

World Economic Forum has ranked Finland "number one" in both competitiveness and sustainable development. In the European Union Finland is "number one" also in economy and the stability of the public sector.

Finland is able to offer companies a competitive environment in which to operate. We have excellent infrastructure based on knowledge and competence, good transport and telecoms links as well as the high-quality services network that mining companies need. The Finnish mining industry has always had an exemplary record of acting in accordance with the principles and operational models of sustainable development.

Knowledge and competence are the foundation on which we Finns and our Nordic neighbours have built our prosperity. Alongside capable people, natural resources like forests and the raw materials found in the bedrock are a key factor in a nation's industrial and economic development.

Exploiting raw materials calls for substantial efforts. To begin with, they must be available in adequate quantities, and then you need expertise and not least financing to be able to extract them and put them to beneficial use.

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To promote the mining industry, Finland is developing new financing instruments that will improve the climate in which companies operate and speed up mine projects. The Ministry of Trade and Industry has asked Finnish Industry Investment Ltd to examine the possibility of establishing a special fund for mining operations.

In this work, Industry Investment has found a partner in the Australian-based Sentient Group, which has experience and references in funding projects to exploit natural resources. The Fennoscandian Mining Fund now being established will mean a new upswing for the Nordic mining industry.

The project also has an important regional policy aspect. The richest deposits of raw materials are located in sparsely-populated or remote areas. The mining industry is precisely the kind of livelihood that is based on sparsely-populated regions' own strengths and resources. There is no need to fear that the mine will be relocated. An area derives clear value-added from the fact that an economic activity can sustainably be carried on there.

The region that the fund will serve comprises Finland, Sweden, Norway, Greenland and north-west Russia. Developing sustainable mining operations in these regions ideally suits the EU's Northern Dimension policy, which had its genesis in a Finnish initiative.

The Northern Dimension means political stability and new economic growth potential. The next round of enlargement will shift the EU's centre of gravity eastwards and northwards. The importance to the Union of Fennoscandia's and north-west Russia's oil and mineral resources will grow strongly. The success of this project will provide a good reference for Northern Dimension cooperation in the economic and production sectors as well.

The intention is to channel €75 million into the fund from both public and private sources. Negotiations with investors have begun. With positive feedback, the Fund's operations will probably be able to commence already next year.

I have been following this fund project with great interest. The Government is committed to contributing €10 million to the fund through Finnish Industry Investment Ltd. We now have an excellent opportunity to respond with concrete measures to the challenge of the Northern

Dimension. That means promoting investment in the mining industry, mining operations based on sustainable development, new jobs and regional prosperity.

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Fennoscandia can look back on a long and proud history of mining. Finland's first iron mine was opened as long ago as the 16th century. In the course of the past hundred years, metallic ores have been extracted from over a hundred mines in Finland and Sweden. The region contains many significant ore deposits.

Finland and Sweden are among the world's leading manufacturers of mining machinery and equipment. The Nordic steel industry, which is one of the most sophisticated anywhere, as well as our shipbuilding and engineering sectors, have in recent years given our metallurgical and metalworking sectors a further boost. At the same time, however, the trend in metal mining has been a downward one.

The mining industry is also a significant employer. All in all, the metallurgical and minerals industry, mining, equipment manufacturing and downstream processing directly employed 28,500 people in Finland in 2000, and as many as 156,000 indirectly. In the European Union the mining sector employs nearly 200,000 people directly and close to a million indirectly.

The Finnish system of mining-related permits is sophisticated and functions well. Finland has strong competence in metallurgical and mineral technology. In the past ten years, nearly €1.5 billion has been invested in expanding and modernising the metallurgical industry. The same period has seen domestic and international industrial interests spend about €340 million on the Finnish mineral industry and its development.

The mining sector has undergone a powerful process of consolidation on the global level, and this has led to rapid restructuring in the Nordic countries as well. Traditional Finnish mining companies have almost completely abandoned prospecting and mining operations and major corporate restructuring has taken place in the sector.

Changes in the ownership of companies do not as such affect commercial mining operations. These must still be carried on where ore bodies are located. The fundamental question of profitability depends on the ore deposit itself: it must be commercially viable and unreasonable environmental or legislative obstacles must not be put in the way of the company's operations.

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More than 30 domestic and foreign prospecting and mining companies currently have operations in Finland. The operations of junior companies and their access to financing must now be developed to speed up new mine projects and get them into production.

A new mine generally means a new company, which generates other entrepreneurial activity around it. New reserves of raw materials enhance the competitiveness of existing companies and improve the conditions in which they operate.

The major, senior multinational corporations in the mining sector are rarely engaged in prospecting nowadays. This work is being entrusted more and more to smaller local junior companies.

The special concentration of the Fennoscandian Mining Fund now being established will be on meeting the financing needs of junior companies as they develop the deposits under their control

into mining operations.

An interactive partnership between junior and senior companies is an essential principle. In their close cooperation with the mining sector seniors, junior companies with their ability to operate flexibly try to avail themselves of the latest technology, competence and equipment in their efforts to exploit Finland's natural resources.

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The European Union is the world's biggest user of mineral raw materials. It is self-sufficient in most industrial minerals. However, the Union does not have its own mineral policy nor raw material policy.

I firmly believe that creating a solid mineral policy to the Union would support both the prospecting and researching, which are important to the mining industry. Finland and Sweden, among the other important European mining countries, have organized a network to pursue the interests of the mining industry in the Union area.

When it comes to metals, the EU's trade balance is heavily in deficit. The EU's share of global metals production is only 3-4 per cent. Yet the Union is one of the world's leading producers of natural stone materials. Here in the heart of Helsinki, just as in many of the world's metropolises, you can admire the beauty of Finnish building stones and the timeless architecture that has been created using them.

By far the biggest share, around 75 per cent, of the metal raw materials which the Union needs are imported from South America, South Africa, Asian countries and Russia. In the future, these populous regions will use more and more of their raw material resources to power their own economic growth and prosperity.

Another fact facing us is that the world's known reserves of ores and minerals are dwindling. However, requirements of metals and minerals are growing steadily in spite of increased recycling. We still need new deposits and viable mining companies.

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The northern regions of the EU belong to an area of ancient crustal rock called the Fennoscandian Shield. They still have considerable potential for new ore finds and sustainable mining. The Geological Survey of Finland has the task of producing data which can be used to promote the managed and sustainable exploitation of our bedrock.

The Nordic mining industry represents the most advanced technology in the sector and takes environmental values into consideration from the outset. The Natura network of protected areas covers 14 per cent of Finland. A large part of promising deposits are either in or close to Natura areas, because an exceptional mineral deposit usually means exceptional flora and fauna as well. It is possible to stake claims and carry on exploration in Natura areas, but Government permission is required to exploit deposits.

The directive concerning mining waste and its definition has just been completed. How it is applied is up to the national level. My opinion is that the directive should not be interpreted too tightly because it could weaken the opportunities of the mining industry.

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The mining industry is important to Finland from the perspective of economic, regional and employment policies. We can say with every reason that the foundation of our Nordic welfare society comprises, along with forests, large metal and mineral mines, creative enterprise and above all competent workers.

We must find new means of promoting the development of the sector. All of us here have a firm belief in the mining industry's prospects in the Fennoscandia region, and especially in Finland.

I see all this as offering the whole of Fennoscandia an important employment-promoting project, which will mean a lot to all of the countries involved. The Fennoscandian Mining Fund means a new dawn for Nordic mining.

It gives me great satisfaction to be able to wish the Fennoscandian Mining Fund and its creators, Finnish Industry Investment Ltd and The Sentient Group, the very best of success in its future work.