

CHECK AGAINST DELIVERY

3rd Aker Arctic Passion Seminar 6 March 2008

Opening of the Seminar by Dr. Paavo Väyrynen, Minister for Foreign Trade and Development of Finland

Esteemed participants, ladies and gentlemen,

It gives me great pleasure to open the 3rd Arctic Passion seminar and welcome this high-level audience in Helsinki to discuss a wide range of issues related to arctic regions, recent developments in arctic shipping technology and business. I thank Mikko Niini, President of Aker Arctic Technology, for convening this important forum for the third time.

The southern Finnish landscape has been without snow for most of the winter and we have been missing snow that has, however, been falling in abundance in the Northern part of Finland. The warming temperatures provide, indeed, tangible evidence that global warming is a reality. We have to recognize this when addressing the great challenges of the Arctic and Northern regions, especially in the fields of energy and transport.

The history of our host, Aker Arctic and that of the Finnish shipbuilding industry in general, are closely linked to our dependence on foreign trade and the need for sea transport. Not only did we build ships here in Finland more than 100 years ago but Finnish timber and tar for European shipyards were the main articles of our exports some 150 years ago. The need to rebuild our fleet after the Second World War and the new trading relations with the Soviet Union created conditions for rapid expansion in shipbuilding. The competitiveness of the Finnish shipyards became strongest in building vessels for arctic ice conditions. The Aker Arctic, our host today, is the flagship of this

long tradition. The Finnish shipyards whose arctic experience is concentrated in this house have built more than half of all the ice-breakers ever built in the world. And most of these ships have been tested in the previous locations of the ice basin which is now located in this building.

Ladies and Gentlemen,

Finland's involvement in the Arctic dates far back into history. We remember the legendary Finnish-born Adolf Nordenskjöld, the first captain to navigate the North East passage on his ship Vega and the two Finns that served as governors of then Russian Alaska. After the wars Finnish shipyards built hundreds of ships to Soviet customers and cooperation in offshore technology started. Today the production cooperation with Russian shipbuilding is close. I would also like to stress the importance of combining Finnish and Norwegian technological expertise, Norway being the leading producer of oil and gas as well as a country with advanced know-how in arctic offshore technology.

At the present time the Finnish Government is increasingly focusing on the Northern areas, both in the cooperation related to environment, climate change and energy, but also to actively promoting Finnish know-how related to development of oil and gas projects in the northern areas. I will be leading two Finnish business delegations, one to Northern Norway in April and another to Murmansk and Arkhangelsk in May to explore the new possibilities for Finnish companies to do business in the Northern areas in cooperation with Norway and Russia.

Ladies and gentlemen,

The bulk of Finnish imports, including oil, and exports move by ship all year round irrespective of weather and ice conditions. The availability of powerful vessels able to navigate in these conditions has always been of vital importance to us. General developments in the Arctic give us, however, increasing reason for concern. Climate change is proceeding twice as fast in the Arctic regions as elsewhere. The Arctic is getting warmer and wetter, snow, ice and permafrost are melting, ocean levels are rising

and seawater is becoming less saline and more acidic. The risk of emergencies and extreme climatic conditions is growing.

On the other hand, interest in the natural resources of the Arctic is on the rise and the melting ice may have a positive effect on the maritime transport in the Arctic by extended navigation periods and new shipping routes. Less sea ice can also open new areas to the exploitation of petroleum, gas and other natural resources. In an era of high energy prices, advanced offshore technologies and growing concerns about energy security, there is increasing optimism about the resource potential of the Arctic.

The Arctic and Northern regions are one of the last and at the same time the least known frontiers of energy exploration. The estimates indicate that they may hold up to a quarter of the world's remaining hydrocarbons. With the higher prices of hydrocarbons the prospects of the exploitation of these resources become more profitable and realistic. This optimism is also based on the already working projects like Snöhvit. Aker Arctic Technology and other Finnish companies are already operating in these areas that require high technological expertise.

In view of the accelerating climate change Finland is facing new challenges. These include EU targets for decreasing greenhouse gas emissions and increasing the share of renewable energy sources. There is strong motivation to develop environmental and other technologies that suit the needs to increase energy efficiency and promote cleaner energy. The expertise in efficient energy and environmental technologies is one of the strengths of the Finnish industry.

Finnish Government's policies in our neighbouring areas in Russia have focused in the past years on the bilateral Finnish-Russian cross border cooperation mainly in North West Russia. Energy and environmental projects have been in the forefront of this cooperation. With the rising importance of the energy sector in North West Russia the cooperation in the neighbouring areas will in the future focus increasingly on the facilitation of energy-related projects that would promote also Finnish business interests in the northern regions. In this context, I would like to underline the importance of EU

projects, in promoting cross border cooperation and favourable developments in the Northern and Arctic regions. The Northern Dimension policy and the activities of the regional councils, the Arctic Council and the Barents Euro-Arctic Council, also in the research activities, significantly contribute to the same goals.

Dear participants,

The increasing production of natural resources in the North West Russia have increased demand for better logistics and infrastructure. The Finnish Government emphasizes the importance of an efficient transport and logistics system and the government is at the moment drafting a comprehensive report on transport policy. A central focus will be placed on the trans-national transport corridors, including the so called Northern corridor, aiming at making Northern horizontal transport links a viable and well-functioning multi-modal transport corridor. Projects such as Barents Link railway connection, cutting across from Narvik harbour in Norway, through Sweden to Finland and crossing over to Russia via Vartius to the Murmansk railway, is not only a regional corridor but aimed at connecting these Northern regions to Asia and North America.

Another potential railway link towards North West Russia is the connection from the Nordic countries to North West Russia via Salla and Kantalahti. Finland has made a feasibility study on this project a few years ago. Now it has been proposed that the feasibility study should be revised and updated to reflect the evolving situation related to mining and other business plans in the region.

The growing interest in arctic energy exploration further underlines the strategic significance of the Baltic Sea as one of the transport routes. With the increasing transport needs in oil and gas it is necessary to address the issue of safety of transport and the prevention of environmental catastrophies. Aker Arctic Technology is specializing also in this issue by designing vessels to arctic conditions.

Energy is a key issue in the global economy and also in the national economies. There are abundant sources of energy in the Northern regions. How to bring this energy to

interested customers in Europe, Asia and US. The investments are needed both in the exploitation of the energy sources in the extreme arctic conditions and in transporting this energy to customers. In order to realise these investments, a stable and predictable investment climate is needed. Also the EU, negotiating trade arrangements with third countries on behalf of its members, has a key role to play to further economic interests of its members. As far as the Northern regions are concerned EU cooperation with Russia is of vital importance both in the EU-Russia context but also in the wider global context.

Ladies and Gentlemen,

Finnish government with other governments in the Northern regions are responsible for the sustainable use of the natural resources while at the same time guarding the economic interests of our companies and the protection of the welfare of their citizens. For these goals all instruments for national, bilateral, European and global co-operation, designed to answer these challenges, are of utmost importance. At the same time we need strong business expertise and technological specialization.

I wish you an interesting and productive seminar.