

**The 3rd International Scientific-Practical Conference  
“Innovative and safe cooperation in the Barents/Euro-Arctic region”**

August 29-31, 2013

184209, the city of Apatity, Murmansk region, ul. Fersmana 14  
Kola scientific centre of Russian Academy of Sciences

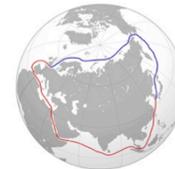
# **Increased industrial development and economic growth in the Barents region**

**Arild Vollan**

Managing Partner

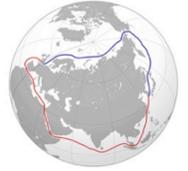
**ARCTIC DEVELOPMENT AS**

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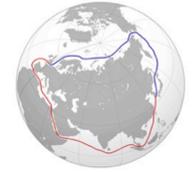
**Based on the region  
resources –  
value creation today mainly  
take place outside Northern  
Norway**





# A necessary process

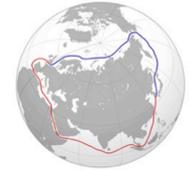
- The first phase of the development in the High North Policy Act was a necessary process to disseminate knowledge among central authorities and provide a real policy content
- The future development is not about regional policy, but a policy of clear national and international implications and obligations



# General conditions

## **Labour and demographer:**

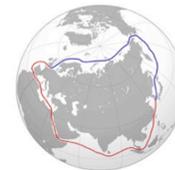
- For Norway: Wage Drifting industries
- Conflict of interest - with existing industries
- Indigenous people
- Emergency response
- Lack of planning and decision-making systems
- Ownership, capital and seed funds
- Uncertainty factors



# The geopolitical situation

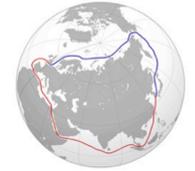
- Asian states have both scientific and commercial interests in the Arctic, and are open for future expansion in the region – if it is commercially viable....
- The axis CHINA / Russia / North is important





# Knowledge and expertise

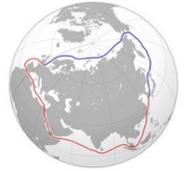
- Develop knowledge institutions in the north
- Knowledge and research as a driver of value creation
- Encourage the development of practice-oriented business expertise to the North
- Encourage the development of knowledge in primary and secondary school on the possibilities of, and the national importance of the Barents Region
- Cross-border knowledge



## The Knowledge dimension must have a central place in the Barents cooperation. It is also pointed out in Kirkenes 2 Declaration

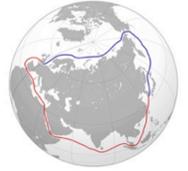
- There must be a goal that institutions in the North should have national responsibility for the development of knowledge in areas that are particularly relevant for value creation in the North.
- This knowledge development will be done in collaboration with national and international partners, and with participation from industry players.
- Based on the research groups, it should be facilitated strong clusters - linked to eg. mineral and oil extraction, oil spill response, preparedness and national security.

# Measures to provide development to the North

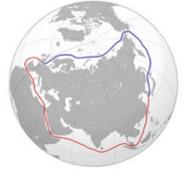


- Free movement of manpower in the Barents Region
- Policies to increase the competitiveness of industry in the north
- Establish clear strategies and framework conditions for industrial development

# Pomor visa must be extended

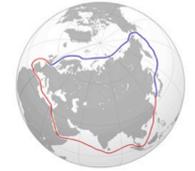


- Russian citizens with the right to Pomor visa, must be given the same rights as EU / EEA nationals for work in Norway.
- This zone can be developed into a joint industrial zone.
- Introduce the same customs rules as for Nordic and EU countries.



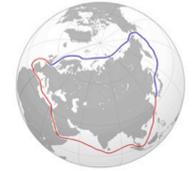
# Important areas

- It is particularly important to develop competence in the north associated with the mining and quarrying industry. How can additional resources be utilized and contribute to value creation?
- Further developments in the maritime industry, particularly offshore in the Arctic, has high skill requirements...
- Linking research and operational expertise from the industry is required to strengthen the research-based education and skills in oil and maritime industry.



# Industrial clusters

- From the Norwegian side, the Barents Sea Southeast opened.
- Meaning we should increase the focus on the development of infrastructure in the area and intensify efforts to establish joint Norwegian-Russian industrial projects
- This can be done by establishing industrial clusters in the border area, a cooperation zone between Norwegian and Russian industry, tourism, transport, public services and in people to people cooperation.



