

JOENSUU REGION

2 • 2005

Business and Technology

A new Joensuu to rise on the riverfront



Joensuu – strong position on the European map



Ultimate security



The Joensuu Region builds the future

The Joensuu Region is the strongest growth centre in eastern Finland. Growth can now be seen in a concrete way: in the construction cranes towering over the town, in the sounds of piling on large building sites, providing the rhythm not only to the working days of construction workers in their overalls, but also to local people.

Large-scale construction projects began in earnest 10 years ago when Finland joined the European Union. It is a pleasure to notice that the Joensuu Region has been able to utilise EU funds wisely, particularly through investing in the development of know-how.

Special attention has been paid to improving the conditions of businesses, because the prosperity of North Karelia depends on the success of the region's industries.

Responding to the needs of businesses has affected the entire operational environment, i.e. trained and skilled professionals in different fields of industry, premises, expert services geared towards businesses and research co-operation.

The Joensuu Science Park, including Imtec, Puugia and InFotonics Center, as well as the D'ART Design Resource Centre, the North Karelia Polytechnic, the North Karelia Educational Federation of Municipalities, the Finnish Forest Research Institute, the University of Joensuu and the Joensuu Regional Development Company JOSEK Ltd. have all considerably promoted the success of the Joensuu Region

and of the entire Region of North Karelia.

Our industrial structure is exceptionally versatile when compared with many other Finnish regions and includes plastics, metal, forestry and wood processing, stone, ICT, food processing, as well as the emerging film industry. Our location next to the Russian border also makes us unique. The metropolis of St. Petersburg is practically next door, and communications across the border between Russia and Finland are becoming easier day by day. These facts provide unequalled opportunities to us; indeed, it seems that our easterly location will eventually become a strong asset! This means that a large number of players have been doing things right on many fronts. Success has required genuine co-operation and - above all - faith. The kind of faith and feeling that Property Director Risto Ore talks about in another article of this magazine, when describing the extreme will and strong faith in the future of this region that were required before Block 29, Joensuu's most significant shopping-centre project, could be realised.

JOSEK Ltd.
Managing Director Keijo Mutanen



Visit by the President of Tanzania

Tanzania's President **Benjamin Mkapa** visited Joensuu on 8 September. Among other things, Mkapa acquainted himself with John Deere harvesters and Finnish forest technology know-how, and Stora Enso's operation.

During his visit, Mkapa appeared as the main speaker in the UniPid (Finnish Universities Partnership for International Development) conference organised by the University of Joensuu.

Fresh creativity

The North Karelia Polytechnic has established a fruitful cooperation channel between students and businesses. The D'ART Design Resource Centre, operating in connection with the degree programme in Fine Arts and Design, has organised more than twenty custom-made innovation camps, where ten to fifteen students work on a problem presented by a business enterprise. A short intensive course has proved an extremely effective tool in product development and development of organisations.

"For example, at the Lämpöpöytä product development camp, 126 product ideas were created in 3 days. More than 20 of these ideas were

continued to production. At the inauguration of Nature Centre Petola in Kuhmo, more than 20 new products conceived at our camp could be found on the shelves of the souvenir shop," says **Raimo Moilanen**, Head of the Degree Programme, as one of the successful examples.

Entrepreneur **Jyrki Koukkari** from Sunprofile went to the camp to look for fresh ideas to polish a business idea designed around an innovative product. "What was surprising was not only the huge amount of ideas but also their incredibly high quality. On our own, we would never have achieved the same product development intensity. In further development, we will also cooperate with Puugia."

From Timberjack to Deere

Timberjack Oy changed its name to John Deere Forestry Oy at the beginning of June.

In June 2000, Timberjack became part of the John Deere Group. In five years, Timberjack and John Deere have confirmed their position as an undisputable leader in the forestry equipment market. The John Deere Forestry plant in Joensuu manufactured 1,200 forestry machines last year. According to Managing Director **Timo Kyttälä**, production will continue to increase this year. The Joensuu plant employs 350 people. >>> www.deere.fi

Europe interested in the new Glossmeter

The first prize, 8,000 euros, in the general category of the Joensuu Science Park's sixth Ideka Business Idea Competition was awarded to a three-man team from the University of Joensuu for their Glossmeter that is based on diffractive optics. The Glossmeter, developed by Kari Myller, Raimo Silvennoinen and Kai-Erik Peiponen, can be used to measure the quality and gloss of the surface of multiform objects, including convex items, quickly and accurately without touching the surface. Until

now, it has been possible to measure gloss only on flat and relatively large surfaces.

The new Glossmeter can be used by the metal, paper, pharmaceutical, printing, ceramics and automotive industries, among others. So far, a small portable prototype of the Glossmeter has been manufactured. The Glossmeter has vast potential in international markets as well as in Finland. "We have already received enquiries from many European companies that have volunteered to



Kari Myller with the prototype of the Glossmeter

test our Glossmeter, even though we have not yet even marketed the instrument," reveals Myller.

Subcontracting handbook for Karelia and the St. Petersburg region



Spatia, the University of Joensuu's Centre for Regional Research, has compiled a subcontracting handbook for the Republic of Karelia and the St. Petersburg region.

The idea behind the handbook is to assist North Karelian plastic, metal, wood product and ICT industries in developing their subcontracting

activities in Russia. Exports by Finnish companies to Russia have increased at a steady pace over the past few years. Exports to Russia from North Karelia increased by 86% last year. Russian exports to Finland as a whole increased by about 25%. >>> www.josek.fi

Jari Lauronen to lead the Science Park



Doctor of Technology Jari Lauronen (44) is the new Managing Director of the Joensuu Science Park. Dr. Lauronen, who took charge of the Science Park at the beginning of October, moved to Joensuu from Kuopio. At the University of Kuopio, he held a chair in Electronic Commerce at the Department of Business Administration. Lauronen hails from Joensuu.

Change of Ownership Fair in Joensuu

The first national Change of Ownership Fair was organised in Joensuu on 6 October 2005. During the fair, people interested in becoming entrepreneurs had the chance to get acquainted with businesses for sale in North Karelia and have one-to-one

discussions with entrepreneurs. The event was organised by the North Karelian Chamber of Commerce, North Karelian Entrepreneur Association, North Karelian Employment and Economic Development Centre, and JOSEK Ltd.

