



Working Group on Economic Cooperation

BEAC WGEC Meeting

Draft Minutes

26 April 2017

Moscow, Russia

Date and time: 26 April 2017, 10.00 – 13.30

Venue: Mansion of the Ministry of Foreign Affairs

Spiridonovka 17, Moscow

Participants: 16 participants from Norway, Russia and Sweden. The List of participants is attached as **Annex I**.

The Meeting was chaired by Mr. Rafael USUBOV, Department of Economic Cooperation, MFA of Russia.

Item 1: Opening of the Meeting

The WGEC Chair welcomed the participants, expressing his satisfaction with the broad and representative panel of authorities rounding the table, and proposed to the participants to shortly present themselves and their respective organizations.

The Draft Agenda was adopted.

Item 2: Information on implementation of the Russian BEAC Priorities 2015-2017

Mr. Sergei PETROVICH, Deputy Director of the Second European Department of the MFA of Russia, the BEAC CSO Chair, welcomed the WGEC Meeting and presented information regarding the implementation of the Priorities of the Russian Chairmanship in the Barents Euro-Arctic Council. The presentation is attached as **Annex II**.

In particular, the following has been mentioned:

- The Russian Chairmanship in the BEAC aims at effective continuity of the Council activities and further strengthening of multilateral economic cooperation for the benefit of the Barents Region. The main objective of the Russian Chairmanship is to promote sustainable development of the North, create better live conditions for the people in the Region, build modern infrastructure, enhance the Region competitiveness and improve investment climate by rationally using its scientific innovative and resource potential.
- In order to achieve these goals the particular attention is paid to the three major priorities of cooperation: 1. Environment and Climate, 2. Transport and Logistics, 3. Culture and Tourism.
- There is concrete progress in the above-mentioned areas of cooperation made during the period of the Russian Chairmanship. 1. Environment and Climate. In November 2015 the Ministers of Environment of the BEAC Member States agreed on removing 3 more hot-spots from the list of the environmental hot-spots which was compiled in 2003 and initially contained 42 hot-spots. 2. Transport and Logistics. In June 2016 the Ministers of Transport of the BEAC Member States made a progress in the elaboration of the Joint Barents Transport Plan which is considered one of the major documents of the BEAC and provides for creation of the 16 major cross-border transport routes covering 3 means of transport (motor, railway and sea transport). 3. Culture and Tourism. In November 2016 the Ministers of Culture decided to establish the biannual Barents Cooperation Scholarship amounting 10 thousand Euros which will be awarded every second year to individuals or group winners from Finland, Norway Russia and Sweden. The first scholarship will be granted in October 2017 at the Meeting of the Ministers of Foreign Affairs of the BEAC Member States. In the sphere of Tourism the idea of extending the ferry line Bergen-Kirkenes to Murmansk and if succeeded further to Arkhangelsk via Frans Josef Land, Novaya Zemlya and Solovki Archipelago is under the consideration.

Mr.PETROVICH also informed about the major Russian initiative of creating a new format of cooperation in the BEAC – convening the largescale Intergovernmental Forum on a permanent basis with participation of high level officials including the presidents and the prime ministers of the BEAC Member States. The forum might be called informally “the Barents Davos” and it should bring together also the Regional and National level participants, representatives from the executive authorities, business communities, academic and research circles and the media.

The Event should be focused on the issues of social and economic development of the Barents Region. It is proposed to hold the first Forum in 2018 in connection with the 21st Anniversary of the BEAC. The venue of the Event is subject to further discussion (for the time being two cities expressed their wish to host the Event – Murmansk and Kirkenes).

Mr.Sergei GONCHARENKO, Expert of the Department of Economic Cooperation, MFA of Russia, in the capacity of the co-chair of the BEAC Working Group on Economic Cooperation thanked everybody for attending the Meeting and expressed regrets that lately it had become difficult to convene the Meeting of the Group because of the lack of quorum reminding the participants that in order to reap the harvest of the Group’s activities the WGEC should be held more often than once a year.

Ms.Laura QUIST addressing the Meeting on behalf of the International Barents Secretariat (IBS) underlined that there are two ways to secure the quorum and increase effectiveness of this Group: the first one is to merge this National Working Group with the Regional one, so that the majority of experts could sit together and discuss common issues; and the second one is to involve in the Group’s activities the representatives of the Barents Business Advisory Group (BBAG).