# Gas meets Ore

*In this area one should consider landing points for gas pipe from the Barents Sea. This could in the long run give a basis for a gas-based industrialization - “Gas meets Ore”.*

## ***Base metals – mining and processing operations:***

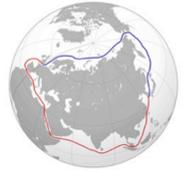
- Investigate the potentials for reduced scale operations and technologies*
- Investigate the potential for reduced scale smelting plants*



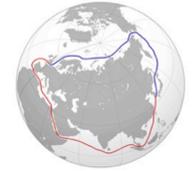
Principle sketch of a likely gas infrastructure system from the Barents Sea to Europe  
Source: North Energy ASA

The first step will be producing electricity by gas - for use in Russia and for export to Norway. Northern Norway needs electricity from Russia! (produced by gas - and not from nuclear power plants)

# Use of gas for industrial purposes



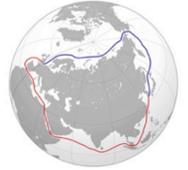
- We must ensure that part of the gas will be landed in the Barents region. This is an important factor for the development of the North.
- It must therefore already be ensured that future gas solutions provide this opportunity.



# Twin Ports

- *The concept of Twin Ports* with cross ownership/ involvement on both sides of the border could help avoid potential perceived conflicts of interest across the border. Such port facilities could also serve exports and import of equipment, products and raw materials outside the oil and gas sectors.
- Industrial activities that exploit the energy resources in the Barents Sea and the raw materials in the region to produce high-value products. There is a special opportunity for using natural gas to produce iron/steel with lower cost in comparison with other producers worldwide as well as lower environmental impacts.

# "Business Creates business"



- Should it be established a "reference project" that allows for collaboration in much greater degree than discussing about technology exchanges or various forms of research and expertise.
- Is there an option to establish "twin port" in Russia and Norway, with cross-ownership to prevent a lack of "alignment of interests" negative competition? Kirkenes and Liinakhamari?

Source: *The High North - an area for future industrial value creation: "The Barents region – where gas meets ore"*. See also Discussion paper to the Seminar at Diplomatic Academy, 11<sup>th</sup> April 2013

# The chairman of North Energy:

*“It will be of crucial importance to establish closer cooperation between companies, research institutes and governmental bodies in Russia and Norway that can start working on short term challenges, bearing in mind that this is just the beginning.”*

Johan Petter Barlinghaug to **Oil Industry Magazine** - <http://www.oil-industry.net/en/>

## ОСВОЕНИЕ ШЕЛЬФА

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### От редакции

Освоение арктического шельфа предполагает широкое международное сотрудничество, заключающееся не только в создании альянсов нефтяных и газовых компаний, нацеленных на поиск и освоение месторождений нефти и газа, но и на создание устойчивых международных отношений для решения задач развития арктических техники и технологий, гармонизации стандартов промышленности, коммуникационной и иной инфраструктуры, включая создание баз обеспечения, подготовку соответствующих специалистов и др. Журнал «Нефтяное хозяйство» в рубрике «Освоение шельфа» предоставляет дискуссионную площадку для обмена мнениями различных участников, связанных с освоением углеводородного потенциала шельфовых зон, в частности арктического. Особое место в освоении Арктики занимает приграничное сотрудничество. Решение вопроса территориальных разногласий между Россией и Норвегией открыло дорогу к освоению ресурсов углеводородов бывшей зоны спорной юрисдикции, привлечению к работам на российском шельфе компаний, имеющие опыт работ в северных регионах, а также участия российских компаний в разработке норвежского шельфа. Норвежское видение развития ситуации вызывает несомненный интерес. В рубрике представлена статья председателя совета директоров компании «Норт Энерджи АСА», партнера ОАО «УЖОЙЛ» по участию в 22 лицензионном райоде в Баренцевом море.

## Российско-норвежское сотрудничество в Баренцевом море



**Йохан Петтер Барлиндауг**  
(Норт Энерджи АСА/North Energy ASA, Норвегия)

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Ключевые слова: региональное развитие, российские интересы, норвежский опыт, общие интересы на Крайнем Севере, потенциал для сотрудничества.

Промышленная активность в Арктике является одним из важнейших вопросов на политической арене как России, так и Норвегии. Предполагается, что именно он будет главным в рамках ведущегося энергетического диалога между двумя странами, на котором основной движущей силой является нефть и газ. В связи с этим в Договоре о разграничении морских пространств между Россией и Норвегией по Баренцеву морю уделяется особое внимание сотрудничеству на Крайнем Севере.

