



Date: 10th of June 2020

Time: 09:00-11:30

Referee: Erika Annette Vartdal

Chair: Director Vibeke Greni, Norwegian
Ministry of Trade, Industry and
Fisheries

Reference.: 20/819

Present: See complete list below

Minutes from BEAC WGEC meeting on June 10th

Part one: The first part of the meeting was conducted with several external participants and focused on presentations of the Covid-19 situation as well as presentations from Innovation Norway, Arctic Investment Platform and the Norwegian Barents Secretariat.

1. Introductory remarks from the Chair

The Chair, Director Vibeke Greni (Norway), welcomed the members of the Working Group on Economic Cooperation (WGEC), the Regional Working Group on Investments and Economic Cooperation (RWGIEC), the Joint Working Group on Tourism (JWGT) and other participants to the first meeting during the Norwegian Chairmanship. No additions or remarks were made to the agenda.

The Chair underlined that Norway is pleased to resume the Chairmanship from Sweden, which did a good job with finalizing a mandate for the group. The mandate is a step in the right direction for BEAC WGEC to become more relevant with a long-term scope. The Chair underlined that Norway was planning to host this meeting in Tromsø, yet Covid-19 affected all such instruments for international cooperation. She highlighted the potential for digital meetings, which can positively lead to broader participation in future WG-meetings.

2. Brief presentation from each country about status for Covid-19 and consequences for private sector

The Chair explained that Norway implemented comprehensive measures on March 12 to limit the spread of the coronavirus. Travel industry, hotel, retail, sports and culture sector particularly hit by measures. Unemployment at 7,1 per cent of work force as of May 19. Low oil-price and weak international economy is expected to affect Norwegian economy in the years to come. The government has taken a three-phase approach to

financial measures related to the coronavirus. The approach has included measures to meet financial challenges; i.e. state guarantee schemes for bank loans and increased funding for Innovation Norway and the Research Council. Second phase included specific measures aimed at industries and companies particularly hit by the crisis. Third phase provides more funding for research, innovation and green transformation. The Ministry of Trade, Industry and Fisheries is currently working on an action plan for Norwegian export businesses post-corona.

Special Adviser Tuulia Väliheikki (Finland) said that the restrictions put in place to mitigate the COVID-19 epidemic are being phased out gradually starting on 1 June. The aim is to curb the epidemic while minimizing the adverse impact on people, businesses, society and the exercise of fundamental rights. Duration of the economic setback is very unsure. Finland is a small export-driven economy dependent on the Eurozone. The disruption of production chains, lack of components or prices of raw materials could in a longer run hurt industries like forestry and mining that are important for the Barents regions. The fall in tourism numbers is very dramatic, and has decreased significantly. Air traffic drop in March by 56 % and in April 98,8 %. The hotel and restaurant sector is facing great challenges. The Finnish government has aimed financial with several instruments support for businesses that have been affected by the crisis. Financial support which has been granted has prevented shutdowns as of now, however, it is too early to conclude on the situation.

First Secretary Irina Borzakova (Russian Federation) underlined that governments all over the world are taking important measures to tackle the challenging situation. The Russian Government has released three economic and fiscal aid packages totaling 2,9 trillion rubles (2.6% of the country's GDP). Securing a stable labor market, including for entrepreneurs, is among key elements of these stimulus. The service-sector is particularly hit. Support schemes such as wage-grants and interest-free loans for 6 months, free rental agreements and concession loans are in place. The Ministry of Economic Development has launched a portal where entrepreneurs can get information on aid packages with real-time response. Action plan will be launched to gradually increase people's income. The period of non-working days ended on May 12th, and the spread of the virus has halted.