A national convention just around the corner



Joensuu is ready to welcome the guests of the National Entrepreneur Convention. About 2,000 guests will spend a weekend in Joensuu 21–23 October. Prime Minister Matti Vanhanen will speak at the main event on Saturday. The dazzling weekend programme includes the "Onnenmaa" evening party, a Karelian seminar, and an array of excursions. It also offers participants an excellent opportunity to establish new contacts, build networks and, above all, enjoy the hospitality of Joensuu. >>> www.yrittajat.fi




Juha-Pekka Vartiainen

Construction cranes will be towering over Joensuu for a long time to come: there are a whole host of new plans awaiting realisation.

Construction cranes

have taken over the town



The list of construction projects that have or will shortly be started is long: the business and residential project, Block 29, in the centre of the town, the business and residential buildings at Tapionkulma and on the Pitkänen site, and the Halonen and Carlson fashion stores. Projects under way include Aurora II of the University of Joensuu, the extension of Joensuu's Science Park and the two large out-of-town shopping centres, i.e. Retail Park next to the Prisma hypermarket and the region's largest hypermarket that will be completed next spring on the site of the Tokmanni shopping centre along the Kajaanintie road. A new upper-level comprehensive school will be built in the town centre in approximately 18 months on the site where the old school building was demolished last summer. In addition

to these new construction projects, existing buildings are being renovated in Joensuu with unparalleled frenzy. These projects include residential buildings as well as the renovation of the premises of the North Karelia Educational Federation of Municipalities at the Tulliportinkatu street.

The pedestrian centre inspired people

"The construction of the Marjala Housing Fair district was a significant event in the early 1990s. But after the Housing Fair, we had to tighten our belts," says **Juha-Pekka Vartiainen**, the Town Planning Manager. He estimates that the current building boom is in part a response to a decade of minimal housing provision since the Housing Fair. When thinking about the snowballing programme of construction, the Town Planning Manager raises the subject of the pedestrian centre of Joensuu. The

city's decision at the start of the new millennium to build a pedestrian centre gave a significant boost to growth and development. "The construction of the pedestrian centre spawned new ideas. Set against the smart new pedestrian zone, many a building and site started to look drab and something clearly had to be done. People found courage, and they still do," Vartiainen believes. The excellence of the pedestrian centre of Joensuu has justly been rewarded; it has, for instance, received the national Vibrant City Centre award. An in-depth examination of the need for new facelifts and related additional construction projects will commence in Joensuu this autumn. The Town Planning Manager estimates that the time is right for a component master plan that will determine the framework for additional construction in the completely developed town centre.



Captain Cook

– a new Joensuu to rise on the riverfront

Fierce competition expected for apartments and office/business premises by the River Pielisjoki!

The Penttilä district in Joensuu will dazzle with its unique style of architecture that takes into account the terrain, the River Pielisjoki and the Lake Pyhäselkä.

In 1996, a devastating fire raged in Penttilä, to the east of the River Pielisjoki and almost opposite the centre of the town. It destroyed the Penttilä Sawmill, which had been closed and was subject to a preservation order. The fire meant that a larger area ended up being developed in the Penttilä district than was originally planned.

The total area of Penttilä and Aittaranta, linked on the riverfront, is approximately 50 hectares. The planning of Penttilä took a decisive step forwards in 2003, when the design competition for the district's general town plan ended. The Architects Anttila & Rusanen Oy

(i.e. the Helsinki-based architects Jesse Anttila and Mikko Rusanen) won the competition with their plan entitled "Captain Cook". The competition attracted as many as 60 entries, which gives an indication about the significance of the district to be planned.

Elegant urban construction

Penttilä is located by the River Pielisjoki, approximately 1 km from the centre of the town, the design of which is replicated in the new district. The buildings in the centre of Penttilä will have 4 to 6 storeys.

"Buildings are grouped along the River Pielisjoki so that they blend in with the terrain and provide unobstructed views over the river. The design is based on three different areal entities and the

green zones between them. Large continuous green zones, i.e. neighbouring forests and green buffer zones, are located along the borders of the district," characterises architect Mikko Rusanen.

The riverside blocks, the Riverside Promenade connecting them and the plazas along the Promenade form the backbone and functional core of the district. "Penttilä was

designed mainly as a residential area. In addition to apartments, offices can also be built in the district,"

Penttilä will introduce new construction ideas to Joensuu

explains the Town Planning Manager Juha-Pekka Vartiainen. He would also like to see small shops, restaurants, cafés, perhaps a sheltered home for the elderly, a school and a day-care centre in Penttilä. "Penttilä is clearly a more important design and construction



project than Marjala, the district in Joensuu where the national 1995 Housing Fair was held. Penttilä will introduce new construction ideas to Joensuu: construction will centre close to the riverside and the buildings will be high,” explains Vartiainen. A pedestrian and cycling bridge will also be built from Penttilä across the River Pielisjoki.

More apartments needed

The number of inhabitants in Joensuu has increased by 100–400 persons per year for the last ten years. The current population is approximately 58,000. Even if this growth took a downward turn somewhere around the year 2020, as anticipated, there will be a continuous demand for new apartments in blocks of flats and for terraced and detached houses. The City of Joensuu assigns 70 building plots for terraced and detached houses each year.

”

Joensuu can be characterised by the university and the uplift that it provides.

The architect who designed the Penttilä district:

Allowing things to take their time

“You have to trust what you want and what kind of environment you would like to live in,” said Mikko Rusanen, one of the architects who designed the Penttilä district, when asked how a designer could know the wishes and needs of the residents.

Rusanen considers the design and development of the Penttilä district in Joensuu an interesting and challenging job. “According to Penttilä’s strategy of land use, the housing requirements of this area are similar to those found in the centre of a town. In the centre of town, blocks of flats provide easy urban housing that is justified due to the scarcity of space. However, the plans for Penttilä also include two-storey terraced houses and even semi-detached houses,” Rusanen describes. He points out that local developers and the City of Joensuu ultimately decide what type of housing will be built in the area. “We create the prerequisites for further planning. The framework is loose, as we did not want to constrict the design too much. This means the

freedom to satisfy the housing needs of this area as required at any given time.”