Ms.QUIST also briefed the participants on the current work of the IBS which had been concentrating during the spring on communication activities and information work resulting in elaboration of the draft Communication Strategy. In the opinion of the Secretariat the document would become an effective tool to raise public awareness of the work of the IBS with the key message that the Barents Cooperation is an example of the constructive cooperation at the Intergovernmental level. The Strategy also provides for the tools with which the IBS can support the functionality of the Working Groups.

Item 3: Presentation by the Russian Chairmanship of the Perspective Plan of Activities in the BEAC Working Group on Economic Cooperation

The Chair informed the participants that the Russian presidency in the WGEC is ready to discuss the idea of merging the WGEC with other BEAC Working Groups including the Regional ones but the issue is still under consideration and the final decision on it has not been taken yet.

The Chair presented the Plan of Activities of the Russian Chairmanship in the BEAC Working Group on Economic Cooperation. It was stressed that the Russian Federation seeks to ensure that the activity of the BEAC Working Group on Economic Cooperation is aimed, *inter alia*, at making the full use of the existing potential of interaction between business entities from the Russian Northwest regions and their partners from the other Member States.

Efforts should also be aimed at enhancing the involvement of different stakeholders into the Group's activities while maintaining in the Barents/Euro-Arctic region the necessary conditions for a comprehensive economic cooperation unaffected by the ups and downs of politics.

It was underlined that the Barents Business Advisory Group (BBAG) operating in the BEAC framework should make greater use of its potential, inviting representatives from different scale companies to participate in the events organized within the Group, as well as ensure the closest possible cooperation between the relevant state institutions of the BEAC countries.

Mr. Petri HAAPALAINEN said that he supported the presented Plan of Activities.

Ms. QUIST suggested that the Barents Action Plan on climate change which is now being updated under the coordination of the IBS should be considered and possibly amended by the WGEC as well. Ms. QUIST explained that it can be just some kind of activity that has an environmental aspect in it or where environmental aspects have been taken into account.

Item 4: Project proposal: Cost Effective Plug and Play Solution of Nano-scale LNG. Plans of Implementation in the Barents Area Sea Ports

The Chair informed that relevant presentation of the Bauman Moscow State Technological University will be attached to the Minutes as an Annex. The presentation is attached as **Annex III**.

Ms.Ine Charlotte PAULSEN said that LNG use as a fuel had been high on the maritime agenda in Norway for around 20 years underlining that today LNG use is a well-proved and a long-established specialty of the Norwegian maritime industry. She mentioned that now Norway has a fleet of more than 50 LNG-fueled ships and the number is still growing. At the end of her intervention Ms.PAULSEN stressed that as the relevant Norwegian authorities discussed this topic with their colleges from different countries she would inform her colleagues in the Ministry of Trade, Industry and Fisheries of Norway about the presentation.

Mr.Petri HAAPALAINEN also expressed interest in this issue.

Item 5: Activities of the Barents Business Advisory Group (BBAG)

The Chair expressed regrets with regard to the absence of the Barents Business Advisory Group members at the Meeting stressing that the BBAG should be one of the key drivers of the WGEC activities.

The Chair concluded that the Russian Chairmanship will continue making efforts in attracting BBAG to the work being carried out within the Group and inviting its representatives to participate in its Meetings.

Item 6: Discussion on proposals to be presented by the Russian BEAC Regions

Mr.Yuriy SMIRNOV stressed that the BEAC region is the key region for the Murmansk area in terms of economic cooperation. That is why it is deeply involved in the Barents cooperation within the different bilateral and multilateral formats including the Barents Euro-Arctic Council. Mr.Smirnov suggested that maritime tourism development issues should be on top of the WGEC Agenda as this sphere of cooperation is one of the priorities not only for the Murmansk area but for the entire region. Some purely economic aspects like the tourist infrastructure development could be considered within this Group meanwhile the tourism cooperation itself will be left to the discretion of the members of the BEAC Joint Working Group on Tourism. It was also stressed that the sea port infrastructure of the Murmansk Sea Port had been upgraded to the international standards so that the liners and ferries of international sea line operators can enter the port and get due service and maintenance. The Working Group was also informed that for the purpose of the regional tourism development the Government of the Russian Federation

issued the Decree allowing the foreign stay in the Murmansk region without visa for 72 hours. The presentation is attached as **Annex IV**.

