



YMPÄRISTÖMINISTERIÖ
MILJÖMINISTERIET
MINISTRY OF THE ENVIRONMENT

Helsinki, June 2, 2005

**Barents Euro-Arctic Council,
Meeting of the Working Group on Environment (WGE)
26-27 January 2005
Oulu**

MINUTES

1. Opening, presentation of participants and adoption of the agenda

The Chair opened the meeting. She informed the participants of the disappearance of Mr Vitaly Kimstach during the nature disaster in Thailand in December 2004. The meeting participants dedicated a silent moment to him and requested the Chair to send a letter of condolence to his family. His role, experience and personal input in the environmental cooperation in the arctic regions was admired.

Mr. Rönkkömäki, Director of the Northostrobthnia Environment Centre welcomed the participants to Oulu.

The agenda was adopted.

2. Adoption of the minutes of the last meeting

The minutes were adopted.

3. Barents news

CSO

The Chair of the BEAC, **Mr Olav Berstad**, Norway, reported about the activities within the Council. The BEAC Ministerial meeting will be on November 11 in Harstad, Norway. After Norway, Finland will take over the chairmanship of BEAC. The year 2005 is the Indigenous Peoples' Year in the Barents Cooperation. He informed about the Northern Dimension Partnership in Public Health and Social Well-being Conference in Tallin in December 2004. The 3rd Barents Industrial Partnership Meeting will be in Oslo on 15 March, 2005, where the main issues are energy and financing. Three new working groups have been established in 2004: Working Group on Education and Research, Energy Working Group (new mandate) and Information and Data Cooperation.

Barents Deputy Minister's Midterm Review Meeting was held in Solovki in September, 2004. The hot spots were on the agenda of the meeting, and it contributed to the establishment of the Barents Hot Spot Facility. The meeting also recommended that the Barents Region as a whole should be defined as eligible for EU financing (since new instrument 2007) and additional financing to the region should be included. The last meeting was in Oslo in December, 2004. The new mandate for the Energy Working Group was discussed and adopted after the meeting. The next CSO meeting will be in Copenhagen on 17-18 February, 2005.

Regional Working Group on Environment

Mr Jari Pasanen from the Lapland Regional Environment Centre informed about the Barents Regional Working Group on Environment. Lapland is now chairing the RWGE for two years. Russia is the vice-chair and will take over the chairmanship of the RWGE after Lapland. The Action Programme of the RWGE is now being updated by Västerbotten. The next meeting of RWGE will be in Bodø on 26-27 April, 2005. The Midterm Conference of Barents 2010 took place in December, 2004. The strategy reports on water and biodiversity has been prepared. The next phase is the preparation of the action plan towards concrete projects.

He also initiated to start cooperation on flood protection. Floods are expected to come more frequent and serious problems due to climate change. There are good prerequisites for cooperation in modeling and mapping of floods at the regional level, e.g. based on the Finnish experience (<http://www.ymparisto.fi/default.Asp?contentid=106955&lan=fi&clan=en>).

Arctic Council Ministerial Meeting

Mr Jyrki Terva from the Ministry for the Foreign Affairs of Finland reported about the Arctic Council Ministerial Meeting in November, 2004 in Reykjavik. The Arctic Climate Impact Assessment was the main issue of the Meeting. In addition, the Arctic Human Development Report, preparations for the International Polar Year 2007 and the Arctic Project Support Instrument were on the agenda. He also informed about the aim of the Minister for Foreign Affairs of Finland to launch a strategic paper on enhancing the Northern Dimension from 2007.

News from the Russian environmental administration

Mr Yury Aleksandrovsky from the Ministry of the Natural Resources informed about the latest news from the Russian environmental administration. The federal administrative system has been reorganized in March, 2004. There is now 17 Ministries in Russia. The Ministry of the Natural Resources (MNR) is responsible for the state policy on rational use of natural resources and protection of environment, excluding the environmental control functions. There are three Agencies at the MNR: forestry, water resources, and mineral resources and mining. In addition, there is a Service on Supervision of the nature use (Prirodanadzor). The restructuring is going on in the regions: there will be Federal Services on Supervision of the use of natural resources, which are under the MNR. In North-West District there is a Head Administration of the Federal Service on Supervision of nature use, which coordinates the federal administrations in the Regions.