### Деятельность России в Баренцевом море

В настоящее время разработка Штокмановского газоконденсатного месторожденияложена. Перед тем, как принять окончательные инвестиционные решения, проекту предстоит пройти этап перепроектирования с целью снижения затрат. В данном случае сильное влияние окажет положение на газовом рынке, связанное с ожидаемыми объемами нетрадиционного газа. Сейчас Россия сосредоточила внимание на бывшей опариваемой зоне (рис. 1), особенно на Федянском участке,

### Russian-Norwegian cooperation in the Barents Sea – a strategic and operational challenge

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**Key words:** regional development, Russian interests, Norwegian experience, common interests in the High North creates a potential for cooperation.

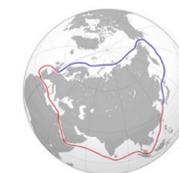
Following the delimitation agreement in the Barents Sea new perspectives are outlined for the cooperation in the High North. National interests and Regional Development are mutual objectives in both countries. However, the strategies and legal framework in obtaining the goals are significantly different. Russia puts priority on state control and strong monopolies, while the Norwegian way is "diversity and multiplicity". To bridge the activity gap on short term it is an important step that Norway and UZJOIL, one applying for licenses on the Norwegian shelf. However, more substantial activity is needed and should be followed up with closer cross border cooperation on company level and in developing basic infrastructure.

где, как предполагается, есть запасы нефти. Однако, находясь в перспективном газоносном районе, следует ожидать и наличия значительных запасов газа.

Лицензии в бывшей «спорной» зоне юрисдикции были отданы компании «Роснефть», которая в свою очередь заключила соглашения с итальянской нефтяной компанией «ЭНИ» по двум южным блокам и норвежской нефтяной компании «Статойл» по самому северному блоку. Информация, которую недавно предоставил «Статойл», указывает на начало сейсморазведочных работ в 2016 г, затем, если понадобится, то в 2018 г будет проведена сейсморазведка 3D, к разведочному бурению планируется приступить в 2020 г.

### Деятельность Норвегии в Баренцевом море

Норвегия приступила к бурению в Баренцевом море в начале 80-х годов XX века, на сегодня пробурено около 100 скважин. Результатом этого стали открытие месторождения Белоснежка (Snøvit) и строительство завода по производству сжиженного природного газа (СПГ) в г. Хаммерфесте.



- In connection with the Kirkenes Conference on 5 and 6 February 2013 it was signed an agreement between Arctic Development and the NIIGLOBE Institute in Moscow.



**Vil ha mer næring over grensa**  
Med en ny samarbeidsavtale i boks, satser Vardø på å være i forkant for å fremme nærings samarbeid over grensen.

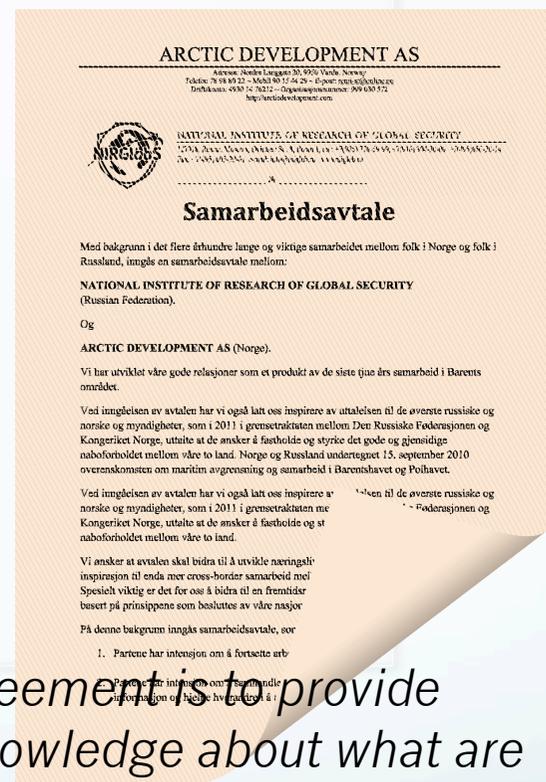
Amund Trellevik

Publisert 11.02.2013 kl 19:51 Oppdatert 11.02.2013 kl 19:52

— Vi i Vardø har vært i forkant i 300 år når det kommer til samarbeid over grensen. Før hadde vi pomorhandelen, og nå vil vi være i forkant for å fremme nærings samarbeidet med Russland.

Det sier Remi Strand til Finnmarken. Han er styreleder i det nystartede selskapet Arctic Development, og under Kirkeneskonferansen forrige uke undertegnet han en samarbeidsavtale med Niiglobes-instituttet i Moskva.

