

**3rd Barents Industrial Partnership Meeting,
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Concluding remarks

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Economic cooperation has been at the core of the Barents cooperation ever since its inception twelve years ago. At the time, there were high hopes that existing obstacles to economic cooperation would be rapidly dismantled; that there would be a sharp increase in trade and investment; and that new markets and cross-border economic cooperation would generate growth and contribute to prosperity and vitality across the region.

In Norway, there was a pervasive sense of history repeating itself. The flourishing trade ties that developed between Northern Russia and Northern Norway in the eighteenth century, and which ended abruptly with the Bolshevik revolution, could now quickly be restored.

It was not quite that easy, of course. From an overall point of view the economic dimension of Barents cooperation has not been as productive as hoped for in the early nineties. On the contrary, compared to other aspects of the cooperation – the regional cooperation comes to mind - the achievement of tangible results in the area of economic cooperation has proven difficult and time-consuming. As a result, the Barents region has yet to fulfil its potential as an area of dynamic, sustained, and sustainable growth.

There are of course many reasons for this. Fundamental and often painful economic reforms of the sort undertaken by Russia obviously takes time. The integration of Russia in the international economic system is a gradual process. And trade across borders where there used to exist none does not happen overnight, either.

But another important reason why economic cooperation and growth in the Barents region have lagged behind is clearly that the investment climate in the Russian Federation has not been attractive enough.

If the Barents region is to fulfil its economic potential, remaining impediments to foreign investments in Russia must be removed and investor confidence restored. And this is exactly what is happening, albeit slowly and incrementally. Economic framework conditions are becoming more responsive to the actual needs of economic operators. Increasingly the tax system is providing the needed predictability and stability. So is the legal framework.

Russia has come a long way in a short time. But much also remains to be done, not least at the regional and local level, to enhance the business environment. Foreign companies and capital need to feel welcome.

Yet, in the longer term there are grounds for optimism. First, there are the rich natural resources of the region: Oil and gas, living marine resources, timber and forestry, and a wide

range of mineral deposits. The oil and gas sector holds particular promise, and could serve as a locomotive for other sectors.

Of course, the offshore resources as such are not part of the Barents cooperation. But the exploitation of these resources could and should generate regional service and supply industries, in partnership with the oil companies and governments.

But we must not forget that the Arctic oil age is likely to last a few generations, whereas the living marine resources of the northern seas are renewable and hence can be harvested for hundreds of years to come. Consequently, we must make sure that exploitation of energy resources is based on stringent environmental standards and the most advanced technology available.

Second, the human factor is important. The Barents region is blessed with a well-educated and well-trained work force. That is a prerequisite if the region is to attract employers and foster entrepreneurship.

But we need to promote economic development and employment opportunities to prevent a brain drain from the North. Young people must be convinced they have a future in the region.

Third, the Barents region encompasses three of the most advanced, innovative and competitive economies in the world. This is an asset that we must make determined use of. For example, use of cutting-edge information technologies can go some way towards overcoming the isolation of a region on the periphery of the European continent.

And fourth, there is the strong commitment in the region itself to cross-border cooperation. This, of course, is the feature that sets the Barents cooperation apart and makes it unique. Increasingly, this aspect of the Barents cooperation is attracting interest in other parts of Europe, such as the Caucasus.

Let me take this opportunity to pay tribute to all those involved at the regional and local level, including of course the members of the Barents Regional Council. We on the government side cannot but acknowledge that in some respects we have been less successful in bringing momentum to our cooperation.

In short, the prospects for future economic cooperation in the Barents region appear bright. We for our part are convinced it will yet become a region of unparalleled, environment-friendly growth, to the benefit of those who live and work in it.

The real question is how long it will take. And that will depend on several factors. Let me highlight two.

First, and as already noted, there must be the necessary political will and determination to put in place attractive framework conditions. And second, there must be interest and engagement on the part of the private sector.

At the end of the day opportunities for economic cooperation will not be made use of unless the private sector perceives it to be in its interest. Of late, there have been several indications that the interest is there and that it is growing.

The recent contract between the Norwegian shipowner Odfjell and the Sevmash shipyard in Severodvinsk on the building of 8-12 chemical tankers is a case in point. Deals such as this point the way, and we need more of them.

And we need instruments and fora to nurture the growing interest in opportunities for cooperation. Therein lies the importance of the Barents Industrial Partnership, which provides a framework for sustained focus on particularly important sectors; for building multi-stakeholder networks and partnerships; and for sharing and exchanging ideas.

Hence, I hope and trust today's meeting has been productive and rewarding for each and everyone one of you.

There is certainly no doubt in my mind that the Barents Industrial Partnership is an important part of the broader efforts to develop the Barents region into a region of growth performing on a par with the most dynamic regions of Europe.

Ladies and gentlemen,

In this country and beyond, there is an increasing awareness that the High North is a land of opportunities. Yet there is no denying that we are also facing real challenges in the North.

There is the challenge of tapping the region's energy resources without harming the vulnerable environment; the challenge of sound management of the living marine resources of the region; the challenge of climate change; and the challenge of fulfilling the potential of the Barents region as a European growth region, to name only a few.

These challenges are so daunting that not even the largest and most powerful nation can meet them alone. We need to join forces and seek cooperative solutions.

That is why, in a White Paper on Norway's policy in the High North which will be submitted to Parliament after Easter, we will identify a need for more, not less international cooperation in the north, bilaterally and in the context of the regional councils.

Hence, we are in the process of upgrading our political dialogue on issues pertaining to the north with key partners and neighbours, including the members of the Barents Council.

We remain committed to both the Barents cooperation and the Arctic Council, and see no need to prioritise between them. They are different but complementary. Both serve useful purposes and should be further strengthened.

The White Paper will underline that relations with Russia remain a cornerstone of Norway's northern policy. We look forward to further developing our bilateral cooperation in areas such as energy, fisheries management, and nuclear safety.

And equally we look forward to staying in close touch with our Russian colleagues as we approach next year's handover from Russia to Norway of the chairmanship of the Arctic Council.

Thank you.