

NATIONAL PRESS CLUB LUNCHEON WITH MATTI VANHANEN, PRIME MINISTER OF
FINLAND

MODERATOR: JERRY ZREMSKI, PRESIDENT OF THE NATIONAL PRESS CLUB

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MR. ZREMSKI: (Sounds gavel.)

Good afternoon, and welcome to the National Press Club. My name
is Jerry Zremski, and I'm the president of the National Press Club and
Washington Bureau chief for The Buffalo News. I'd like to welcome our
club members and guests who are joining us here today, as well as the
audience that's watching on C-SPAN. We're looking forward to today's
speech, and afterwards I will ask as many questions from the audience
as time permits.

Please hold your applause during the speech so that we could have
as much time as possible for questions. For our broadcast audience,
I'd like to explain that if you hear applause during the speech, it
may be from the guests and members of the general public who attend
our luncheons, and not necessarily from the working press.

I'd now like to introduce our head table guests and ask them to
stand briefly when their names are called. Paul Merrion, Washington
Bureau chief for Crain Communications. Viola Gienger, correspondent
for Bloomberg News. Jim Ostroff, associate editor at Kiplinger
Washington Editors. (Name and affiliation inaudible.) Rick Dunham,
Washington Bureau chief of the Houston Chronicle and a monthly
columnist writing about American politics and culture for Aamulehti,

Finland's second-largest newspaper. His Excellency Pekka Lintu, ambassador of Finland to the United States.

Skipping over the podium, Melissa Charbonneau, the vice chair of the National Press Club Speaker Committee and White House correspondent for CBN News. Skipping over our guest for just one moment, Myron Belkind, retired from Associated Press, and the Speakers Committee member who organized today's luncheon. (Name and affiliation inaudible.) Donna Leinwand, national reporter for USA Today and the vice president-elect of the National Press Club. Keith Hill, writer-editor for the Bureau of National Affairs and vice chair of the National Press Club Board of Governors. Suzanne Struglinski, Washington correspondent for the Deseret Morning News of Salt Lake City. And Tom Doggett, who covers energy issues for Reuters.

(Applause.)

If our guest of honor had not made a career change 17 years ago, he might well be in the audience today as a working journalist member of the National Press Club. Instead he joins us as prime minister of Finland. Matti Vanhanen was a journalist on a local newspaper in Finland for six years, including three as editor in chief, until he was elected to parliament in 1991.

That started a political career that eventually led to his becoming of the leader of Finland's Center Party and prime minister in 2003.

And so, Mr. Prime Minister, we welcome you today both as the head of the government of Finland and as someone who is a distinguished alumnus of the journalism profession.

As a politician, our guest today has taken a leading role in energy and climate policies, as well as housing issues. He also has frequently spoken about the challenges and opportunities of globalization and underlined the role of entrepreneurship and hard work.

The prime minister believes strongly in the importance of innovation, specifically in regard to energy matters, as his country seeks to reduce its dependence on oil imports from Russia. We all know, though, that Finland isn't so dependent on imports when it comes to high technology. In fact, just the opposite is true, which reminds me: now would be a good time for all of you to turn off your Nokia cell phones -- (soft laughter) -- so that the speech will not be interrupted.

And while its cell phones may be ubiquitous, Finland unfortunately cannot export its quality of life. A Reader's Digest study last October ranked Finland as the best country to live in. The study said -- and I quote -- "Finland wins high marks for air and water quality, a low incidence of infant disease and how well it protects citizens from water pollution and natural disasters."

The prime minister seeks to follow his own advice to others when it comes to the environment. He lives in a house that he largely built himself, and he likes to walk outdoors, often with people with

whom he's discussing the issues of the day.

Now today, thankfully, he's decided to bring such a discussion to our podium. Ladies and gentlemen, please join me in welcoming His Excellency the Prime Minister of Finland Matti Vanhanen to the National Press Club. (Applause.)

PRIME MIN. VANHANEN: Mr. President, thank you so much. Distinguished journalists, ladies and gentlemen, it is a great privilege for me to address this audience. It is even more so when I realize that I have been given the honor to be one of the first guest speakers here during the National Press Club's 100th anniversary year.

Some weeks ago, I saw from Finnish TV there was (a black-white ?) document from some weekends ago, and I suddenly found that our former President Uruo Kekkonen was speaking in this selfsame place. (Chuckling.) And I thought that -- I felt that it's really a privilege to me to get an invitation to here.

And let me also thank very much that I got apple pie -- (laughter) -- because the trip to U.S. is nothing if you don't get at least once apple pie. (Laughter.) And you gave it to me.

I also know that you are at this moment of time living a very exciting period here in Washington and the United States in general. Therefore, it gives me all the more pleasure that so many people have found the time to come and listen to me.

But in fact what I'm going to tell you, my message from Finland we Finns find a very important one.

Ladies and gentlemen, last year climate change rose very high on the political agenda. This has never before happened for an environmental issues. It is obvious that there is an increasing awareness of the consequences of climate change. The Intergovernmental Panel on Climate Change, IPCC, has played a key role. Our current understanding of the problem and the high risks involved leaves no option for any reasonable -- responsible policymakers but to act.

It was no accident that the IPCC and former Vice President Al Gore were accorded the Nobel Peace Prize. The threats presented by climate change to the stable development of societies have become more and more visible.