Uplift provided by the university

What, then, does architect Rusanen think about Joensuu in general? “Joensuu can be characterised by the university and the uplift that it provides. The grid plan, the pedestrian centre of the town, the River Pielisjoki – Joensuu is a vibrant place developed to a typically Finnish scale”. According to Rusanen, Finnish small-town housing and the expanding fringe areas of growth centres have particularly suffered because “living comfort has somehow disappeared and things have grown out of scale”.

“Large areas are nowadays developed in a very short space of time; an entire district may be built in ten years. The pace is hectic, but you cannot speed up the creation of history in an area.”

Rusanen points out that houses, market squares and parks alone are not sufficient. Visible architecture is brought to life by activities and people.

On to clean ground

The soil of sawmill sites is typically partially contaminated, as is the case also in Penttilä. The City of Joensuu and Bonvesta Oy, the biggest landowner of the previous sawmill site, are currently waiting for an environmental permit from the North Karelia Regional Environment Centre. All contaminated soil will be removed from the sawmill site and cleaned. This means that approximately half a million cubic metres of soil will need to be treated. The cleaning operation is

not very expensive, although the amount of soil to be cleaned is large. The cost incurred will be in the region of 50–70 euros per square metre of built area.

If the current plans for the Penttilä district are realised, the construction volumes will be extensive. Housing on the ex-sawmill site could be provided to at least 2,500–3,500 people, while the entire Penttilä district could offer a home to as many as 5,000 people.

Time for pampering

A spa to be built on the shores of Lake Pyhäselkä

The spa to be built close to the centre of Joensuu in a lakeside setting will include premises for many types of treatments and pampering. The spa concept will offer recreation and relaxation for the mind and body alike, including short- and long-term treatments. The spa will be built in the Mehtimäki district of Joensuu. "Right now, we are looking for sponsors for the project, representing a cutting-edge tourism trend," says Development Manager **Heikki Savolainen** from Karelia Expert Oy. The tourism marketing company is one of the forces behind the idea. Other

promoters include the city of Joensuu and the Joensuu Regional Development Company JOSEK Ltd.

Wanted: A family attraction

The wellness trend has engendered a new concept in which city spas offer services under the "day spa" concept. In a day spa, pampering treatments are offered the same way as gyms offer their services. Another mega-trend in tourism is adventure travel, such as snowmobile and ATV safaris, dog sledding and whitewater rafting. "Joensuu is a lovely town, especially in summer, with many

interesting events. In addition to the spa, a family attraction is being planned in the Mehtimäki area – that is something we do not yet have," adds Town Planning Manager Juha-Pekka Vartiainen. The Mehtimäki area offers exceptionally good opportunities for developing versatile services.

"A wellness tourism product is a high-quality product in which the customer's personal physical, mental and spiritual needs are catered to. A wellness product is aimed expressly at adults, and always includes a touch of luxury." Study by the Finnish Tourist Board, 2005

A combined railway and bus station to re-structure public transport

Around 300,000 travellers pass through the Joensuu railway station every year, and around a million use the bus station next to it. A combined railway and bus station is now being planned in Joensuu to bring public transport services up to date.

The first high-speed Pendolino trains should be seen in Joensuu in about a year. The building of the actual high-speed Pendolino system is planned to take place from 2010 onwards. Joensuu's Town Planning

Manager Juha-Pekka Vartiainen would like to see the design and construction of the new station take place in the same schedule, if not earlier. The combined station is a transport service centre with flexible bus and train ticket sales, information and waiting area services.

"The present station area in Joensuu needs re-structuring," says Vartiainen. "The aim is to bring public transport services to order once and for all."



Municipal Manager Hannele Mikkanen welcomes you to Liperi.

Only half an hour



A house by a lake and almost in the centre of the town – this is what living at its best is for most Finns. Hannele Mikkanen, the Municipal Manager of Liperi, Joensuu’s neighbouring municipality, has this dream to offer. Liperi is an alternative for those who do not wish to live in the city centre but rather a short drive from the city in a green, naturally beautiful environment. A third of Liperi’s surface area is water. The municipality has 12,000 residents and encourages people to convert their summer homes for year-round living. Of the 3,000 summer cottages in Liperi, only 600 are owned by Liperi residents, so there are plenty of potential new residents. “We are an island municipality, and want to develop our water systems and archipelago. In Liperi, we have

actively involved our summer residents in developing the municipality.” Services are of key importance. Although people want space, they also want schools, day-care and health services close by. “All three population centres – the Liperi church village, Ylämylly and Viinijärvi – boast good services. We are also actively developing services in cooperation with neighbouring municipalities. For example, you can place your child in day-care in a neighbouring municipality, if that day-care facility is along your journey to and from work,” Mikkanen gives as an example.

Old garrison polished into a diamond

The old Jyri garrison in Liperi has been successfully transformed into a cosy residential neighbourhood

of single-family and terraced houses with extensive services. A good one hundred families live in Jyri today, but there is room for more houses in this flourishing area surrounded by water. The new houses and their gardens are incredibly beautiful. Jyri is ideally located only ten kilometres from Joensuu and less than half an hour from the airport. Fitting out the former garrison buildings as a harmonious part of the area was very challenging. However, this was accomplished superbly – the former canteen building has been converted into a day-care centre, there are plans to turn the military hospital into a nursing home for the elderly, and the former garrison sports hall has been renovated for civilian use.

Municipal coalition

The coalition of seven municipalities of the Joensuu Region has prepared a joint master plan. This kind of planning co-operation has previously only been realised in Finland in the Oulu Region. A joint master plan means that Joensuu, Liperi, Kontiolahti, Pyhäselkä, Outokumpu, Polvijärvi and Eno will prepare a joint plan for residential and industrial building plots, for instance. “This is the manifestation of a joint will,” crystallises Hannele Mikkanen, Municipal Manager of Liperi.

