenhouse emission quota plays an important role in the international economy.

Hand in hand with low economic growth rates, technical innovation has been quite low in the past 15 years. Although many technical breakthroughs were made, particularly in the energy sector, lacking financial support, passive consumer behaviour and delays in implementation have prevented the development of an innovative economy.

Future unlimited

NORTH WEST EUROPE IN 2020

The world of future unlimited can be characterized as a prosperous global market. Production of standard consumer goods has been transferred to factories in developing countries like China, India and the Philippines. The united EU shares in this wealth. The EU-15 (The “old” EU member states) concentrates on fast growing, innovative, knowledge intense sectors. The new members (known as the new EU 10) successfully produce high quality food, consumer electronics and cars for the whole European market. They also deliver reliable and cheap labour for low wage jobs in personal service for the EU 15.

This new wealth has not come easily. The start of the new millennium was problematic for the EU. Institutional reform was needed but postponed because citizens did not accept changes in the social system. All political energy was spent on the EU enlargement process and internal discussions. The image and power of the EU institutions in internal and international arenas got worse. The absence of reforms and the strict budget policy (no deficits) led to a zero and in some EU countries even negative economic growth. Around 2005 things changed. Public debates in Germany and France made clear that big and painful changes were needed to improve the long-term perspectives. A new generation of politicians and managers realised that these changes should be initiated and managed on the EU level. Economic reform became the biggest issue in Brussels. A powerful unification and simplification of the EU and of national legislation were the starting points of the changes. This structural change got a big boost in 2008 when it became clear that the EU effort for a combined innovation strategy for DNA based medicines led to a strong competitive position of Europe in this sector. This resulted in more elaborated policies aiming at a better entrepreneurial climate and stronger innovative networks.

Business and active, as well as critical consumers are the main powers that drive successful institutional and technical innovations in this era. The pragmatic attitude of the new managers (in public and private sectors) has led to a smooth innovation process, ongoing privatisation and a corresponding growing effectiveness of EU innovation policy and institutions like the patent office and the cartel-authorities.

People are responsible for their own future. If you want improvements you have to invest money, time and/or attention for your neighbours, your neighbourhood, friends and colleagues. The sober social welfare system forces formerly unemployed, women and elderly to earn money for their living. In most EU countries we also see a relatively large group of poor working class people. The group with low education is over-represented in this group.

Besides all these positive points people have to deal with big problems like a high internationally organised crime rate and illegal immigrants. The short-term economic orientation makes it also very difficult to raise enough funds and long-term attention from people and (commercial) organizations to solve the problems.

Satisfied citizens

NORTHWEST EUROPE IN 2020:

The EU in 2020 is far from being a united political and economic block. Several bi- and multilateral cooperations exist and the only common element is a more or less free common market. The EU 2020 is characterized by large differences in welfare, with a very prosperous north-western part and a relatively poor eastern part, with the Mediterranean states being in between.

Important blocks are Germany-Austria-Benelux, Denmark-Sweden-Finland and France-Spain-Italy. The UK has closer ties with the USA than with its EU sisters. The new eastern members have to a certain extent joined forces to improve their position towards Russia and the rich EU states. In the north-western EU countries average economic growth has been high for a long period, despite a rather passive behaviour of consumers. The main causes are the very high efficiency of production, and the high labour participation, also of women and elderly.

Labour has become a much more competitive factor (also compared to the new member states) due to the increased efficiency combined with a sharp reduction in the gross costs of labour (reduction of taxes).

Technological innovation is relatively low because of decreased consumer's interest in short-lived fancy products and the decreasing possibilities for investing in large scale research and development. Another factor relevant for the relatively low investments in *technological* innovation is the fact that increasingly investments have been made in *structural* innovations.

Concomitant with the increasing nationalism in the EU in the period 2005 to 2020, the position of the Union as a political and economic global player has become weaker which, in turn, has caused increasing protectionism towards the other global blocks, i.e. the USA, Japan, the Asian tigers and China. As a result global trade decreased. This trend is still continuing due to the increasing ability of the EU itself to cover its basic needs, mainly in terms of energy and bulk products.

Mobility is relatively low, on the one hand due to the high energy prices, on the other hand as a result of a more passive attitude of satisfied citizens and the efficient public transport. The character of mobility has undergone dramatic changes compared to the beginning of the 2000s. Individual transport now has a lower share in mobility than collective transport. Car sharing is the dominant form of car transport. As a result of the increase of trade within the expanded EU market and the high economic growth, transport of goods is higher than in the first half of the 2000s. The increase has, however, not been as high as projected before the accession round of 2004, mainly because of a continuing decrease in global trade.