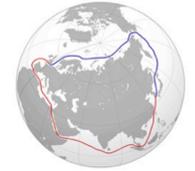
Se her: <http://www.finnmarkdagblad.no/nyheter/article6494720.ece>



*” A goal of the agreement is to provide comprehensive knowledge about what are the prerequisites for companies to establish themselves in North.”*

President Anatoly Smirnov ved NIIGLOBE-instituttet

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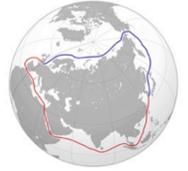


- **The 11<sup>th</sup> April 2013 arranged NIIGLOBE and Russian Diplomat Academy of follow-up seminar in Moscow, where several experts from Russia and Norway were invited**
- **From the Russian side representatives included management at the Diplomat Academy and representatives from Russia Marine Board, the new Sea Route Administration, MGIMO etc. From the Norwegian side representatives included Felix Tschudi from Tschudi Groupe and Christian Heiberg from NCA AS and Arctic Development, with Mr. Strand and Mr. Vollan**



ARCTIC DEVELOPMENT AS

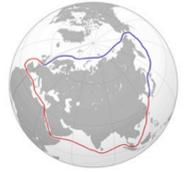
# Kola Science Centre and Arctic Development



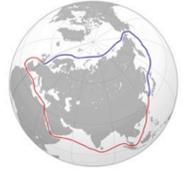
- New agreement was signed May 2, 2013
- The vision is a collaboration with the Kola Science Centre and Arctic Development that provides innovative industrial development in the Barents Region
- This will be achieved through projects devised and developed in collaboration between the Kola Science Centre, Arctic Development and other Russian partners



# Unlocking the High North potential - together!



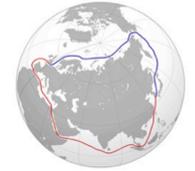
- It will be of crucial importance to establish closer cooperation between companies, research institutes and governmental bodies in Russia and Norway that can start working on short term challenges, bearing in mind that this is just the beginning.
- The Norwegian - Russian cooperation should be clarified through the dialogue and meetings held between Norwegian and Russian authorities in bilateral and multilateral relations e.g. as in the Arctic Council.



# The way forward

- We establish a "think tank" / group based on industrial experience, political experience, international experience, expertise within college and university, political and industrial contacts – from Russia and Norway - **and why not other countries? Perhaps China? - and EU countries?**

# Russia has taken a first step towards a Pomor zone

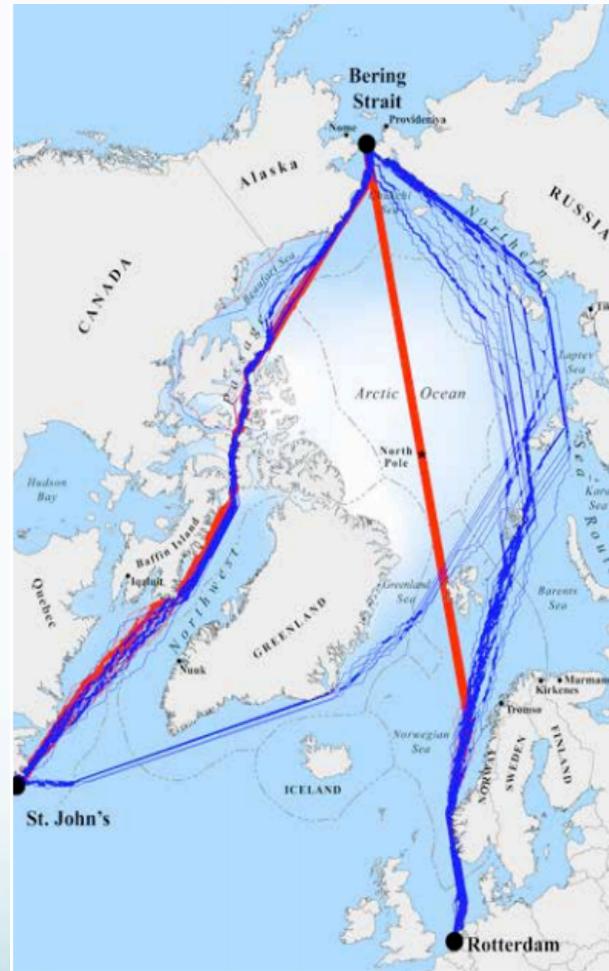
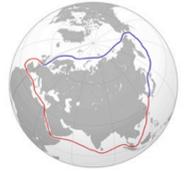


*"Russia is planning to build a port for reloading 15 million tons of oil and 4 million tons of fertilizers in Liinakhamari by the Barents Sea."*

From BarentsObserver 23. mai 2013 -

<http://barentsobserver.com/en/business/2013/05/big-plans-small-port-24-05>

# We must see opportunities and bring the world forward



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