She adds that, while the State criticises the inflexibility of municipal decision-making in matters relating to building plots and even contemplates forcible measures to speed up the decision-making processes, the municipalities of the Joensuu Region have been able to respond to the challenge with a pioneering approach. Approximately 350 building plots for terraced and detached houses are currently assigned each year in the territory of these seven municipalities.

“Tough experts of the economy, but with plenty of feeling”

“When proportioned to the size of the city, our project is bigger than Kampi in Helsinki,” the Property Director Risto Ore characterises the Block 29 shopping centre project in the centre of Joensuu. He is contented when browsing through the drawings of the shopping centre of more than 35,000 floor square metres. Up to 85 per cent of the premises are already leased, although this magnificent shopping centre won’t be completed until next year and, for the final parts, in 2007. Block 29 is located next to the Market Square, right in the heart of the City of Joensuu. A satisfied smile plays on Ore’s face as he discusses the future tenants. “Not all tenants have given permission to publish their names at this point. However, prominent international and national store chains and boutiques, such as fashion and beauty outlets, cafés and a

restaurant, will be setting up shop.” Risto Ore was born in Joensuu and has even participated in Joensuu’s local government. His career includes banking (manager of a local branch/district manager for Eastern Finland in one of Finland’s major banks) and property management (area manager for Southern Finland of the property management company Arsenal). He currently works for Yrjö Laakkonen, one of Finland’s major car dealers, and has taken a close personal interest in the Block 29 project. “The situation in this block has annoyed me whenever I have visited Joensuu. The most central of Joensuu’s shopping blocks has been incomplete, partially unbuilt,” Ore reminisces. Six different property companies operated in Block 29. An unprecedented search for common understanding started in the autumn of 1999. It involved countless meetings to get the

various players to commit, even some changes in the ownership of real estate. “Block 29 is the joint project of a number of Joensuu-based players: Yrjö Laakkonen, Broman Group, the construction firm Taskinen, the Salomaa Foundation. Our joint project is backed by tough experts in the economy and plenty of feeling”, Risto Ore sums up. He also praises the active contribution of the City of Joensuu. There will be underground parking below the shopping centre, which so far remains nameless. The shopping centre will occupy the two lower floors, while the upper floors will house apartments. The project budget is approximately 75 million euros. This substantial investment speaks of the strong faith of everyone involved in the project in the growth potential and buying power of the Joensuu Region.



Property Manager Risto Ore is a contented man: the Block 29 project progresses swiftly. The shopping centre will be completed in 2007.

Roadmap 2010

– for the European woodworking industries

The growth in the demand for wood products in Europe threatens to remain at just 1% per year. This figure is much too low for the European woodworking industry, which has joined forces and prepared a joint Action Plan for the European woodworking industries. Since 2004, this plan has been known as the Roadmap 2010. CEI-Bois, the European Confederation of woodworking industries, acts as the main coordinator for this co-operation. The objective of the Action Plan is to make timber and wood products the leading construction material in Europe. The aim is to increase the annual growth in the demand for wood products from 1% to 4%. The attainment of this growth target would mean that the demand for wood products would increase in Europe by 62 million cubic metres, i.e. from 0.27 m³ per capita to 0.37 m³ per capita by the year 2010. It seems that the wood sector will have a trump card: the climate change. It has been calculated that, if the consumption of wood in Europe grows by 4%, as is hoped, an additional 1.5 billion tonnes of carbon dioxide will be absorbed in wood products by the year 2010, compared with the current 1% growth level. Finland's Minister for Trade and Industry **Mauri Pekkarinen**, among others, has suggested that it would be

important for Finland and the export of wood products if the country in which the wood products are finally used could receive compensation for the carbon that the wood product contains. It has been estimated that 100,000 companies operate in the wood sector in Europe. The industry has traditionally been heterogeneous; businesses and players have lacked joint objectives.

Support from the Finnish government

In March this year, the Finnish



Finland and Austria as builders during the EU presidency in 2006

Government made a strategic decision to promote the use of wood and wood construction. This decision is realised by implementing the Industrial Policy Programme for the Woodworking Industry. The preamble of the programme emphasises the national-economic significance of the woodworking industry as an exporter of construction materials. Export growth potential is considered good. The wood sector has obviously challenges. Businesses must develop more competitive products and systems, new business concepts and distribution channels.

Copying the concept

Finland is a leading country in terms of wood consumption; the amount of softwood sawn timber consumed in Finland is more than 1 m³ per capita, which is more than anywhere else in the world. Estonians, who consume 0.78 m³ of softwood sawn timber per capita, are the second country in this ranking. When the significance of the woodworking industry is evaluated, attention must be paid to its effects on regional economy. Industrial plants are usually situated close to the sources of raw

material – in forest-rich regions, small and medium-sized settlements and also in scarcely populated areas. Finland's top position as a user of wood cannot be taken for granted. As late as the mid-1990s, we seemed to really lag behind other countries in

terms of wood construction. We started to catch up. We removed barriers to wood construction, launched programmes, invested in training, education and research and learned from the experiences of Central European countries, Northern America and Japan. "We still have the knowledge of how to increase the timber usage. We must now apply this same concept when looking for new markets," summarises **Markku Paavilainen**, director of the Wood Products Industry Section of the Finnish Forest Industries Federation. He expects to see some results next

year when Austria and Finland share the presidency of the EU. The promotion of the use of renewable construction materials is vital to both these countries. Growth potential must be identified in other parts of Europe at a time when Germany, among others, plans to increase considerably the production of sawn timber and boards. The newly acceded EU countries and Russia are also increasing their supply of wood and wood products. "The ability to increase the growth in demand is a question of life and death for the Finnish and European woodworking industries," considers Paavilainen critically. "We have already started using more wood products from the St. Petersburg and Moscow regions and the Baltic countries. More actions are needed," states Paavilainen, preparing to assemble the industrial policy follow-up groups set up by the Government and to draw up action plans extending to the year 2010.

Minister Mauri Pekkarinen:

Development projects must be large-scale, not fragmentary

Minister for Trade and Industry **Mauri Pekkarinen** requires regions to be proactive in order to promote wood construction and the woodworking industry. "Now is the time to act, as regions are currently preparing the programmes for the EU's 2007 programming period. It would be extremely desirable to plan large-scale development projects rather than fragmentary ones, so that both national and partial EU funding could be used for them," Pekkarinen outlines.