Ms. Inna TUROVSKAYA informed on the activities of the Nenets autonomous okrug (NAO) with regard to international economic cooperation in the Barents region. She pointed out that the Nenets autonomous okrug is one of the regions of the Russian Federation most involved in the trans-border cooperation. Several joint projects are being realized now in the Okrug Among them “Polaris”, a windpower engineering project supplying windpower electric energy to the Anderma village, reindeer skin processing projects, ethno ecological tourism development projects and the Russian-Norwegian joint scientific project on researching the possibility of use of associated petroleum gas in the sphere of fishing development in the Nenets autonomous okrug.

Now there is a big interest in the Nenets okrug in establishing cooperation and implementing joint projects with foreign partners in the field of sports, culture and youth policy.

Mr. Petri HAAPALAINEN suggested considering the possibility of using the financial resources of the Kolarctic cross-border cooperation program for the period 2014-2020 for implementing projects within WGEC. He also noted that the first application round of that program is already realized and the first selections of the projects are being done.

The participants agreed that the Kolarctic CBC program is a good possibility to have both EU funding and national funding at one place as Finland, Russia, Sweden and Norway are providing national co-financing for the program.

Mr. GONCHARENKO made an explanation that the overall funding of the Kolarctic program for 2014-2020 is around 62 million euros that is dispersed between the EU, Russia, Finland and Sweden. Finland and Sweden together cover the amount of about 12 million, Russia covers 12 million and Norway - about 14 million but only for the Norwegian participation. In Russia the Nenets autonomous region, Arkhangelsk and Murmansk are participating in the program.

Mr. SMIRNOV drew attention of the participants to the fact that Murmansk region had already implemented 50 projects that got funding from the Kolarctic program stressing that this financial resource is considered in the Murmansk region to be an extremely useful one for promoting economic cooperation. Another resource which is of great avail is the one of the Nordic Council of Ministers. The cultural festival within the Nordic Culture Days called “Barents Bird” took place in Murmansk. The

Event got the funding from the Nordic Council of Ministers as well as from the national resources of Norway, Finland, Russia and Sweden.

Mr. SMIRNOV said there are also other good experiences of international project implementation. As an example Mr. SMIRNOV touched upon a project grounded by the Nordic Council of Ministers in the field of fishery noting that the partners to the project were the Murmansk region, Norway, Iceland and Denmark (Faeroe Islands).

Ms. Inna TUROVSKAYA confirmed that the NAO had been taking an active part in the Kolarctic cross-border cooperation program in the period 2007-2013.

Item 7: Prospects and opportunities of enhancing multilateral economic cooperation in the BEAC Region

The Chair opened the discussion under this Agenda item inviting the participants to express their views and ideas.

Mr. Petri HAAPALAINEN opened the discussion and referring to the idea expressed by Ms. Laura QUIST stated that it is worthwhile to think of enhancing the cooperation between this Working Group and the Regional one - and if not merge them, at least the regional representatives should be invited to participate in the WGEC Meetings.

Ms. Ine Charlotte PAULSEN supported this idea stressing that this Working Group should work more closely with the Regional Working Group. Their joint activities will be aimed at the enhancement of the economic cooperation both between the regions and in the Barents region in general.

Mr. Yuriy SMIRNOV also supported this idea underlining that a first practical step would be that the representatives from the central Working Group should be invited for the next meeting of the Regional Working Group, or as another option, it would be expedient to arrange two meetings of the two WG's back-to-back in a certain place.

The Chair supporting in general the initiative of merging the national Working Group with the Regional one requested the International Barents Secretariat to elaborate on the issue and submit its recommendations with regard to the prospects and opportunities of enhancing multilateral economic cooperation in the BEAC Region. The Chairman also suggested inviting to the WGEC Meetings the representatives of other sectoral working groups which are more active, both the national and regional ones, so that they may provide some economic aspects of

projects being implemented for example in the field of environmental protection or tourism to the discretion of this Working Group. There could be definitely some economic aspects in their activities, so they might share their work with the WGEC.

Ms. QUIST said the Secretariat will be happy to help the Group in that work stating also that the next day's information event for the chairs of the Barents working groups will provide with a good opportunity to discuss possible synergies between the various Barents Working Groups.

Mr. SMIRNOV informed on the work being carried out in the Barents regional committee on the preparation of the new draft Barents Program. He stressed that the proposals are collected from the regions – from the Russian side there are five regions – and the same job is done by the colleges from other countries. As far as the information has been collected it is evaluated and then the corresponding suggestions are sent to the relevant Working Groups for the expert assessment. He explained that this experience may serve as an example of good interaction between the regional and the central levels. **Mr. SMIRNOV** explained that such a model of interaction provides the members of the national Working Groups with the opportunity to see the real needs of the regions and what issues their job should be concentrated on.