The environmental control belongs now to the Federal Environmental, Industrial and Nuclear Supervision Service of Russia (Rostekhnadzor). **Mrs Victoria Sapozhnikova** informed about the functions of the Rostekhnadzor – normative and legal decisions, control and supervision in the field of environmental protection and restriction of negative technological impacts, air protection, wastes and waste waters. Rostekhnadzor is the competent authority on Basel Convention, Convention of nuclear safety, and many other international environmental conventions. It is also responsible for development of Cleaner Production in Russia.

Russia's Federal Service on Hydrometeorology and Environment Monitoring (Rosgidromet) remain as an independent Agency under the Prime Minister.

4. Follow-up to the Action Programme

4.1. Barents Environmental Hot Spots

The Chair informed about the letter by the CSO Chair and WGE Chair to ambassador Churkin (Ministry for Foreign Affairs) and director Bantsekin (Ministry of Natural Resources) with the aim to organize the promotional events on the hot spots at the federal and regional level.

Mr Harro Pitkänen from NEFCO gave an overview on the recent development. The discussions with the Regions and Russian project owners will be started this spring. The aim is to find mutual understanding on the priorities. NEFCO has identified (paper on September, 2004) number of projects, which could be the first candidates for implementation. This proposal should be developed further with the stakeholders in Russia taking into account the realities and commitment by the owners. The implementation of the projects should be cost-effective taking the advantage of replicability of the projects and of the local knowledge of the problems and solutions.

In December 2004, the Governments of Finland, Iceland, Norway and Sweden agreed to set up the Barents Hot Spot Facility (BHSF) as a special ad-hoc financing facility, with a capital of approximately €3 million, targeted at project development. NEFCO has been assigned as Fund Manager for the Facility. It will provide financing for pre-feasibility and feasibility studies and other preparatory action. The aim is to identify eligible for implementation and bankable projects and to mobilise financing for the investments. The promotional events starting in Moscow and to be followed to the Regions are aimed to clarify the priorities and possibilities and agree on the concrete projects.

Norway, Ms Swensen, proposed to include European Bank of Reconstruction and Development and Nordic Investment Bank at the outset of the process in order to promote the funding possibilities. **Mr Jaakko Henttonen** from the Consulate General of Finland in St. Petersburg informed that the EBRD loan for the municipal water project in Syktyvkar in Komi has been signed as a part of the Northern Dimension Environmental Partnership (NDEP). Instead, the municipal water project in Arkhangelsk has not progressed, because of the financial problems and creditability of the Arkhangelsk Region. **Finland, Mr Poutanen**, commented that it is important to enhance and find new funding for the environmental window of the NDEP. **Mr Pitkänen** commented that the analysis of the possibilities for funding from the international financial institutions will be an essential part and one criteria for prioritising during the upcoming project assessments.

CSO Chair emphasised the role of the Russian authorities and the importance to take the advantage of the Russian federal and local programmes, as well as the Russian legislative and regulatory system. In addition to the environmental priorities the economical linkages are important. The possibilities of cleaner protection and energy efficiency should be utilised. It is important to start discussions with the project owners and to get the Russian contribution to the process.

Russia, Mr Alexandrovksy, supported the proposal to take the advantage of the cleaner production. He informed that the hot spot list has been discussed with the regional representatives with the aim to identify the priorities. The existing feasibility studies should be used and to identify the potential financing sources. He welcomed the establishment of BHSF. He also proposed to consider the possibilities of the NDEP and supported the enhancement of the (NDEP) environmental window. The difference between the nuclear and environmental windows should be balanced. In addition, he proposed to include the project in the Franz Joseph Land (A7-2) among the priorities, as well as to enhance in the future the cooperation in the field of nature conservation, especially the establishment of nature conservation areas.

He informed about the federal programmes, which would have available resources for the hot spots, such as the federal ecological programme, the regional development programmes, and federal investment programme. He also mentioned the Global Environmental Facility as a possible financing source for big projects. The Ministry of the Natural Resources is the competent authority to prepare applications to GEF in Russia. In addition, he recommended to seek financing also in connection the Stockholm Convention on Persistent Organic Pollutants.