The Minister defends vigorously State grants for the use of timber and wood construction. According to Pekkarinen, this is particularly important to the regions where natural resources, know-how, skilled labour and traditions are. "Basic education in the sector is of high quality, but there is plenty of room for improvement in higher education and innovation," Pekkarinen points out, stressing more than once the importance of technology and design. "Finland produces plenty of timber, yet we are a net importer of furniture. Finland is also one of the leading European countries when it comes to the preference to build blocks of flats, although we should favour our domestic natural resource and build detached houses. Low-rise blocks of flats can also be built from timber."

Pekkarinen promises that new strategies concerning timber will be included, for instance, in the innovation programmes of the National Technology Agency (TEKES). He has even been contemplating the sense in the Technical

Research Centre of Finland (VTT) carrying out research into the furniture industry in Otaniemi in the Helsinki Metropolitan area. "As for VTT, there is reason to consider whether the research resources in this sector finally ought to be increased and whether Otaniemi is the right place for this kind of research." Pekkarinen heaps praise on the role of the Wood Technology Centre Puugia. "Puugia is definitely going in the right direction – you have an excellent institution there in North Karelia."

A new culture to take root

Pentti Hyttinen, Executive Director of the Regional Council of North Karelia, is contented because important innovations related to wood construction and the use of wood have been generated in the region and spread to the world. "Examples include large pilots such as the multi-function hall Joensuu Arena and the premises of the Finnish Forest Research Institute Metla. We hope that these projects help to strengthen the positive image of wood," Hyttinen points out. He considers it extremely important that the new wood construction know-how generated during the pilot projects would be established deep in the culture of the construction industry. Hyttinen sees that North Karelia has a strong role to play: "I would like VTT to actively consider the synergy benefits to be achieved by relocating its operations to North Karelia and Joensuu, where there is plenty of forestry and wood expertise."



Puugia is a powerful player

Since 2000, the Wood Technology Centre Puugia of the Joensuu Science Park Ltd has worked to promote the Joensuu Region and North Karelia in the field of woodworking expertise. Among other things, Puugia participates

in the national Centre of Expertise Programme and runs the WoodHow 2007 Growth Programme geared towards developing the region's forestry and wood technology businesses. Puugia provides customised,

customer-oriented services to companies operating in the woodworking sector. The services comprise Development Factory, where products and production technologies can be developed, Product Testing and Machine Vision Laboratory, Production Simulation and Market Information Centre.

Puugia's strength is its co-operation with businesses, educational establishments of different levels, research institutions and expert companies, and it maintains a national and international co-operation network with the best experts.

info@puugia.fi, www.puugia.fi

"A Flexible Partner"

FinnWoodFloors Oy, the manufacturer of Karelia parquet floors, last utilised the machines and equipment of the Wood Technology Centre Puugia for its production for approximately six months. Esko Ovaskainen, Production Director of FinnWoodFloors, explains that the company decided to use Puugia's premises for manufacturing Saima parquet because the factory's production capacity could not keep up with the huge demand. Saima parquet, which has a birch veneer surface, is sold in Finland, as well

as exported. "Puugia has been a flexible partner to us. We have also utilised Puugia for various structural and gluing tests," says Ovaskainen. According to Ovaskainen, the need for testing has increased considerably as new products have been included in the product range. FinnWoodFloors Oy is a part of Karelia Corporation, one of Europe's leading flooring manufacturers. Last year, the Corporation's net sales were approximately EUR 111 million. Three quarters of the net sales

come from parquet flooring. The Corporation has some 700 employees, and its factories are situated in four locations in Eastern and Southern Finland: Kuopio, Tuupovaara, Heinola and Nastola. The main markets are Finland, Western Europe, North America and Russia. According to Production Director Esko Ovaskainen, domestic sales have picked up dramatically this year, and he expects net sales to increase substantially.

A man in a dark grey suit, white shirt, and red and blue plaid tie stands in a restaurant, smiling broadly. He has his hands in his pockets. The background shows a restaurant interior with wooden paneling, framed pictures on the wall, and other patrons seated at tables. The lighting is warm and ambient.

Corporate citizenship and acute business sense

Heikki Hämäläinen
manages one of Finland's
most successful cooperative
societies.

More branches throughout the region, huge investments in the grounds of the Koli National Park, strengthening the hotel and restaurant business, enhancing the profitability of the Sokos department store, and the success of Prisma, one of Finland's largest hypermarkets. That's the hat trick of the North Karelian Cooperative Society PKO.

How, then, is the trick done – even in those corners of the region that suffer from negative migration, with people moving into bigger settlements?

“It is all about long-term strategic work, planning and familiarity with the local markets,” answers **Heikki Hämäläinen**, PKO’s Managing Director. He is proud to explain that for instance the construction of a completely new supermarket in Rääkkylä, a small municipality, is genuine corporate citizenship. The company is also seriously considering the opening of a full-service ABC service station in Lieksa. “We know perfectly well that few other companies would be willing to invest like this nowadays. However, we want to maintain a certain level of service. Besides, going against the trend does not mean that we are not working specifically to increase our sales and market penetration in all cases,” Hämäläinen continues.

New trendy restaurants

PKO is one of the most profitable among Finland’s 22 regional cooperative societies. Last year, its net sales were almost 214 million euros. The cooperative carries out

food, consumer product and fuel retail and hotel and restaurant business in more than 50 locations in North Karelia.

“Sales have grown by approximately 6% this year and the growth has occurred in the food, consumer product and special product sectors, i.e. the Prisma hypermarket, the Sokos department store, supermarkets and ABC

service stations”, Hämäläinen specifies.

Instead, the hotel and restaurant

business has remained at last year’s level, partly because the hotels Vaakuna and Kimmel in Joensuu have been under renovation. “More rooms will be built in Vaakuna, and the overall service level of both these hotels will improve. We are also planning to open new restaurants and bring new business ideas to Joensuu.”