The Chair thanked **Mr. SMIRNOV** for sharing this experience and said the Group is expecting to receive this information after it is collected and evaluated so that we think it over and may be include in the Draft Agenda of the next Meeting.

Mr. Petri HAAPALAINEN informed that the Finnish Chairmanship during the period 2013-2015 made some attempts to enhance cooperation between different Working Groups by way of inviting representatives from other Working Groups to participate in WGEC. They were the members of the Working Groups on environment, tourism and transport. Definitely that is a supportive idea to invite from time to time representatives from other Working Groups, depending on the issues that are discussed. The idea was to give the experts an opportunity to exchange views, explaining what is going on in different sectors, because their issues have relation to economic matters.

Ms. PAULSEN shared the experience of the Norwegian Chairmanship in 2011-2013. The participants were informed that the WGEC produced a report on the economic development in the Barents region which was timed to coincide with the 20th Anniversary of the BEAC. On this occasion Norway organized the Barents Industrial Partnership conference which was attended by the representatives of different ministries, agencies, regional and national organizations and institutions

from the BEAC Member States. As the Event was very successful Ms.PAULSEN proposed to the Russian Chairmanship to consider the possibility of holding the Barents Industrial Partnership conference at the end of the Russian Chairmanship as this could be a concrete output of the work of this Working Group.

Mr.Petri HAAPALAINEN informed that the Finnish Chairmanship also organized the Barents Industrial Partnership meeting at the end of its term noting as well that the experience was very good. Mr.HAAPALAINEN expressed his opinion that although he was not sure as he had not been involved in the BEAC cooperation from the beginning of his career, but he thought that it was a kind of tradition in BEAC to organize the Barents Industrial Partnership conference at the end of each chairmanship.

The Chair concluding the discussion expressed his appreciation to the participants for their contributions and stated that the Russian Chairmanship will consider all the proposals made.

Item 8: Activities of the Barents Forest Sector Network (BFSN)

The Chair gave the floor to Mr. Nikita PAVLOVICH, the representative of the Russian Federal Forestry Agency.

Mr.PAVLOVICH informed about the recent developments in this area of cooperation noting that the level of interaction in the field of forestry in BEAC is high. Mr.PAVLOVICH drew particular attention to the outcomes of the Barents Forest Sector Network Meeting which took place in June last year in St.Petersburg on the margins of the 5th Scientific practical conference “Innovations and Technology in Forestry 2016”. The Event provided with a good opportunity to discuss the relevant issues with officials and scientific researchers and the important conclusions and proposals for future development were made. It was underlined that the Meeting was attended by the representatives of the Russian Federal Forestry Agency, the Russian Northern Forest Research Institute, St.Petersburg Scientific Forestry Institute, Swedish University of Agricultural Sciences, Institute of National Resources of Finland, the International Barents Secretariat, the Ministry of Agriculture and Forestry of Finland, the Ministry of Agriculture and Food of Norway and the Swedish Forest Agency. The issues of the sustainable management of forests along with the opportunities of the bio energy and the role of forests in mitigating the climate change were on the top of the Agenda of the Meeting. The participants of the Event also exchanged views on the prospects of the timber industry development taking into account the increase in use of bio fuel produced

from wood resources as well as the different aspects of evaluation of the role of forests in the climate change mitigation.

Mr.Tomas DALMAN said the information presented by Mr.PAVLOVICH was interesting as the BEAC cooperation in the field of forestry was rather active. Mr.DALMAN assumed that the incoming Swedish Presidency of the Group might pick up some of the ideas mentioned by Mr.Pavlovich, for example, the cooperation in the sphere of bio-economy.

The Chair concluding the discussion on the Agenda Item 8 suggested that some economic aspects of cooperation within the BFSN, for example, at the stage of practical implementation of projects, should be considered in the framework of the WGEC thus the BFSN would share its work with the WGEC. This measure might give another impetus to making the WGEC more active and efficient.

Item 9: Any other business

No discussion took place under this Agenda Item.

Item 10: Date and venue of the next Meeting

The Chair informed the participants that for that time the Russian Presidency in the BEAC Working Group on Economic Cooperation was not planning another Meeting of the WGEC. However, the Russian side would consider the possibility of convening the Group's Meeting back-to-back with BEAC major event. The Russian Presidency will inform the Members of the Group about the decision in due course.

Item 11: Closing of the Meeting

The Chair once again thanked the participants and closed the Meeting as scheduled.