AMAP, Mr Reiersen, informed about the expedition to Franz Joseph Land, which was carried out last September. The final report, including the data about the PCB concentrations, will be finished within few weeks.

Mr Kuznetsov from Arkhangelsk, informed about the positive development in one of the hot spots in Arkhangelsk: the Arkhangelsk Pulp and Paper Mill. The possibilities to get guarantees for the NDEP municipal water project in Arkhangelsk are under discussion. He also supported the proposal to take the advantage of cleaner production. There are proposals on Franz Joseph Land, which are based on the results of the expedition.

Mrs Yanchik from the Russian-Norwegian Cleaner Production Centre informed about the cleaner production investment seminar in collaboration with NEFCO, which is planned to be held in St. Petersburg in March, 2005. The aim is to get enterprises of the North-West Russia, which would potentially invest in environmental technology.

Sweden, Mr Hokstad welcomed the establishment of the BHSF. He proposed to consider the biodiversity component in connection to water projects.

The representatives of the Russian Barents Regions emphasised the need to get the information about the visits to regions in time in order to be well prepared and to get the right stakeholders to the meeting.

Cooperation with Arctic Council Action Plan to Eliminate Pollution

The Chair informed about the joint list of possible cooperation projects between WGE and ACAP. In the list 14 projects are proposed for further consideration. The list encompasses projects on dioxin, mercury, cleaner production in pulp and paper industries, hazardous wastes and Franz Joseph Land.

The ACAP Chair, Mr Dyer, informed about the recommendations of the Senior Arctic Officials to the Arctic Ministers concerning the cooperation with the WGE and on the hot spots. In addition, he informed about the finishing of the ACAP obsolete pesticides project in Arkhangelsk. The next step is destruction of the pesticides. **Mr Kuznetsov** from Arkhangelsk regarded the Arkhangelsk obsolete pesticide project very successful and proposed this project as a model project for other regions. **Mr Henttonen**, the Chair of the project, informed that the obsolete pesticide projects in other regions, e.g. in Komi are close to be finished. The questions concerning the possibilities to carry out the project in Murmansk are still open.

Mr Dyer informed that the possibilities to start the work on hot spots on mercury project and dioxins in pulp and paper industry are under consideration within the ACAP working groups. He informed about the proposal to develop a Arctic Project Support Instrument in cooperation with NEFCO. He reminded that Russia is now chairing the Arctic Council and mentioned that the cleaner production activities of ACAP has been considered by SAOs and the Arctic Council as very successful.

The Chair summed up the discussion by reminding that the next steps on the hot spots is to prepare and carry out the promotional events, first in Moscow on February 7, and then in the regions during the spring. The project preparation will be started by means of BHSF. The cooperation with ACAP will be further developed, especially concerning dioxins, mercury and cleaner production.

4.2. Cleaner production

The Meeting of the Cleaner Production Task Force is back-to-back with the WGE meeting and will be reported separately.

Mr Tsygankov reported about the results of the International Conference "Cleaner Production as a Contribution to Sustainable Development", which was held in Moscow on 6-9 December 2004. The Conference was arranged in connection to the 10th anniversary of the Russian-Norwegian Cleaner Production Programme. There was more than 150 participants from Russia, Norway, Finland, Swe-

den, USA, Bangladesh, CIS countries and from UNEP and EU. It was proposed to arrange this kind of conference every second year. The meeting material including the recommendations is available at the web-site <http://www.ruscp.ru/>

4.3. Nature protection and sustainable forestry

Mrs Tiupenko from Komi informed about the preparations for the 4th meeting of International Contact Forum on Habitat Conservation in the Barents Region, which will be held on September 19-25, 2005 in Syktyvkar, Komi. The organizing committee consist of representatives of Komi, Finland, Norway and Sweden. The programme will include scientific presentations and discussions about the old-growth boreal forest conservation, a system of protected areas in the Barents region, monitoring and conservation strategy of terrestrial biodiversity, fresh and sea water issues, and questions related to indigenous people and environment.

Mr Poutanen informed that the Forest Sector Task Force is preparing an application for model forest project within Interreg IIIB funding. The biodiversity element will be included in the project. WGE should participate in the kick-off meeting, which is expected to be held in August.

