

## **Demands for local and regional industrial development in the Arctic area.**

County Chief Commissioner Odd Eriksen

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Thank you chair,

Dear representatives from the EU-Commission, representatives from other Arctic regions and states. Dear friends and colleagues.

I would like to use this opportunity to applaud the European Union for making its first design on a EU Arctic Policy, with the release of the Arctic Communication last year.

As you all know, the Norwegian government has made it clear that the High North is a number one priority in the coming years for Norway. As the county chief commissioner for Nordland, one of three Norwegian counties in the High North – I have been dealing with High North issues every day for decades. When the national government declares that they want to do the same - it is a great recognition for many years of work. When the EU Commission declares a EU Arctic Strategy – it is an opportunity. For the northern part of Norway. And for the EU.

I welcome the focus of The European Community of maintaining the Arctic as a priority area for research, especially in the area of climate change.

Climate change is no matter for the distant future – it is happening now. It is already taking place at high intensity in the Arctic, where temperature increases twice as rapid as the global average. In many ways we can say that the Arctic has become Earth's early warning system for climate change. This has brought political attention to the region. The EU's Integrated Maritime Policy for example aims at creating a framework for all of EU's maritime activities – from fisheries to transport to tourism to environment to research – to ensure their development in a coherent and sustainable way. All these activities, which have an influence beyond the EU borders, are of great potential relevance for the Arctic – as the Arctic Ocean opens up as a consequence of climate change.

Since time immemorial the fisheries have been of fundamental importance to the economy and settlement of the northernmost parts of Norway. The fisheries have provided a vital base for the development of local communities. In the future marine resources will continue to be important for business development and employment in the north. Long-term, sustainable resource management will help to secure further development and prosperity for coming generations. At the same time it is necessary to facilitate the use of new resources and

development of new products by focusing on research and development. This is important in order to ensure that North Norway develops a more differentiated and robust business sector. Farming new marine species, marine bioprospecting and petroleum activity in the north will play a major role in the further development of North Norway.

### **Petroleum Activity**

It has been estimated that a large share of the world's remaining recoverable petroleum resources are located in the High North, but it is unclear how large this share is. The question of how large the Norwegian petroleum resources are is not just a national concern, but is also important in terms of meeting the increasing international demand for energy.

It is very important to identify the conditions that encourages spill over effects by petroleum activities in the Arctic region. Developing North Norway's own resources will provide an important base for value creation in the High North. Experience has shown that the petroleum industry generates substantial economic growth at national, regional and local level. There is now considerable interest and optimism in our northern counties related to the development of the High North as a petroleum province. The northernmost counties stress the importance of identifying solutions that maximize local and

regional effects while maintaining corporate and macroeconomic profitability.

Economic activity and business development play a crucial role in ensuring welfare and employment in the north. The petroleum industry can increase welfare by providing capital, employment and competence-building. The counties of the Northern parts of Norway will work with the Government to ensure that petroleum activities become one of the driving forces of business development and economic activity in our regions. It is important that this view is incorporated in the updating of the white paper on Integrated Management Plan for the Barents Sea-Lofoten area.

The petroleum industry is a source of innovation and motivation for onshore maritime industries. Shipyards are building both vessels and installations for the offshore sector. This work also involves subcontractors, service providers and other activities connected with shipbuilding.

Let me call attention to what I think is a good example that underlines this point. In 2008 the energy company BP and Nordland County Council signed a deal in relations to the gas field of Skarv in the Norwegian Sea. Corporate social responsibility marks the deal that ensures spill over effects into the surrounding community of Sandnessjøen. Amongst other things the company is committed to

employ local labour force and develop close relations with educational institutions in the region.

### **On tourism**

Tourism has considerable potential for value creation and is often singled out as one of the important comparative advantages of the High North in connection with future business development. The High North is a region of great cultural diversity, with vast undisturbed wilderness areas that are well suited for adventure tourism as well as ecotourism.

The High North has huge untapped potential as a tourist destination, but tourism in this region requires more in terms of organisation and knowledge than tourism in areas with a less harsh climate.

There is a general lack of knowledge about North Norway as a tourist destination. And therefore a company for coordinating the marketing and branding of North Norway abroad is currently being established.

In order to unleash the potential of tourism it is important to improve infrastructure. Key elements here are development of the main airports in North Norway, new direct flights from the rest of Europe, the marketing of the Hurtigruten Coastal Express, cooperation with Russia and upgrading of the road network. The counties of the northernmost parts of Norway are satisfied with the Norwegian governments focus on this point in its High North strategy.

