

## The Baltic Way to Innovation: uniting for technological triumph

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Located in the northeast of Europe, the Baltic States - Lithuania, Latvia and Estonia - with a combined population of around 6 million people, tell an incredible tale of transformation, resilience and forward-thinking.



Although geographically small, these great nations have become significant figures on the European stage, revealing an impressive journey from their Soviet past to becoming independent, powerful modern countries.

In 1989, over 1 million protesters formed a human chain now referred to as the Baltic Way or Baltic Chain. It stretched 675 Kilometres (529 miles) through three Baltic states from the capital of Vilnius in southern Lithuania, to Latvia's Riga, and then into Tallinn, Estonia. This was in protest of the then Soviet occupation and an example of how these Baltic states will unite when confronted by a common adversary.

All three states, with their own cultural identities and rich heritage, have something in common. They are all demonstrating tremendous economic reform, technological advancements and integration into European frameworks.

In recent decades, the Baltics have traversed a complex transition from domestic orientated economies to dynamic global markets. Following liberalising the economy, fostering innovation and attracting investment, the resilient Baltic structure is now capable of weathering global uncertainties and crises. They have embraced technology to such an extent that they have propelled their domestic economies and become leaders in digital governance, green energy and fintech in Europe.

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## **Economic resilience: A foundation of growth**

The transformation of the Baltics from the fragments of the old Soviet economic system to the now thriving market-focussed economies is a testament to their resilience. Following their regained independence in the 1990s, Lithuania, Latvia and Estonia embarked on an ambitious road to reform. Radical changes included privatisation of state-owned enterprises, the creation of a free-market culture and establishing an attractive climate for both foreign and domestic investment alike.

The Baltics have demonstrated a capacity to adapt in the face of economic woes, utilising their EU association to enhance growth. Since they joined the EU in 2004, new markets and opportunities have been plentiful. In addition, the adoption of the Euro allowed for better integration into the wider European financial system, improving stability and gaining investor traction.

As a consequence of these bold moves, the Baltics have recorded among some of the fastest GDP growth rates in the EU region, received substantial direct foreign investment and managed to diversify their economies. Sectors like information technology, financial services and green energy are just some of the significant contributors.

## **Technological innovation: Leading the digital transformation**

### *Estonia*

Estonia has transformed its public services into models of efficiency and transparency, and it is now a global leader in digital governance. This was illustrated by its e-residency program, launched in 2014, that allows non-Estonians access to Estonian services like company registration, banking and taxation. This program is the foundation of the nation's digital society. Estonia was responsible for Skype which went on to become a household name across the globe. These initiatives have streamlined processes for its citizens and attracted a plethora of digital entrepreneurs forming a benchmark for digital governance worldwide.

### *Lithuania*

Lithuania is now emerging as a fintech driving force because of its progressive regulatory system and strategic partnerships that harness innovation.

Since 2017, up to 35 fintech companies have launched in Lithuania to include companies from Singapore and Israel. The country's central bank has created a favourable ecosystem for fintechs, which includes the creation of a regulatory sandbox allowing for startups to test products under supervision. This has attracted a thriving community, making the nation one of Europe's most attractive and competitive fintech ecosystems.

### *Latvia*

Latvia has a robust IT infrastructure and workforce and is a champion in software development and IT related services. There is now a bustling start up scene in the country supported by government initiatives and educational programs focussing on STEM fields and active investment research. In 2010, Latvia produced the search platform Ask.fm, which became one of the largest question and answer social networks in the world. It enabled the public to ask questions anonymously using unknown accounts. It later sold to IAC, a major US-based media firm. The Latvians have created a niche and are world-renowned for their expertise in software solutions, mobile applications and e-commerce.

## **The global stage: Alliances and security concerns**

### *Taiwan*

Recently, the Baltic states have shown solidarity with Taiwan amid increased Chinese military pressure. Their support, ranging from symbolic to economic, offers vital defence lessons for Taiwan. It has been viewed as beneficial for Taiwan to adopt Baltic strategies in civil defence and youth training, with Baltic advisers aiding Taiwan's resistance to Chinese coercion. Lithuania's engagement with Taiwan, alongside Latvia and Estonia's actions, including delegations to Taipei and distancing from China's frameworks, underscore this collaboration of eastern and western states.

### *Russia*

According to Estonian counterintelligence "*Russia considers the states to be the most vulnerable part of NATO, which would make them a focus for military pressure in the event of a NATO-Russia conflict*". The US research institute, RAND, stated in 2016 that Russia could overwhelm the three states in as little as 60 hours.

## **Future outlook: Predictions and emerging trends**

As these States continue to thrive and grow, they are set to pioneer in the nascent fields of digital currencies, artificial intelligence (AI) and green technology. It is believed that the Baltics will be at the forefront of Europe's technological wave, with all three countries also simultaneously aligning with global trends by offering a competitive edge to the ailing green economy.

The Baltics groundbreaking projects have the potential to set new global standards in digital governance. As they integrate further into EU and global markets, their influence and popularity will likely grow, opening them up to an even wider audience.

## **Conclusion**

When one considers their past that regales stories of union and resilience during the Baltic Ways protest, the three nations have charted a remarkable course from their Soviet-era constraints to becoming symbols of modern times, innovation and economic vitality. This collective push for independence and reform has not only fashioned them new identities, but also placed them firmly on the map as key figures in the EU and international stage.

As things stand, they are positioned to spearhead innovations and become pioneers in technological trends. Their work in digital currencies, AI and green technology exemplifies a commitment to shaping standards and stewardship. The trio are formidable technological bastions, united in adversity and are now in a position to justifiably demand serious global recognition as a cohesive powerhouse.

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