

# **Regional Working Group on Investments and Economic Cooperation (RWGIEC) of the Barents Euro-Arctic Council**

## **Revised Minutes of the Meeting**

**Luleå, Sweden  
11 April 2011**

### **Preliminary Agenda**

1. Opening of the meeting
2. Adoption of agenda
3. Election of secretary and protocol approval
4. Presentation of RWGIEC mandate
5. Presentation of participants of the meeting
6. Presentation from Irina Nasarova, IBS senior consultant
7. Barents Industrial Partnership, 15<sup>th</sup> June
8. Brainstorming – new and important issues for RWGIEC
9. Any other businesses
10. Next meeting
11. Closing of meeting

### **List of Participants**

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## **1.1. Introduction**

The meeting of the working group (hereafter WG), chaired by Kjell Hjelm, started with recalling its mandate as agreed upon during the last meeting of the WG held in Tromsø on the 10<sup>th</sup> of June 2010. As a reminder, the mandate of the WG is as follows :

- to assess business infrastructure from the practical viewpoint of the region's SMEs
- to propose to the officials the improvement of business climate and operational conditions
- to arrange meetings between administrations and business life
- to distribute information
- to encourage SMEs for cross/border economic cooperation
- to build up sub-contractor networks so that SMEs could participate in big-scale projects
- to start a dialogue between the big companies and SMEs in the region
- to combat trade barriers
- to inform about the transportation needs of companies
- to cooperate with different sector programmes

It is a general opinion of the WG that the mandate in its present form is too broad so in order to be efficient the WG should set clear priorities and focus on their implementation. Financial side can also be a challenge, so once again the importance of concentrating on a few concrete activities with transparent budget implications is being stressed.

This brief introduction is followed by the presentation of the participants. Unfortunately, Russia is not represented. The Finnish side suggests including in this WG Martti HÄHL, managing director of Barents Center Finland Ltd., located at the Rovaniemi Office of Lapland Chamber of Commerce. It is decided to involve him in the WG activities as an external expert rather than a permanent member.

## **1.2. A Brief Overview of the Upcoming Events**

The Chairman reminds of an upcoming meeting in Haparanda - Barents Industrial Partnership - scheduled for the 15<sup>th</sup> of June 2011, which will be focused on investments in the region. The meeting is expected to come out with a revised investment road-map, the previous one being compiled in 2008. The road-map will then be officially distributed in all four countries of the region. Furthermore, it would be interesting to discuss challenges when it comes to manpower – available competences but also workers' needs. A broader involvement of the bank sector in discussions would be very welcome.

The BIP will be followed by Barents Reunion planned for 16-17<sup>th</sup> of June 2011 sponsored by IKEA, with the expected participation of some 100 small enterprises. Both events are being organized within the framework of "Barents Days".

Brynolf Tjärner adds that a whole range of Barents-related activities is going to take place in the nearest future. Among them the 5<sup>th</sup> Parliamentary Barents Conference to be held in Luleå, Sweden on 18-20<sup>th</sup> of May 2011. On 7-10<sup>th</sup> of June 2011, a Swedish business delegation will visit Murmansk, Russia.

Roman Gokkoev further informs the participants about the upcoming economical fair to be held in Arkhangelsk on 17-19<sup>th</sup> September 2011. It might be a good idea to hold the next session of the WG in Arkhangelsk during these dates as to establish new contacts and explore business possibilities.

### **1.3. Presentation on Project Funding in Barents Region**

Irina Nazarova, International Barents Secretariat (IBS), specializes in consultancy on investment and/or funding possibilities in Barents region. She organises thematic seminars and also cooperates with other WG, so her first-hand experience is definitely an asset for this WG.

Irina Nazarova goes briefly through her presentation drafted mainly for local actors. She promises to provide the other participants with an electronic copy of the entire presentation<sup>1</sup>. Simply put, the IBS support in this field consists of (a) directing the applicants to a relevant institution and (b) advising them further on various procedures in order to complete a project application.

### **1.4. Challenges of Efficient Cooperation with Russia – Small Businesses Finding their Place on the Russian Market**

According to Roman Gokkoev, it would be good to concentrate on arranging meetings both between local administrations and business sector on the one hand and business-to-business meetings on the other hand. There is indeed a window of opportunity in Russian Barents region where recently elected local governments need to be briefed on various possibilities of interregional cooperation as well as on ongoing projects if any. It seems that in the previous years a lot of attention has been concentrated around Murmansk but it is important to assess business possibilities in Arkhangelsk and other parts of Barents too. All these issues shall be further tackled with Sergej Averin, WG member from Russia.