Deputy Director Kirill Sergashov (Russian Federation) underlined that the focus for SMEs is to preserve jobs and support businesses. The Russian government has taken measures to help 11 industries, 3 million SMEs are getting loan payments, as well as use of subsidies. There is also a program for larger companies, such as loans for purchases of raw materials etc. Preserving social security has also been important, and there is a package for EU-measures, as well as fiscal payments and tax deductions. Russia has launched a national plan to speed up recovery which can be found online. There is a large package in the social sphere to support low-wages and secure jobs.

Senior Adviser Sverker Lindblad (Sweden) informed that Sweden has not had an extensive shut-down, but focused on recommendations rather than strict regulations. Secondary schools and universities have been closed, but shops and restaurants open. The service-sector has not been greatly affected, but the city of Stockholm has been

particularly impacted. Elderly care has been prioritized, but it was challenging to get the right equipment in the beginning. As of now, the situation is much better, and it seems like the virus will fade out. For businesses, the focus has been on providing financial security. There are also measures that tackle recovery after the crisis. Companies have received support in vulnerable sectors and loan program in small and medium sectors. There is a special program for green industries, but long-term effects are hard to predict. As of the regional situation, the Arctic will have stronger standing, yet also more dependent on natural resources. Thus, the real effects will be more apparent in the autumn.

3. Presentation from Barents CSO Gøril Johansen – priorities for the Norwegian Chairmanship

Barents Senior Official Gøril Johansen presented the work of the Norwegian Chairmanship 2019-2021. She expressed hope that there would be an opportunity in the future to hold a meeting in Tromsø when we can rejoin physically. In October 2019, Norway had resumed the Chairmanship from Sweden in Umeå. Since then, we have had an active autumn with CSO-meeting in Kirkenes and Barents health ministerial summit in Oslo. In January, an extended CSO-meeting with participation from working groups and Barents Regional Youth Forum was held in Oslo with attendance from Foreign Minister Eriksen Søreide. A high-level Barents roundtable was also held during Arctic Frontiers in Tromsø focusing on the importance of the Barents region as a resourceful region in the Arctic with a considerable population. Johansen explained that the focus for the Norwegian Chairmanship is health, people-to-people and knowledge. The activities for the spring and autumn of 2020 have been put on hold due to Covid-19, however, she was very pleased to see that activities have moved to the digital sphere. Later today, the Murmansk region will gather a digital meeting to discuss Covid-19 in the Barents region. Lastly, Johansen underlined that the Norwegian government is fully committed to the Chairmanship, and that the Committee of Senior Officials has set down a task force to discuss financial mechanisms for the underlying working groups.

4. Presentations from Innovation Norway, the Norwegian Barents Secretariat and the Arctic Investment Platform

Heidi Andreassen from Innovation Norway Arctic gave a presentation about business projects in the "Arctic 2030" program and implications of Covid-19 for the private sector in the North (presentation has been sent out previously).

- The group discussed which sectors can be particularly interesting for cross-border cooperation; which are waste/battery/mineral.
- The business projects need to have Arctic relevance

Jenny M. Spring from the Norwegian Barents Secretariat gave a presentation on the economic activities in the Barents Secretariat in Kirkenes, as well as the digital hackathon "hack the crisis" (presentation has been sent out previously).

- The group discussed that it would be useful to receive information on future hackathons in order to distribute information widely and attract more participants.

Johannes Lith from the Regional Council of Lapland presented on the format and visions for the Arctic Investment Platform (presentation has been sent out previously).

- The group asked what type of project the AIP is, and Lith confirmed it is an Interreg-project.
- The group asked how the platform will work in terms of either setting up a separate base for funding companies, or guiding companies to flow of investment capital. Lith replied that it will be both; aiming to set up cooperation mechanisms that can guide companies better. Thereafter directly committing investments. Will look more into where to focus the funding etc.

Part two: Closed meeting with participants of *the WGEC, RWGIEC, JWGT, governmental representatives and International Barents Secretariat*. The purpose of this part was to discuss future activities in the WGEC.