Large seasonal variations are a critical factor for the tourism industry, and this is also the case in the north. Developing year-round products would help to provide year-round employment. Innovation and cooperation are key in efforts to increase value creation during the low season. Developing sustainable tourism will require developing both expertise on tourism and the knowledge infrastructure related to tourism. Raising the level of formal qualifications can help to improve coordination between actors in the tourism industry and promote project cooperation in the form of innovation, networking and marketing. Providing more employment for highly qualified people is also important in order to maintain settlement patterns. It is therefore important to strengthen education and research opportunities in the field of tourism.

### **Developing expertise and business activity based on Arctic conditions**

The unique characteristics of the High North call for specific expertise that must be developed, and should be delivered, by institutions in the region. Good educational opportunities are necessary to make it attractive to live in the region. The environmental threats are transnational in nature, and to address them, we must develop and build knowledge, awareness and technology in cooperation with other actors – both from the knowledge sector and from the business sector in the High North. But Rome was not built in a day as they say. A

long-term approach is needed to develop strong centres of expertise and sustainable cooperation. A good example of this is The Cold Climate Technology Research Centre of Narvik. The technological community in Narvik<sup>1</sup> has been engaged in the field of cold climate technologies since 1991.

### **The need for an innovation boost for business in the north**

The sparsely populated areas of the northernmost part of Norway face challenges that make it difficult to make full use of the regions potential for value creation. Its business structure is characterised by small companies that are scattered over a large area. Industry has to a large extent been based on raw materials.

A fact also the European Commission should take note of. As you know, there are a lot more resources in the High North than the region can consume. As a tool to develop the region, to draw advantage of the resources and to supply Europe – whether it is energy, seafood, forestry or minerals – cooperation has been established among the northern counties of Norway, Sweden and Finland. This cooperation is already well-known in Brussels as the Northern Sparsely Populated Areas Network. NSPA. The main task of the NSPA network is to identify common solutions for the region. Only this way can the NSPA region contribute in the EUs cohesion policy.

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<sup>1</sup> The Northern Research Institute (NORUT) and Narvik University College.

For small and medium-sized enterprises a lack of expertise and economic resources is an obstacle to innovation. Let me highlight some points that I think will lead to increased onshore value creation in the High North:

- Strengthening efforts to industrialise, commercialise and internationalise new products and industries. *Relevant themes could be marine bioprospecting, telemedicine, space activities, marine industries, mineral resources, environmental technology, energy and tourism.*
- Developing regional business and knowledge clusters and networks in industries in which the region has comparative advantages.
- Implementing measures designed to develop a more market-oriented approach among companies in North Norway.
- And easier access to financial support schemes will also make it easier for small enterprises to take the steps from idea to commercialisation.

Society's ability to restructure, innovate and adapt is essential to a future knowledge-based and competitive economy. An innovation boost in the north is vital for maintaining and increasing value creation in the northernmost part of our country. The Master of Science programme in business at Bodø University College will be a major contributor to developing North Norway's restructuring and

innovation capacity. And I would like to stress the importance of further developing our expertise on Russia, as is being done, for example, at the High North Centre for Business at Bodø University College.

## **On Climate Change**

Developments in the Arctic entail both a serious warning and a call for action. Climate change is happening twice as fast in the Arctic as elsewhere on the globe, leaving no doubt that it is man-made, serious and accelerating and that it can only be halted if we act swiftly. Future generations must not be deprived of opportunities because this generation mismanaged the gift of having natural resources.

There is no quick fix to the challenge of climate change. The so-called green energy revolution is part of the solution to the challenge ahead.

The transition towards renewable energy sources has spurred innovation and created new jobs. An example from Nordland is the sun solar plants in both Narvik and Glomfjord. In the future I think we have to see a stronger link between the traditional carbon intensive industry and the renewable industry. Much of the competence that lies within the oil and gas sectors can be used to create new and exiting jobs within the renewable industry in the Arctic region.

## **Closing up**

To conclude, fish processing, tourism, mineral-related industries, environmental technology and biotechnology are important onshore priority areas in the Arctic, and will play a key role in the development of the knowledge-based economy of the future. By focusing on onshore business development we will create a sounder base for exploiting the full potential of the north – both offshore and onshore.

The northernmost counties of Norway welcome the European Community's focus on the Arctic. It is with great pleasure that I recognise the heavily focus on climate change. Let it be stated clearly; I am an advocate for business development in the Arctic, but I am also a strong advocate for long-term, sustainable resource management. The Arctic region has to be developed in a way that takes maximum account in securing further development and prosperity for coming generations.

Thank you for your attention.