4.4. Water cooperation

Ms Haapala presented the plan for a report on water cooperation, which will be done by the Finnish Environment Institute, Kari Homanen. At the last WGE meeting in September it was agreed to prepare a report on the possibilities and obstacles to implement the water related projects in the Barents region. The report will present the lessons learned of some successful projects and to clarify the possibilities and readiness of the regional stakeholders to support the improvements in the water sector. The aim is to connect this study to support the water sector hot spot projects. Also the needs and proposals for research and development projects will be identified.

Mr Henttonen commented that it is important to clarify the reasons behind the obstacles to implement projects aimed to improve the water quality. In order to bring forward successfully prepared projects under implementation, it is necessary to establish cooperation between the environmental and financial authorities and the municipalities.

The Chair concluded that the aim is to identify the priority water projects, which have the best perspectives for implementation. She requested the WGE members to give comments and proposals to the report.

4.5. Connections of the Arctic Climate Impact Assessment with the Barents environmental cooperation

Mr Reiersen, AMAP, presented the findings and recommendations of the ACIA report. The increasing storms and floods, melting of permafrost, vegetation shift, the changes in the fish distribution and increasing UV radiation will have significant impacts in the arctic environment and the northern inhabitants and will change the ways of living. New transport routes in the Arctic Ocean, nature resources and new possibilities for nature use (agriculture, forestry) will be available. The arctic is an early warning: 10 years of change in arctic = 25 Years in the rest of the world. The Ministers of the Arctic Council e.g. acknowledged the need to adopt climate change mitigation strategies, encouraged Members States to take effective measures to adapt to and manage the environmental, economic and social impacts of climate change and ultraviolet radiation and decided to promote global, national and local awareness of the ACIA.

Ms Haapala presented some preliminary proposals and ideas prepared by the WGE secretariat for discussion to promote the ACIA recommendations in the Barents region. In connection to the Barents hot spot process, the projects with energy saving component or use of alternative energy

sources could be identified. The RWGE has initiated the cooperation in the field of flood protection. The need for an assessment of the economical and environmental impacts of the climate change in the Barents region could be considered, under the auspices of the CSO. Cooperation possibilities for other sectors was also proposed, especially in connection to the health issues, research and monitoring and impacts to the indigenous peoples. In addition, the question of the need for information seminar about ACIA and its results in North-West Russia was raised.

Norway, Ms Swensen, proposed the exchange of information of the national level actions and reminded about the work with an Arctic Environmental Strategy within the Nordic Environmental Action Programme, which will be discussed at the meeting of Senior Environmental Officials of the Nordic Council of Ministers in February.

Mr Berstad referred to the obligations of the Joint Communiqué of the 9th BEAC session concerning ACIA and emphasized the need for coordinated actions in order to avoid overlapping. The ACIA will be discussed at the next CSO meeting and it is important to share the ideas after that meeting. He proposed two possible approaches: 1) to identify each sector of the Joint Communiqué under threat or potentially affected or 2) to follow the pattern of ACIA and identify the actions, which could be relevant for the Barents region. He noted that the possible Russia's entry to the Testing Ground Agreement is of great relevance for the Barents region. The actions connected to adaptation and dissemination of public awareness are very important in the Barents region.

Mr Reiersen informed about the press conference in St. Petersburg in connection to the publication of the Russian version of ACIA in March.

5. Theme discussion on environmental issues of the oil and gas production and transportation

Mr Reiersen introduced the Arctic Council Assessment on Oil and Gas Activities in the Arctic under preparation and coordinated by AMAP. He introduced the most important regions and issues of the oil and gas assessment. The assessment content include the following chapters: oil and gas activities in the Arctic, social and economic consequences of oil and gas activities in the Arctic, sources and inputs of petroleum hydrocarbons, PAHs and other relevant contaminants in the Arctic, concentrations and fate of petroleum hydrocarbons, PAHs and other relevant contaminants in the Arctic, effects of pollutants and disturbance on organisms and effects of pollutants on human health, environmental status and impacts on populations, habitats and ecosystems in the Arctic, and conclusions and recommendations.

