

**ADDRESS OF THE CHAIRMAN OF THE BARENTS EURO-ARCTIC COUNCIL, ERKKI TUOMIOJA, MINISTER FOR FOREIGN AFFAIRS OF FINLAND  
AT THE OPENING OF THE 5<sup>TH</sup> BARENTS INDUSTRIAL PARTNERSHIP MEETING IN ROVANIEMI 28 MARCH 2006**

The improvement of business opportunities is one of the priorities of the Finnish Chairmanship of the Barents Euro-Arctic Council. The Barents Industrial Partnership has proved to be an important tool to further develop cross-border economic co-operation involving enterprises, authorities, economic operators and other interested parties in sectors relevant to Barents co-operation. The fact that Barents Industrial Partnership is now organized for the 5<sup>th</sup> time is a demonstration of this.

The theme chosen for this Barents Industrial Partnership meeting, namely new openings in infrastructure investments, subcontracting and transport, is a timely one in a region with good prospects for developing economic co-operation across borders. The focus this time is particularly on the Murmansk region, where eventual big-scale energy investments in the Barents Sea will create significant potential for spin-offs in other sectors, such as construction and logistics.

This meeting is organized jointly by the intergovernmental Barents Working Group on Economic Co-operation and the Barents Business Advisory Group. Close dialogue between national and regional actors is essential if this cooperation is to succeed. Barents co-operation is facing the challenge of making its structures more effective. The Finnish Government regards the close dialogue and collaboration among the regions and governments as prerequisites for creating an efficient organizational network for Barents partnership, in which regions would play a more prominent role on a day-to-day basis.

The Finnish Government cherishes the Barents co-operation that was launched in Kirkenes in 1993 at a meeting of Foreign Ministers of the region in a situation where the end of the Cold War had opened frontiers for cross-border co-operation. Now that Finland will be chairing the Barents Euro-Arctic Council for the next two years, there is a special opportunity for us to influence the priorities of this cooperation that has, in various ways, benefited the region for the past 13 years. Finland has chosen as the theme of its chairmanship, "Dialogue and co-operation towards sustainable regional development". The Finnish Chairmanship also focuses

on strengthening the participation of civil society, non-governmental organizations and the peoples of the region, including the indigenous peoples.

Through its national co-operation instrument, the Finnish Government supports quite a number of projects within the framework of Barents co-operation. Projects financed by Finland are being implemented in several sectors, such as the environment, nuclear safety, forestry, transport, social and health care, and education. We have allocated funds for projects in the environmental sector within the Barents Hot Spots Facility and the Barents HIV/AIDS programme. Finland is financing projects within customs cooperation and the development of a transport strategy for the Russian Barents Region. The challenge that we share is to combine the financial resources of the Barents nations as well as of EU, Nordic and other international financing institutions, in order to better implement and coordinate Barents cooperation. EU programmes, for instance the Barents 2010 Interreg project, are of special importance for the further development of this cooperation. EU funds have been used successfully in the environmental, social and other areas of Barents co-operation.

A major EU financial contribution to co-operation in the Barents region is channeled through the Kolarctic and the Euregio Carelia Neighbourhood Programmes. Decision-making and management of projects within the programmes is delegated to the regional level. Representatives of the regional entities on both sides of the border jointly make decisions in the managing committee of the programme. The concept used in the Neighbourhood Programmes is due to be applied also in the European Neighbourhood and Partnership Instrument (ENPI), currently under preparation.

When talking about funding, we must not forget the Northern Dimension Environmental Partnership Fund. All governments of the Barents regional co-operation contribute to the NDEP Fund. It covers two sectors. One is called the environmental window that is projects spread over the North-Western Russia, including the Russian Barents Region. The other, known as the Nuclear Waste Window, is focusing in projects to clean up and manage nuclear waste in the Barents region.

The Barents region, with its abundant natural resources, including estimated one fourth of the world's potential oil and gas reserves, has become a region of great economic expectations, not only due to the rising prices of oil and gas. Technological progress is seen as the means to facilitate utilization of these resources in previously inaccessible Arctic areas. Prospects for economic growth in this region are good. Strong economic development in Russia is reflected in the Murmansk region, the focal point of this Barents Industrial Partnership meeting. There is a need for improved logistics, infrastructure and services in view of the new prospects created by the exploitation of natural resources in the Barents Sea.

The situation is also a challenge to Barents cooperation, not only in the economic field, but in other areas too, notably environmental and social.

The Barents working groups and task forces, on national and regional levels, endeavour to combine common resources for the development and welfare of the region. Hundreds of projects have already been implemented. It is particularly important to highlight the successful cooperation in environmental matters. The cooperation continues to contribute to the implementation of the environmental "hot spot" projects, to increase cleaner production processes and promote conservation of biodiversity and sustainable forestry. A special Project Preparation Fund of 3 million euros, known as the Barents Hot Spot Facility, has been established with the Nordic Environment Finance Corporation as fund manager.

Climate change is a global challenge, and a particularly important one for the economies, societies and environments of the Barents region. It is short-sighted to think that climate change would be beneficial by opening new avenues for exploitation of natural resources such as oil and gas. The melting of Polar ice cap and glaciers can have catastrophic global consequences, and there is no way to turn this into a benefit for the Arctic. Diminishing ice cover and melting permafrost are already now having visible and costly consequences. The Arctic ecosystem is fragile and excessive economic activity could disturb its sensitive balance. Moreover, traditional means of livelihood, such as reindeer husbandry, might suffer. For these reasons, the measures recommended by the BEAC Foreign Ministers last year in Harstad to implement the proposals of the Arctic Climate Impact Assessment in the Barents region are urgent and important.

As a result of climate change we may also expect new challenges for the emergency and rescue services in the Barents region in the form of floods and other natural disasters. It is therefore appropriate to highlight the importance of emergency and rescue co-operation across borders in this vast and challenging region and wish the best of success to the Barents Rescue 2007 Exercise, planned for next year.

Finland is preparing to assume the Presidency of the European Union for the second half of this year. The main issues to be addressed during the Finnish presidency will be the future of the European Union, including the Constitutional Treaty, Europe's competitiveness, judicial and home affairs and continued enlargement of the Union. Among the external policy priorities, we will underline relations between the EU and Russia, including Northern Dimension policies that form part of those relations.

The Northern Dimension is being transformed into a common policy of the European Union, Iceland, Norway, and Russia. A new Northern Dimension political framework document to succeed the present Action Plan is being negotiated jointly by the parties and is due to be adopted during the Finnish EU Presidency.

Barents cooperation has already significantly contributed to Northern Dimension policies of the European Union, especially to the Northern Dimension Environmental Partnership and the Partnership in Public Health and Social Wellbeing. The partnership model could also be applied to other sectors. The possibility of a Partnership in Transport and Logistics is being looked into in Finland.

Against the background of the Northern Dimension being transformed into a common policy of the European Union, Iceland, Norway, and Russia, the Finnish Chairmanship of the Barents Euro-Arctic Council aims at finding synergies with the Northern Dimension policies in various fields. The Barents Euro-Arctic Council, together with other regional councils, will continue to play an important role in identifying the needs for development and cooperation in the regions concerned.

I wish the organizers and participants of the Barents Industrial Partnership an interesting and rewarding meeting.