

## **Barents Euro-Arctic Council Working Group on Economic Cooperation (WGEC)**

### **Annual report 2004**

The WGEC met only twice in 2004, in Kirkenes in February and in Oslo in November. A meeting scheduled for June in Longyearbyen was cancelled in light of the discussion within CSO on the future organisation and content of economic cooperation. In this regard it was decided to hold a brainstorming session at an appropriate time. This proved difficult to organise, and eventually the brainstorming was held as part of the WGEC meeting in November. WGEC chair reported and chair and members and took part in the subsequent CSO discussion the following day in Oslo.

Consequently, most of 2004 was spent on a discussion of the WGEC's role in the economic cooperation, its strategic focus and organisational set-up or attachment. At the November meeting, three main opinions concerning the future of the WG were voiced:

- to make a new beginning, with a new group or task force, whose initial role would be to assess different working models in close contact with the economic actors.

- to continue with the present group (majority opinion), but make new efforts in relation to the economic operators. WGEC should also develop its role as a way for the business community to approach national and regional authorities, for instance in order to express concerns or forward proposals.

- as above, with the addition that the WGEC should more decidedly address financing issues, as a follow-up of the AIEKA-report and in light of a proposal to establish a special project fund or bank for the Barents Region.

The November meeting concluded that the discussion on "what to do" and "how to do it" would continue at the next WGEC-meeting, in Moscow in the end of April 2005. WGEC is in need of added substance. WGEC's major responsibility is to work towards an improved investment climate and the removal of technical and other barriers to trade. Closer contact with the real economic operators is a must. BBAG, Barents Industrial Partnership meetings (BIP) and BFSTF are important instruments in this effort. Long-term strategies need to be discussed. Oil/gas supply industry has now been brought in as a new element, especially how small and medium sized enterprises can benefit.

2004 also saw the development of the Barents Industrial Partnership meetings, with the first held in Stockholm in January and the second in Petrozavodsk in October. This is an initiative initially promoted by the chairs of the Barents Council and the Regional Council, in order to forge new business contacts and mobilise decision making and capital in favour of new industrial investment. Primarily, the sectors of forestry, mining/metallurgy and oil/gas equipment are targeted, with heavy transport (rail) and financing as major associated themes. The BIP idea to a large extent emanates from the Interreg-project Barents 2010 and its industrial development work package. The next BIP meeting will be held in Oslo on 15 March 2005.

Also, in 2004 a Regional Working Group on Investments and Economic Cooperation was established. Some of the WGEC and CSO discussion in 2004 concerned the working relationship or organisational relationship between WGEC and the new group.

As part of the organisational changes, Task Force II on Trade Barriers which had hitherto reported to the WGEC, was detached from the WGEC and was established as a permanent

and separate Working Group on Trade Barriers in the Barents Euro-Arctic Region, reporting directly to the CSO.

At both meetings in 2004 representatives of BBAG (Barents Business Advisory Group) took part, briefed the WGEC and presented recommendations and requests. The dialogue with BBAG is regarded as highly relevant and useful. WGEC also notes the good cooperation between BBAG and the customs group.

An issue which warrants further deliberation is the follow-up of the so-called AIEKA-report, on available financing sources. An ad hoc meeting was held in the spring, but no decision has been taken on how to implement the various recommendations in the report or whether to enlarge the scope to include broader capital mobilisation issues or concrete pre-project/project financing matters.

### **Barents Forest Sector Task Force (BFSTF)**

After the separation of Task Force II (customs cooperation) from WGEC, the WG is left with one subsidiary task force.

The BFSTF in 2004 continued to work for the establishment of model forests and a network of such forests (Vilhelmina-Kovdozerskiy-Ilomantie) in the Barents Region. A Neighbourhood Programme financing application will be made in the spring of 2005, based on “seed money” already received from Interreg.

BFSTF carried out one network meeting in 2004 (Network I “The logistic chain and trade with timber and other wood products”). The other networks concern “utilising of forest resources and wood-based energy” (Network II), and “for cooperation and collaboration between forest authorities” (Network III).

The task force continued to work in accordance with the Action Plan 2004-2007, with emphasis on core issues, such as:

- Access to modern technologies for forest services, resources protection and conservation, and guidance on multipurpose siviculture and mixed land-use,
- Collection and dissemination of key policy information on the forest sector of countries in the Northern Dimension,
- Multi-stakeholder national forest programmes (sub-national where appropriate),
- Strengthened mechanisms for democratic local decision-making and communication, and communication between local and national/global levels.