The Chair of the Regional Working Group on Investments and Economic Cooperation (RWGIEC), Jörgen Niemann, gave brief remarks in the beginning of the meeting. He expressed that the RWGIEC had not had many concrete results so far, and Covid-19 has halted international cooperation. He would like to discuss more financing instruments for the group, and it would be interesting to hear the group's view on the EU-Arctic mandate as there is a lot of attention on the Arctic from the European side. For 2021, the group hopes to convene and outline more concrete plans.

The Chair of the Joint Working Group on Tourism (JWGT) Hilde Bjørkli, gave brief remarks on the situation for the tourism sector in light of Covid-19. The JWGT will hold a meeting in the following week. Most Norwegians are expected to spend their vacation in Norway this year, but much depends on the weather. Norwegians are also likely to spend less money on their vacation this year. Northern Norway is highly dependent on the foreign tourism market, in several sectors. Fishing camps is one example of services which are used to having foreign tourists. The travel industry has launched a digital "Northern Norwegian" service where everyone can ask questions about vacations in Northern Norway and Svalbard. Lastly, she emphasized that the companies are eager and optimistic as of now, and they have a fighting spirit. Still, we are facing a hugely competitive situation.

The Chair resumed to the agenda for this part of the meeting. She explained that the Norwegian Chairmanship had planned for a physical meeting in Tromsø for this meeting, which was not possible because of the pandemic. The situation for travelling and physical meetings is still unclear for the fall, yet the Norwegian side would like some direction on how to proceed. She asked whether it would be interesting to convene in Kirkenes in October 2020 for Arctic Innovation Week, and host an event in the margins of this week. It was important to get feedback on this suggestion.

Senior Adviser Lindblad (Sweden) said that it is great to see the wide areas that we are covering in the meeting. It is always great to be able to meet physically. However, he emphasized that there is too much uncertainty regarding activities in the autumn. Several experts are expecting a second wave. Therefore, it might be useful to have

more digital meetings rather than plan for physical meetings in light of the challenging and unpredictable situation.

First Secretary Borzakova (Russian Federation) agreed that it is difficult to plan for face-to-face meetings in the current situation. It would be great to move forward, yet the threat of travel restrictions and uncertainty remains. Therefore, digital participation should be the priority until the epidemiological situation is back to normal.

Special Adviser Väliheikki (Finland) agreed with both Sweden and Russia, and concluded that it would be useful to meet more frequently in the digital sphere, until we know more about the situation.

The Chair appreciated the constructive remarks and said that the Norwegian Chairmanship will then plan for one or more digital meetings in the fall. The Chair brought up another point on the agenda, which is a possible delivery from the WGEC. Norway has considered whether the WGEC should co-write a report on the entrepreneurship ecosystems in the Barents region – across Norway, Finland, Russia and Sweden.

Higher Executive Officer Vartdal (Norway) elaborated on the report and said that some more concrete points will be sent out to the group via e-mail. Norway can take charge of procuring the report, but we need to agree on focus and scope of the report. It would be great to leave a footprint for future the work in the WGEC.

First Secretary Borzakova (Russian Federation) supported the initiative to prepare a report as suggested and highlighted that youth and female entrepreneurship would be an interesting focus. This report would make a practical contribution to the WGEC. She said that Russia is ready to submit necessary data and information in English. The Barents Secretariat could also be involved to assist in the process.

Senior Adviser Lindblad (Sweden) agreed that the idea was constructive yet highlighted the need for a more descriptive proposal. Entrepreneurship ecosystem is a bit vague. It would be useful if the report can come up with recommendations or point out the needs for the business sector in the Arctic. He suggested that the Northern Institute can be used in the process, as they do a lot of work on Arctic area.

Ministerial Adviser Haapalainen (Finland) agreed that the idea sounds good, but that it should be discussed more widely.

First Secretary Borzakova (Russian Federation) said that the main objective of the group is to move towards practical implementation of the newly adopted mandate. In this regard, it could be greatly facilitated through joint project activity. We could consider the possibility of establishing a project promotion mechanism to strengthen cooperation.