There will be an international oil and gas symposium in September 13-15, 2005 in St. Petersburg. The final draft will be prepared in November 2005 and the report will be presented at the Arctic Council Ministerial Meeting in Russia in autumn 2006.

Mr Åke Eknes from the Directorate for Civil Protection and Emergency Planning of Norway informed about the Barents Rescue 2005. The aim is to facilitate cooperation to improve preparedness and operational effectiveness of civil protection and emergency response. Barents Rescue 2005 will combine the search and rescue and environmental clean-up – a situation, where a cross-sector coordination between different authorities and rescue services is needed. There is a scenario, where a cruise ship will be attacked by terrorists and it will hit an oil tanker. The exercise structure consists of planning process, alarming, and field training exercise and evaluation. The exercise will take place in September 2005 in Porsanger (Norway). More information: <http://www.dsb.no/barentsrescue>

Ms Swensen informed about the Integrated management plan for the Norwegian part of the Barents Sea. This integrated management of marine environment will be presented for the Norwegian parliament in 2006. The process is based on ecosystem approach and it will cover the analysis of the

impact of the different sectors: fishing, petroleum and sea transport activities. Also the external pressures, such as impacts of climate change will be taken into account. Environmentally vulnerable areas will be identified. Environmental quality objectives and indicators, as well as management objectives will be defined.

She also informed about the Russian-Norwegian bilateral cooperation. There will be a bilateral Ministerial Meeting at the beginning of February, when the Minister of Natural Resources of Russia, Mr. Trutnev will visit Norway and have meetings on energy and environment issues. The marine environmental issues are frequently on the agenda between Norway and Russia. There are expert groups and seminars on environmental and other issues related to oil exploitation and transport. The cooperation includes contact and warning networking, training and field exercises.

Mr Jorma Rytönen from the VTT Industrial Systems, Finland, introduced the oil transport issues and international cooperation of the maritime environmental safety in the Gulf of Finland/Baltic Sea. During the last decade there has been big changes: new oil harbours and increasing trends of oil transportation in the Gulf of Finland. GOFREP – mandatory ship reporting system was established in the Gulf of Finland in 2003. It reduces the risks for accidents by 80 %. There are new recommendations related to maritime safety adopted by HELCOM, e.g. safety of winter navigation in the Baltic Sea area. He informed about the new TACIS funded project Baltic Oil Spill Safety System and about some other regional projects aimed to improve the maritime safety. He also gave some recommendations on transnational cooperation, e.g. on comprehensive risk analysis (FSA) and on winter navigation issues.

Discussion:

Mr Poutanen referred to the new ToR of the Energy Working Group, and noted that it is related also to oil and gas development issues. He emphasized the importance of cooperation on the environmental impact assessment and exchange of information.

Mr Berstad commented that the development in the Baltic Sea has been followed also in the Barents Region. The Baltic Sea is surrounded by several coastal states, while in the Barents Sea there is only Russia and Norway. He regarded the bilateral cooperation as satisfactory. Cooperation has been established on transport safety issues and oil spill preparedness (agreement on 1994). There has been discussion on establishing Automatic Identification System. Norway has also followed the bilateral Russia-U.S. dialogue on these issues. The processes of the Arctic Council for its part also enhance the cooperation in this field. Within the BEAC the focus of the Energy Working Group is on energy issues, but also oil exploitation and production are on the agenda. The transport group has safety issues and northern maritime corridor issues on their agenda. In addition, there is increased emphasis on the Working Group on Northern Sea Route. So, there are a lot of activities going on. However, expert discussion and exchange of information would be needed.

Mr Poutanen commented that it seems that the existing cooperation arrangements are satisfactory. However, the environmental and safety issues should be on the agenda, whenever economic activities are under consideration, as an example he mentioned the Barents Industrial Partnership forum.

Mr Alexandrovsky commented that the protection of the marine environment is very important and he supported the earlier views and proposals. The Russian-Norwegian cooperation is developing in good direction. There are many on-going processes within the Arctic Council, e.g. the PAME guidelines for oil transport in the arctic waters. Action Plan on the Common Spaces is under preparation between the EU and Russia. The maritime transport questions are still open, but on the environmental cooperation agenda there is joint understanding. In addition, Russia has own maritime strategy and it is taking part in the preparation of EU's maritime strategy. From May 1st, 2005 on Russia will not use single hull tankers, according to the information get from the Ministry of trans-

port. There has also been a NATO seminar on prevention of the oil accidents, where Russia took part in?