Strong dependence on industry

“We live off the success of the region’s industry. Thanks to companies and products doing well on the world markets, people have

work and money”. “We participate actively in the development of the region. And we do not slow down development projects; on the contrary, we build, invest and create jobs,” Hämäläinen describes.

PKO’s most significant investments include its commitment to developing the City of Lieksa and the Koli region. The total cost of the supermarket in Lieksa, the Koli

store, the hotel, slalom facilities and the Rinnetupa hut, which was revamped last

We live off the success of the region’s industry

year, was 9 million euros. Koli will receive a new slope groomer this year. The PKO cooperative will also participate in the Koli Holiday Housing Fair – the Managing Director will even have his own construction project there. PKO has approximately 760 employees. This year’s increase in the number of co-owners of about two thousand people is undoubtedly an indication of the success of PKO’s ideology. The cooperative currently has more than 41,000 co-owners.

Welcome to the Retail Park!

New business premises are being built next to the Prisma hypermarket in Joensuu. Markantalo, a domestic appliance dealer, will open on the site of NCC, a major construction company, before the Christmas season. Heikki Hämäläinen, Managing Director of the North Karelian Cooperative Society PKO, which runs the Prisma hypermarket, predicts the factors that will attract people to the Retail Park. “We already have Prisma, Markantalo, the Laakkonen car showrooms and the Jysk furniture shop and we welcome new shops to the area, be it on NCC’s site or ours,” Hämäläinen assures. He considers that additional furniture and interior design stores would complement the range. “PKO aims to open a Terra DIY and hardware shop in Joensuu by 2010. The first large Kodin Terra pilot shop for DIY enthusiasts has opened in Lahti, southern Finland. We have also approached Agrimarket with a view to inviting it to open an agricultural shop on our site.”

ABLOY products are well known in Finland and abroad. Of the company's 142 million euro turnover, a good half is derived from Finland and the rest from exports. Abloy Oy is headquartered in Joensuu. Primo architectural hardware are manufactured in Tampere and lock cases at the Björkboda factory. Abloy has about 1,200 employees on the payroll.



units are great. The most international units are Cam Locks, Electromechanical Locks and Door Closers. At Cam Locks, for example, exports account for about 70 per cent of sales.

"Abloy does business in 65 countries in all continents. The USA is the largest export country, Sweden comes second, and Russia is in third place with the UK right behind it," lists Toivanen.

Professional end user organisations are the most important export customer group. "These include government projects, banks, armed forces, strategic communication operators, electricity plant and waterworks – since such professional organisations have professional safety management systems," Toivanen explains. In this customer group, in particular, Abloy has managed to acquire a world-leading position with its comprehensive product and service solutions.

"Abloy's strength lies in the fact that we can offer comprehensive solutions with an integrated locking system including everything from equipment to buildings, from mechanical to electronic locks and from door closers to door automatics".

Other export customer groups include building projects, industrial door and equipment manufacturers, and the household sector as a minor

group. Abloy is seeking a strategic position in the household sector especially in Northern Europe.

Joensuu is centrally located

Competition in the locking security market is very stiff. The quality and delivery capacity of products and services have to be maintained – competitors are always ready to strike both in the domestic and the export market. But Abloy and Joensuu are ready to strike, as well – and this might well be one of Abloy's success factors that have earned it the position as a technology leader within the Assa Abloy Group in the manufacture of electromechanical locking, door closers and padlocks. But the leading position within the Group must be earned over and over again.

"High technology, high automation levels, the customers' individual needs, and quality before price. Our international customer strategy starts from the idea that we look for such customers to whom security is a number one concern," Jari Toivanen says. So, expertise beats distance – or are Joensuu and North Karelia really that remotely situated?

"In global industrial business any place is centrally located. Joensuu is no more remote than Shanghai," Jari Toivanen knows.

In the footsteps of Jean Sibelius and artist Eero Järnefelt



The seventh annual Holiday Housing Fair will take visitors to one of Finland's best known national landscapes.

The Holiday Housing Fair in summer 2006 will be organised in Koli, Lieksa. The fair area - located next to a national park favoured by hikers, two ski centres and Pielinen, one of Finland's largest lakes - stands out from its predecessors thanks to the versatile leisure activities on offer and the opportunity for year round use.

"In this area, all cottages will be fitted out for winter habitation. Many cottages are designed with the idea that they will be rented when not used by the owners. On average, cottages in the Koli area are rented for 15 weeks a year through an agency," says Project Manager **Sauli Hyttinen**. "The area has municipal engineering, so

people building here will not have to worry about roads, sewage disposal or good water supplies. Everything has been taken care of. Each building site even has a broadband connection to enable remote work," Hyttinen continues.

Individual design

The character of the area, renowned as one of Finland's national landscapes, was preserved when designing the Holiday Housing Fair. Although the area is by Lake Pielinen, the building sites are not directly on the shore. Instead, the shoreline has been reserved for public use. There are many superb swimming beaches. "The housing fair has to take the environment into consideration, so

"Several excellent building sites are still free. Those that are quick will be able to enjoy magnificent lake scenery from the terrace of their summer home," says Sauli Hyttinen, Project Manager of the Koli Holiday Housing Fair.

naturally our holiday homes have a different look than those in Pargas, where the holiday housing fair was held in 2005 by the sea." "One distinct theme in the holiday homes to be built will be stone, but we are not yet certain how much this theme will be emphasised. What I can promise is that there will be plenty of solutions that will interest the public. Unfortunately I can not reveal more at this time."

Lakan Betoni pushes its way to the top

The pace of work on house building sites is increasing. In addition to house building, Finns now show interest in residential landscaping. For Lakan Betoni, manufacturer of building materials made of stone, the news could not be better.

“According to a forecast made by the Technical Research Centre of Finland in early summer, the house building requirement in Finland will be about 30,000 homes a year for at least the next 10–15 years.

I myself believe that the popularity of stone-built houses will increase and that the residential landscaping trend will continue,” says **Pertti Halonen**, Managing Director of Lakan Betoni. Halonen refers to studies according to which stone-built houses are gaining in popularity.

“This, even though timber construction enjoys special government protection”.

Halonen has run the Joensuu-based company for a good five years.