Executive Officer Gokkoev (The International Barents Secretariat) concluded the meeting by emphasizing that we have not lost the year of 2020 in spite of Covid-19.

There are so many opportunities to convene digitally, and it is great to see more participants meeting online. The International Barents Secretariat can serve as an institutional memory for the group, and has access to all documents needed. He also explained that the Barents Forest Sector Network wishes to branch out from the BEAC WGEC. For 2021, the group can plan physical events. He encouraged all members to take note of Russia's proposal to introduce E-visa to Russia for business purposes.

The Chair explained that the BEAC WGEC had not received a proposal from the Barents Forest Sector Network to branch out from WGEC. Finally, she appreciated the active, constructive and positive involvement from the group during the entire meeting. She also thanked The International Barents Secretariat for assisting with setting up the digital link for the meeting.

Conclusion:

- The Norwegian Chairmanship will hold the next meeting in the BEAC WGEC during the autumn 2020. The meeting will be held digitally. Input for topics to the agenda are most welcome.
- The Norwegian Chairmanship will send out more detailed information regarding the project proposal on writing a report on entrepreneurship in the Barents region. The purpose is to get input from the group and focus the scope of the report.
- The BEAC WGEC will continue to share relevant information within the group.

Participants	Title/Organization/Ministry	Role in meeting
Vibeke Greni	Director, Ministry of Trade, Industry and Fisheries of Norway, Chair of the Working Group	Chair
Ine Charlott Paulsen	Specialist Director, Ministry of Trade, Industry and Fisheries of Norway, Barents Team	Participant
Erika Annette Vartdal	Higher Executive Officer, Ministry of Trade, Industry and Fisheries, Barents Team	Coordinator, Note-taker
Gøril Johansen	Barents Senior Official, Ministry of Foreign Affairs of Norway, Barents Team	Presentation
Marte Lauvhjell	Senior Adviser, Ministry of Foreign Affairs of Norway, Barents Team	Participant
Torunn Skard	Senior Adviser, Ministry of Foreign Affairs of Norway, Barents Team	Participant
Håkon Moe Kristensen	Foreign Service Trainee, Ministry of Foreign Affairs of Norway, Barents Team	Participant
Marija Milivojevic	Deputy Director, Ministry of Enterprise and Innovation Sweden	Member of the Working Group
Sverker Lindblad	Senior Adviser, Ministry of Enterprise and Innovation Sweden	Participant
Petri Haapalainen	Ministerial Adviser, Ministry of Employment and Economy Finland	Member of the Working Group
Tuulia Väliheikki	Special Adviser, Ministry of Economic Affairs and Employment of Finland	Deputy Member of the Working Group
Jari Vilen	Barents Senior Official, Ministry of Foreign Affairs Finland	Participant
Kirill Sergashov	Deputy Director, the Investment Policy and Entrepreneurship Development Department, Ministry of Economic Development of the Russian Federation	Participant
Irina Borzakova	First Secretary, Department of Economic Cooperation, Ministry of Foreign Affairs of the Russian Federation	Member of the Working Group

Jürgen Niemann	Chair of the Regional Working Group on Investments and Economic Cooperation, Region Västerbotten	Presentation
Roman Gokkoev	Executive Officer, International Barents Secretariat	Participant
Hilde Bjørkli	Chair of the Joint Working Group on Tourism (JWGT)	Participant
Heidi Andreassen	Senior Advisor Russia and Arctic, Innovation Norway Arctic	Presentation (For part 1 of the meeting only)
Johannes Lith	Project Manager, Arctic Investment Platform	Presentation (For part 1 of the meeting only)
Jenny Spring	Economic Adviser, Barents Secretariat	Presentation (For part 1 of the meeting only)
Ekaterina Miettinen	Business Joensuu, Member of the Regional Working Group on Investments and Economic Cooperation	Participant