

## **State Secretary Haapajärvi's speech in Kuusamo on May 30, 2022**

### **Barents region deserves its own strategy for green transition**

The fight against the climate crisis has reached new levels of urgency. The special report by the Intergovernmental Panel on Climate Change (IPCC) brought home the fact that allowing global heating to go beyond 1.5 degrees would bring unacceptable harm and risks. Barents Region is not outside of this trajectory. In fact, the region is more impacted by global warming than any other place in the world.

### **EU Green Deal**

As a response to these needs in the summer of 2021, the European Commission adopted perhaps the most important legislative proposals of its term, the so-called Green Development Program. In connection with the implementation of the objectives of **the Green Deal**, this entity is the so-called **Fit for 55** package.

The Green Deal consists of seven industry-specific entities, which in many respects also overlap. Legislative initiatives and actions containing these entities include climate neutrality, energy, transport, the preservation of the EU's natural capital, non-pollution, the transition to a circular economy, a green common agricultural policy and a fair transition.

Each sub-package contains a varying number of different initiatives and measures to achieve sector-specific objectives. Political guidance in support of the program's objectives will also be provided in the coming years through a number of legislative and directive reforms.

In addition to legislation, funding is important to ensure adequate investment in new, low-emission technologies and innovations. The EU's multi-annual budget and the recovery funding received by Finland provide the starting point for this.

Finland's recovery plan was approved last October, and according to that decision, Finland should receive a total of EUR 2.1 billion from the EU's large recovery package.

The transition to a sustainable, climate-neutral economy is a challenge that we must face together. Everyone must be involved in reducing emissions. Being greener is also a great opportunity for all of us.

The Green Development Program also makes EU trade policy one of the tools in support of its objectives. The EU must be constructive and timely in its green trade policy, including

the EU's own free trade agreements and WTO agreements. Free trade in climate and environmentally friendly goods and services should be a priority.

At the same time, it is important for us in Finland to remember that Finland is an island that is maintained by sea and that is the most affected of all the EIU countries, e.g. freezing of the seas and the need to break the ice.

### **Barents green transition strategy**

Number of Finnish Government members have raised the issue that Finland and Sweden and also Norway should draw **up a joint industrial policy strategy to promote the green transition.**

I think that the discussion on this and other possible strategies and joint initiatives will be extremely valuable, and one concrete alternative that I would like to suggest here in Kuusamo is that **we would utilize the Finnish Barents Euro-Arctic Presidency to initiate this** kind of process to collect our common interests and analyses the opportunity and also thereat that this transition poses to us.

Barents green transition strategy is important not just for the Barents region but for the rest of Europe and eventually for the larger world. The strategy collects existing local, regional and national plans under one comprehensive concept. Ultimately, the strategy will pursue synergies that will serve the specific needs of the Barents region.

When it comes to sustainable solutions and new technologies - Finland, Sweden and Norway represent the top class. Our duty is to be driving force in green transition as well. Implementing low-carbon solutions in Nordic countries can take us a long way in tackling the global climate crisis.

In the Nordic countries, many cities and communities have already proven that various climate solutions work in practice. While reducing emissions, climate solutions can improve the livability of cities and benefit people's health – at low or even negative cost.

One excellent example of regional co-operation is the study by the Lapland Chamber of Commerce on the investment potential of the Barents region. This report will give us more information as a basis for decision-making on how the green transition is already visible in the region.

According to the study, a large part of the region's industrial investment is related to the implementation of the green transition and focuses on the bio economy, wind power and nuclear energy. Examples include the bio product factory being built in Kemi, which is the largest investment in the history of the Finnish forest industry. In the energy sector, wind power is being built in Finland, Sweden and Norway. The single largest entity is the

Markbygden wind farm project in Piteå, northern Sweden. The production of minerals is also part of the economy of the green transition, and mining investments are aimed at e.g. cobalt required for the manufacture of batteries.

It is clear that a green industrial policy cannot be just national: EU-wide coordination is needed. Europe is characterized by a number of green industrial policy initiatives at regional, national and EU level. These initiatives are generally uncoordinated and may even conflict with each other.

This is a problem because different green industrial policies in different EU countries can distort conditions and even prevent innovative European clean technology companies from growing in the same way as their US and Chinese competitors do in their home markets.

It is therefore vital to develop a sound regulatory framework to ensure access to truly competitive EU markets with common environmental standards. Finland and Sweden and also Norway from its own perspective can lead the way here, both for each other and for the EU as a whole.

### **The role of the regions and municipalities in implementing the green transition**

The role of the regions and municipalities in implementing the green transition is also key. Many municipalities have set themselves ambitious climate or carbon neutrality targets. For example the future Barents Regional Council capital Joensuu is aiming for carbon neutrality as early as 2025, just three years from now and ten years before Finland's national goal.

Municipalities therefore have a good opportunity to act as facilitators of the green transition by knowing local conditions and actors. Municipal councils decide how buildings will be heated and what limitations are set for consumption. Regions and municipalities have impact on public transport, is it done with electricity or fossil fuels and whether you can use bike to name a few examples.

**In the strategy**, that I suggested to be drafted, **should include the national, regional and local actions.** It should look at the EU' legislative demands and implementation of them. It should also address the specific regional challenges like remoteness, connectivity, challenges of getting work force to mention some of the specific elements.

Last but not least I would also like to mention the still ongoing pandemic and its effects. The Covid-19 pandemic has shown how vulnerable and interdependent we are. We must learn from what we have now experienced, and one lesson is certainly that we must join forces, avoid building artificial fences and barriers and move together as a neighbor of the municipality across the national border, as common northern provinces and as equal EU

members towards a truly ecologically, economically and socially sustainable society. Hope that the lessons learned from the pandemic will also be reflected in the report.

I am looking forward very much for the discussion and will follow with keen interest the preparations of this strategy that I believe will serve the broader interests of the Barents cooperation in the years to come.

Thank you!