The family enterprise, celebrating its 40th anniversary this year, is firmly rooted in North Karelia.

The company was founded by **Ahti Lakka**, who transferred ownership to his children in 1997.

“The majority of Lakan Betoni’s

production still takes place in Joensuu. However, about 75 per cent of our sales proceeds come from southern Finland,” the Managing Director calculates.

In addition to Joensuu, Lakan Betoni has production in Joutseno, Loppi, Forssa and Jalasjärvi. The company employs 135 people, of whom 80 work in Joensuu. This year the company’s turnover will reach 30 million euros.

Lakan Betoni’s product range includes a wide selection of ready-mixed concrete, wall panels and prefabricated balcony elements, hollow-core concrete slabs, blocks, concrete products for environmental building, mortar, packaged concrete, fillers and tiling mortar.

Logistics are crucial

Until the 1990s, the field in Finland was dominated by two major companies, Lohja and Partek.

During the recession, the two were merged, then broken up, and finally sold abroad.

“In the past few years, especially family enterprises such as Lakan Betoni have started to expand, so some consolidation has taken place,” Halonen says. According to him, it is clear that production will continue at different locations around Finland.

“Operating in several locations

brings significant logistic advantages to our customers. Our products are heavy, so transportation is a major expense item.”

The company is presently building a new plant in Forssa. The new production plant will specialise in dry products. The company is undergoing a two-year investment cycle.

“We have chosen dry products and concrete products, such as blocks and paving stones, as our growth items. We do have production of prefabricated units, as well, but our national market share in that sector is only 5 per cent. In the other product groups, however, our market share is around 15–25 per cent,” says Managing Director Halonen. Lakan Betoni is Finland’s third largest manufacturer of blocks, paving stones and dry products.

Consolidation continues

Lakan Betoni’s clientele includes construction companies, contractors and nation-wide hardware store chains. Pertti Halonen estimates that the demands of the wholesale sector especially will push companies to merge in the future. “Wholesalers are clearly attempting to centralise their purchases. This will inevitably lead to a situation where it is



difficult for small companies to be a part of a chain," Halonen says. Lakan Betoni is a strong, nation-wide company – does it have acquisition plans?

"Well, we enjoy a good financial standing with a 50 per cent solvency ratio," Managing Director Halonen answers.

Customers want design

Although Pertti Halonen has faith in the popularity of building detached houses, especially stone-built houses, he also focuses his attention on reconstruction. New products are being developed. When talking about product development, the importance of design comes up.

"Design is of great importance in our field. In paving stones, for example, design is a key element. During the past five years, Lakan Betoni has brought to market several paving stone models. One of the most popular new products is antique stone. And the market expects new models every year."

"Operating in several locations brings significant logistic advantages to our customers," says Managing Director Pertti Halonen.

The Mononen timber dynasty knows everything about specialising



“People look for change, fashion influences residential landscaping, as well,” says Managing Director Ari Mononen.

“We need to focus our marketing efforts on women in the 27-45 age group with families. They are the ones who decide about residential landscaping and it is their opinions that count,” says PrimaGroup Oy's Managing Director Ari Mononen.

PrimaGroup manufactures rot-proof sawn and planed goods. The company was founded 2.5 years ago to continue and enhance the business of two impregnation plants from Joensuu. Later on, a modern impregnation plant was established adjacent to the Joensuu deep-water harbour.

“In the first year, our turnover was about 700,000 euros, this year we will achieve 3 million euro in turnover,” Ari Mononen describes the growth of the company.

PrimaGroup has three permanent employees. The capacity of the impregnation plant is

20,000–25,000 cubic metres. At the moment, the company produces about 15,000 cubic metres of goods a year – there is thus plenty of room for organic growth.

Growing consumption

PrimaGroup sells its products under the Kestopuu trademark. Customers include wholesale and retail chains and end-product manufacturers. In other words, Finnish house-builders load Kestopuu timber in their trailers irrespective of which chain store they buy their wood from. “People look for change – fashion influences

residential landscaping, as well. Brown impregnated wood is this season's novelty,” says Managing Director Mononen. Mononen points to the stacks of impregnated timber in the yard. It is high summer, and quite a few stacks of wood are on their way to customer businesses in Finland and abroad. The use of impregnated wood keeps growing by 2–5 per cent a year.

“Eastern Finland is our principal market. The export of sawn timber is undergoing tough times. Business is conducted with a small profit margin. Specialisation – finding narrow special product segments –

is our thing," Mononen sums up the business idea. At the same time he shows half-round fence posts about to be shipped to Ireland. "These will be used for building a protective fence for a power line. There are a lot of sheep in Ireland. Without the protective fence, sheep will nibble at and rub themselves against the power line supports. The fence posts are half-round so that the sheep's wool will stay in a good condition".

Suitably impregnated

PrimaGroup's timber sold to consumers is copper-impregnated. Only a few years ago, copper-chrome-arsenic impregnation was still used. "Copper-impregnated wood is an environment-friendly product," Ari Mononen points out. The more heavy-duty copper-chrome-arsenic impregnation is now only used for public building projects where safety is of key importance. Such projects include bridges, power and telephone lines and ski jumping hills. In these types of application, the product is expected to last for up to 50 years. "Consumer products, such as garden furniture, are expected to last 10–12 years – after that the fashion has changed and people want something new. Therefore it is not sensible to impregnate consumer products with a view to decades of use".

On a trail blazed by grandfather

PrimaGroup is Iivari Mononen Oy's affiliate. Iivari Mononen Oy, on the other hand, was established in 1952. The export company, enjoying strong growth, manufactures and sells wooden poles. The company's turnover is around 24 million euros, and it has 50 employees on the payroll. "Our grandfather Iivari started the business by manufacturing power line supports and exporting them to England. Nowadays the company specialises in infrastructure products, i.e. power line supports, lamp posts, and telephone poles, and railway sleepers as a by-product."

"We have production in Höljakkä, Nurmes and in Vilppula, where the company purchased Finnforest's pole



business last year," Ari Mononen says. With the acquisition, the group's production capacity doubled." Nearly 90 per cent of Iivari Mononen Oy's production is exported.