The Chair summed up the discussion and noted that this issue should be taken up at the ministerial agenda in appropriate way. The environmental impact assessment procedures are important. The use of the Arctic guidelines (e.g. by PAME) and the Arctic Environmental Impact Assessment should be promoted. The Barents Industrial Partnership is an important forum to connect the environmental issues to the economic cooperation agenda.

6. Preparations for the 10+1 Barents environmental ministerial meeting and preparation of the report on the Barents 10 years' environmental cooperation

The Chair informed that the next (seventh) Barents Environmental Ministerial Meeting is proposed to be on October 19, 2005 in Rovaniemi. The ten years of environmental cooperation in the Barents region will be celebrated in this connection. Sweden and Norway confirmed that the proposed date is OK. The Russia will confirm it later – there will be minister or vice-minister from Russia.

Ms Haapala introduced the draft report on the Barents 10 years' environmental cooperation. It consists of two main sources: the review of the history and the personal articles. There is now first draft available, but some of the personal articles are still missing. She asked the comments to the review and the possible additional articles by February 15.

Mr Alexandrovsky proposed that the protection of the maritime environment in oil and gas chapter should be taken up in more depth. The question is not only on oil and gas, but also on transport and fishery. The oil and gas activities have environmental impacts both on land and sea. The discussion of this meeting gives also some view points.

7. Barents related EU issues, incl. the European Neighbourhood and Partnership Instrument

Mr Poutanen from the Ministry of the Environment of Finland introduced the European Neighbourhood and Partnership Instrument (ENPI) should be operational from 2007 onwards. Although the European Neighbourhood Policy does not address EU-Russia relations, it is important that the ENPI could be used to finance environmental and cross-border projects in Northwest Russia.

The content of EU-Russia environmental cooperation is being discussed in the context of the 'four common spaces', particularly Space I Common Economic Space, CES. The outcome of the discussion, probably to be confirmed in the EU-Russia Summit in May 2005, will thus in general terms define future priorities and, accordingly, influence the ENPI financing. The environmental content of the CES has been steadily improving and would seem to correspond quite well with the environmental goals, which have been considered important in the Barents WGE.

The future orientation of the Northern Dimension would seem to emphasize the role of the regional councils. The EU Commission has not been particularly active in participating in the working groups of the BEAC, which leaves room for improvement. The other line to take by the BEAC would be to be active by compiling relevant 'Northern Dimension specific' proposals and to present them for discussion in order to strengthen substance and have a fair share of attention to the Barents Region.

Mr Alexandrovsky confirmed the good development of environmental issues within the preparation of EU-Russia common economic space. He mentioned that the Northern Dimension Action Plan 2004-2006 unfortunately does not include some important environmental projects in the Northwest Russia. He emphasized the need to increase the financing of NDEP environmental window

and to identify the possibilities to finance the environmental projects from the new EU instruments and programmes.

Mr Berstad informed that the financing issues were discussed at the Barents Deputy Minister's Midterm Review Meeting in Solovki. It was proposed to have a possibility for funding for the Barents Region in whole within the new EU financing instrument. The Minister for Foreign Affairs of Norway will send this proposal to Commission. Komi and Nenetsia should be included in the new instrument from 2007 on. There is now good possibilities to harmonize Tacis with cross-border instruments. Environment is a very good candidate for financing. It is also important to increase Russia's in kind contribution.

8. Next Meeting and any other business

The Chair proposed that the next meeting would be in St. Petersburg in the second half of May. Russia promised to come back to the proposal. The organizational changes have to be clarified. In addition to the meeting in May, there is still need for one meeting before the Ministerial meeting in autumn, probably in Helsinki. It was proposed to have the Cleaner Production Task Force meetings back-to-back with the WGE meetings.

Mr Movsesyan informed about the Red Data Book of Nenetsia and about the organizing of the environmental monitoring system in Nenetsia.