Brynolf Tjärner reminds that before the latest financial crisis there has been a dozen of small Swedish enterprises working in Murmansk, but now this already modest number has been reduced to maybe one “sleeping” company. Both Norway and Finland have also their experience on cooperation with Russia. At the current stage, Swedish companies are quite cautious when it comes to possible expansion towards Russian markets, and they are aiming at Norway and Finland instead. The Chairman adds that *Företagarna* encourage small companies to work together as it seems to be extremely tough for a small company alone to establish itself on the Russian market.

Ilkka Yliniemi says that this is also true for the Finnish side. If in the past the number of small businesses working in Russia was considerable, nowadays there might be 1-2 companies still active there.

Västerbotten County in Sweden has experience in cooperation between its own small businesses and those in Karelia, Russia, however the number of interested actors from the Swedish side is quite limited.

The Chairman summarises this segment of the discussion suggesting that it is time to renew the interest in this area and move from words to action. There is namely a huge potential in launching a closer inter-border cooperation on energy issues.

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<sup>1</sup> See also [http://www.beac.st/in\\_English/Barents\\_Euro-Arctic\\_Council/Project\\_funding.iw3](http://www.beac.st/in_English/Barents_Euro-Arctic_Council/Project_funding.iw3).

On the other hand, ongoing and potential investments from the Russian side into Swedish, Norwegian and Finnish economies should not be underestimated either, so this is definitely something to study in more detail.

Last but not least, time consuming trips and inconvenient detours represent at a current stage a considerable obstacle in launching a broader cooperation with Russia, however all these technicalities can and should be overcome in the most efficient way.

Finally, experience of bigger companies, for instance Stockmann, can be definitely considered when it comes to their partnership with Russia.

Brynolf Tjärner adds that there is a lack of information regarding Russia and ways of making business there, and this might become quite a challenge for a smaller company.

At this point Elena Haapaniemi suggests that the WG sponsors studies of relevant national legislation and existing practices that could in a concise and easy-explained form serve as a guide for small companies that would like to expand their businesses abroad, especially to Russia. Indeed, the language barrier along with the eventual lack of relevant knowledge might impede small companies from looking for new business solutions in Russia. But even for well-established cooperation between, for instance, Sweden and Finland, it will only be beneficial to have a concise and clear reminder of the existing legal and administrative procedures in place in each respective country. More specific questions of common interest can be further tackled and explained, for instance existing procedures as to how to avoid double taxation. Such guides could be further translated in all four languages and distributed widely among members of the business community in the Barent Region.

### **1.5. Brainstorming – Making the Work of the WG More Efficient**

As already stated by the majority of participants, the initial mandate of the WG is quite vast, hence the importance of setting priorities. Shall the WG organize seminars or rather facilitate contacts between various actors ? Arrange business trips or look for investors ?

Martii Kankaanranta mentions that most of the issues on the WG's agenda are part of the agenda of his own Organisation of small enterprises in Western Lapland, so from his side he definitely has expertise in dealing with all those issues.

Sari Roininen points out that it is important to define the final goal of the WG, in this way it will be easier to fine-tune the mandate and agree on the PoA, but also to measure the results of work in a tangible way.

Brynolf Tjärner adds that the WG represents an ideal format to put together competencies and broad experiences of its members, but obviously a more concrete practical framework is needed to actually achieve some results.

Sari Roininen volunteers to prepare a draft PoA that would serve as such framework and that can be further finalized and approved during the next meeting of the WG scheduled for the 23d of August 2011 in Rovaniemi.

Brynolf Tjärner further stresses the importance of targeting the academic circles as well, hence the WG could also contribute to establishing the contacts between enterprises and universities.

It is finally agreed to concentrate on three main issues, namely (a) tackling cross-boarder difficulties, (b) re-discovering the area of Arkhangelsk and (c) reaching out to the universities.

### **1.6. Conclusive Remarks and Follow up**

Even though this has been the very first meeting of the WG in its new revitalized form, it has appeared constructive and constitutes a good foundation for further efficient work aiming at promoting and facilitating regional cooperation when it comes to investment policies and economical issues.

However, a need for a structured and concrete Plan of Action supported by a reasonable budget is obvious, and hopefully it can indeed be agreed upon during the next meeting of the WG scheduled for the 23d of August 2011 in Rovaniemi.

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