In Northwest Europe of 2020 a revival of nationalism and regionalism and aversion against internationalism can be felt. There is an attitude of no-nonsense and pragmatism, enabling a very well organized and efficient society in which there is no place for short-lived gadgets and frivolities. What is appreciated are robust products with a clearly defined purpose. The increased regional self-support and the desire for high living standards have been the basis for a strong revitalisation of the countryside.

Challenging world

NORTH WEST EUROPE IN 2020

In 2020 Europe is in the middle of a long period with zero economic growth. The average income of most families has not changed much since the beginning of the new millennium. Most people feel comfortable with the living standard (that is the same as around the millennium) and the orderly arranged local society.

Most people have a part-time job to earn what is needed for a decent living. For some families this means even moonlighting (2 jobs) or the exchange of goods and services on the grey market. Everybody who is capable of working has to earn money for his family, social services are only accessible to people with no possibilities to survive on their own. There are very big differences in income because capacities and needs of people differ a lot.

The political landscape has changed dramatically. Active people and organisations have taken responsibility. They have found practical and cost-effective local or regional solutions for their problems. EU or even global solutions are not needed any longer. The power of political institutions and international organisations like the IMF and the UN has diminished from year to year. Around 2015 some members of national parliaments started pleading for the cancellation of the European parliament. Until now (2020) most EU research institutes have been transformed into ad hoc think-tanks or commercial research institutes. The enlargement process stopped when most candidate countries saw that Turkey's strategy to make specific bilateral agreements with European and Asian countries was very successful. With the exception of Poland the economic situation in the whole Central and East European region is still bad.

The social and economical landscape in North West Europe has also changed. Consumers make positive choices for locally produced goods. They spend their leisure time on several issues which are beneficial for the further (social and political) development of their local community. Trade within the EU is still relatively intensive. But trade between continents collapsed because EU countries strived to be independent of non-EU countries.

ANNEX 2. COMMENTS TO GENERIC SCENARIO BY TG-3

1. **Economic developments.** The large majority of questions (raised in all groups) is about economic plausibility, in other words: are the developments described compatible with economic theory and/or practice. For example what are the real drivers for economic growth or what is the relevance of a certain percentage of poor people for economic development. It is **proposed** to improve the economic basis of the generic trends by consulting the Prognos experts about all questions raised in this respect.
2. **EU.** A proposal raised in all groups, was to be more explicit about the situation of the EU in the different worlds. This issue has already been discussed in the Team meeting of 27 August at which it was agreed that TG PM would pay attention to the matter.
3. **Mobility.** In several groups the need was expressed to be more specific about mobility. Because this is a selected generic trend it is **proposed** to meet the request. The drafting team will try to elaborate this trend in more detail taking account of the specific remarks made in the TGs.
It is also **proposed** to include more details about migration patterns from rural to urban areas and vice versa.
4. **Life style and nature perception.** Raised in TG-A and TG-F.
In relation to issue 5 below it is **proposed** to include some generic aspects of life style and nature perception in the generic scenarios because this aspect is important for estimating the future state of the environment (see further issue 5 below).
5. **State of the environment.** Proposed in TG-A, TG-F and TG-IH. The state of the environment depends on several aspects, amongst others legislative framework, perception of nature (see issue 4 above) and (type and intensity of) economic activities. These generic aspects should be covered as good as possible in the generic trends.
Because there is a multitude of environmental parameters and because sector-specific developments are very relevant for the development of these parameters, it is **proposed** to address the state of the environment in the four different worlds in the sector-specific scenarios with emphasis on the sector-specific elements. For example for agriculture: emissions of nutrients and pesticides, biodiversity and landscape.
In a later stage of the work the information from the sector-specific scenarios should be integrated.
6. **Islands versus mainland.** This issue was raised in TG-A. Because the perspectives are very much sector-related it is **proposed** to address differences between Wadden Sea islands and mainland in more detail in the sector-specific scenarios.
7. **Implementation Wadden Sea Plan.** Raised in TG-A. This issue is related to the implementation of the sector strategies. It is **proposed** to discuss it in combination with the sector strategies in all five TG-4 and TG-5 meetings.