"To Nordic countries, Ireland, the UK, other European countries, North Africa, Middle East and Far East. The company is among the five largest pole manufacturers in Europe."

Finnish pinewood – a luxury article



Both Iivari Mononen Oy and PrimaGroup Oy rely on Finnish pinewood. Iivari Mononen has its own wood procurement organisation that buys wood from the southern parts of Kitee to Suomussalmi and from Lieksa to Upper Savo. "Slowly grown Finnish pinewood makes excellent pole timber.

The best timber is acquired from heathy soils – straight, branches cut off early, slowly grown and dense," Ari Mononen describes.

Poles are 7–24 metres in height. "According to life span and cost analysis, wood is the best material for poles. Our competitors come from such countries as Canada, the USA, South Africa, and the quick-growing plantations of New Zealand. Compared to these countries, we are quite far from the markets – logistics can easily account for 30 per cent of the expenses when selling to the Far East, for example. But although the distance is long and the price is higher, we can offer superior quality. And for poles, bearing capacity is of primary importance," Ari Mononen says.



JOENSUU REGION

With a population of 115,000, the **Joensuu Region** is one of Finland's fastest growing regional centres. In addition to Joensuu (almost 58,000 inhabitants), the region includes seven other municipalities (Kontiolahti, Liperi, Outokumpu, Pyhäselkä, Eno, Ilomantsi and Polvijärvi).

There are approximately 5,000 **companies** in the Joensuu Region. Plastics and metal, wood, ICT, welfare and tourism are the region's most important industries.

The region invests in the development of expertise. There are approximately 20,000 students in the Joensuu Region. Almost 40% of the region's population have completed secondary education, and almost 20% have higher educational qualifications.

North Karelia Polytechnic has more than 4,000 students who carry out their studies in 7 faculties and 23 degree programmes.

Each year approximately 100 international exchange students study at the polytechnic. **Joensuu University** has six faculties and almost 7,800 students, of whom approximately 500 come from abroad. In addition, the Open University has 4,500 students in the region.

The region is internationally renowned for its expertise in forestry, forest research, wood technology, plastics engineering and tool manufacture. Other important fields of expertise include optics, information and communication technology, content production, welfare services, cross-border co-operation and co-operation with neighbouring areas.

Joensuu Science Park Ltd turns expertise into business ideas and provides services related to business development, the development of expertise and business premises.

The Joensuu Regional Development Company, JOSEK Ltd., works to strengthen and diversify the region's industrial structure, develop its competitiveness and improve the operational conditions of businesses in an increasingly international environment.

The Regional Council of North Karelia is developing the region and attending to the interests of North Karelia. It is also the authority responsible for coordinating, for example, the financing granted through the EU's Objective 1 Programme.



Inward investment and business counselling
Joensuu Regional Development Company, JOSEK Ltd.

Keijo Mutanen, Managing Director
Tel. +358 (0)13 263 7293, +358 (0)40 555 2943
keijo.mutanen@josek.fi • www.josek.fi



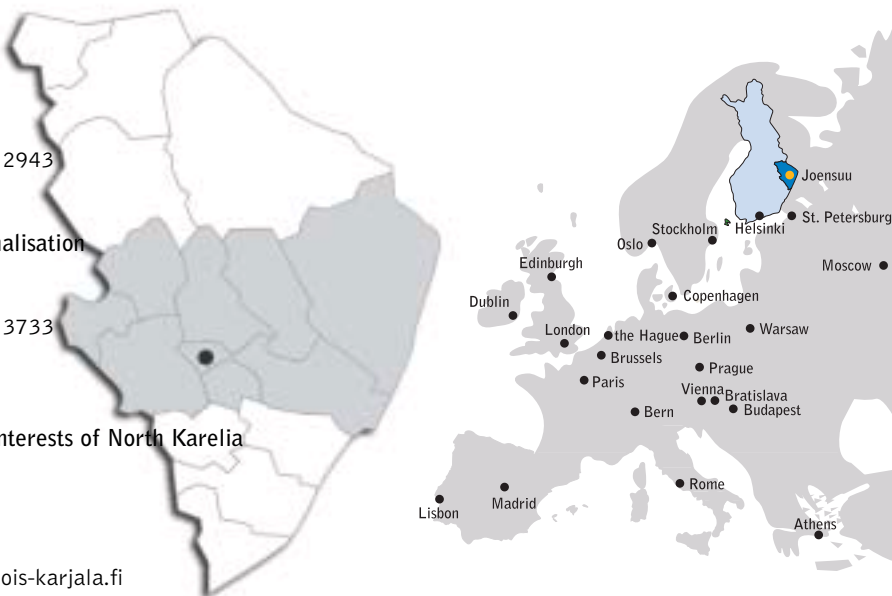
Services of the Science Park and internationalisation
Joensuu Science Park Ltd.

Jari Lauronen, Managing Director
Tel. +358 (0)13 263 7230, +358 (0)50 572 3733
jari.lauronen@carelian.fi • www.carelian.fi



The regional development and attending to interests of North Karelia
Regional Council of North Karelia

Pentti Hyttinen, Executive Director
Tel. +358 (0)13 265 4100,
Mobile +358 (0)40 546 5227
pentti.hyttinen@pohjois-karjala.fi • www.pohjois-karjala.fi



JOENSUU REGION – Business and Technology

www.joensuuregion.info

Published by:

City of Joensuu: www.jns.fi
Joensuu Regional Development Company: www.josek.fi
Joensuu Science Park: www.carelian.fi
www.imtec.net
www.puugia.fi
University of Joensuu: www.joensuu.fi
North Karelia Polytechnic: www.ncp.fi
Regional Council of North Karelia: www.pohjois-karjala.fi

Editing, layout and photos:

Printing: Idealmainos Oy
Circulation: PunaMusta, Joensuu
Finnish 10,000 copies
English 5,000 copies

Editor-in-chief:

Risto Eronen
City of Joensuu
risto.eronen@jns.fi
Mobile +358 (0)50 672 82

Editorial staff:

Keijo Mutanen
Anne Mujunen
Ella Lindström
Kari Hippi
Salli Soinen
Reijo Muje

Issued:

Twice a year