There is an imminent threat to the environment. We run the risk of undermining the future for coming generations. Secondly, competition for vital natural resources -- in particular, water -- may further intensify in many parts of the world as a result of changing weather patterns. This is likely to lead to increasing local and regional strife.

Climate change is also an economic problem. A growing number of leading economists say that climate change itself, not the various actions to mitigate it, threatens the sustainable economic growth of nations.

The United Nations climate conference in Bali in December was a very important milestone in the efforts to tackle climate change. Expectations were already very high before the conference. The international community stressed the need to act. Political leaders were also very explicit in this respect at the high-level event on climate change organized by the U.N. secretary-general in New York in September.

However, countries had, of course, differing views of what would be good or even an acceptable outcome in Bali, and negotiations were not easy. Finland and the European Union are satisfied with the results. We went there to get an agreement on launching a global and comprehensive negotiation process that would lead to a global and comprehensive agreement on a post-2012 climate regime in 2009.

This is exactly what was decided. We now have a roadmap outlining the elements, organizations and a timetable of such a process. It is our understanding that this was also the goal of the United States, and indeed I'm very happy that the United States decided to join the negotiating process.

But you may ask at this stage, are countries not free to choose their way to develop their economies and their way of life? Can people not choose what they wish to do and not be dictated to by international organizations or bound by all sorts of restrictions?

Of course, for all people, for all of us, freedom should be the basis of all human action, and I am conscious of saying this in the land of freedom as laid down in the Constitution of the United States. But freedom always entails responsibility. In exercising our freedom to choose to lead our lives in the way we want, we cannot trample on the freedom of others, nor erode the freedom and rights of the generations to come. And this is the crux of the problem when we are talking about climate change.

The extent of human-induced climate change depends on the sum of human actions. All nations have a responsibility; some bigger, some smaller. Industrialized countries such as the member states of the European Union and United States have a greater historical responsibility for the greenhouse gases already accumulated in the atmosphere. This situation will change as new economies take their rightful place in the global arena.

All countries also have responsibility to address the issue. Any investment made in any country is an opportunity. Rapidly developing emerging economies offer especially wide opportunities in this respect. They also have to take into account the threat of climate change.

Ladies and gentlemen, total energy use of the U.S. and Finland are per capita at the same level. The reasons for this are our climate in Finland, our long distances, and our energy-intensive industry. Finland, however, uses even more electricity per capita than the U.S. Nevertheless, per capita, Finland produces less CO2 emissions than the U.S. does. In fact, Finland is fully committed to decrease CO2 emissions in the framework of Kyoto Protocol and as a member state of the European Union.

The EU objective is to achieve at least 20 percent reduction of greenhouse gas emissions by 2020 compared to year 1990. In case a global and comprehensive post-2012 agreement is reached, the objective for the reduction of greenhouse gas emissions will rise to 30 percent.

Finland strongly believes that working together will benefit us all. Global action makes climate efforts more cost-efficient and effective. We can achieve more with the same investment.

Global agreements can also make everybody's contribution visible and thus create the necessary mutual trust. Such a framework can thus avert the fear of some nations related to carbon leakage and competitiveness. It is extremely important that competition in the global market is fair. Therefore, all countries should be committed to decrease CO2 emissions. We cannot afford free riders. And I'm saying when I'm coming from a country which is producing paper for more than 100 million people, steel for about 50 million people, and our population is only about 5 million people.

So we are taking to our statistics all of these emissions which are coming from the producing of this paper, and that's why the fair competition is very important -- everyone have to use same rules. The global approach to addressing climate change is also conducive to more to more ambitious action. With all its shortcomings, the United Nations is the only institutional arrangement that can provide such a wide framework.

The topics of upcoming negotiations, as identified in Bali, are the right ones: mitigation, adaptation, technology and finance. Obviously the building blocks of future agreement and the details involved are to be negotiated on the basis of these topics. The EU has already presented its general ideas in this respect. We will come with more specific ideas as the negotiations evolve. We are also happy to exchange views with other countries.

They key issue is how we will all contribute. The U.N. Framework Convention on Climate Change currently has some 190 parties representing a wide variety of circumstances, responsibilities and opportunities. It is obvious that the post-2012 regime must respond to this variety in order to be feasible and effective. Contributions expected of countries at the different stages of development need to reflect their capabilities. For industrialized countries, binding targets are more flexible than often thought. They define the level of effort and outcome but leave the selection of instruments and policies to reach this outcome to national decision-making.

Let me in this context touch briefly on one particular sector, deforestation. In my understanding, this is an area of high interest to the U.S. This is also the case in Finland, and being a highly forested country, we have special know-how in this field. In our view, sustainable forest management in all countries can make a crucial contribution to reducing greenhouse gases, not only through the sink effect, but also by providing a source for renewable energy and material substitution to harvested wood production.

The outcome of the negotiation in Bali is an important step to

us, a global and comprehensive agreement how to tackle climate change, but it is not -- but it is only a start. The international community will now be engaged in very intensive work. Everybody needs to participate in an active and constructive way. The role of the U.S. is crucial, given its economic and political weight and its contribution to the global emissions of greenhouse gases. The importance of your full involvement cannot be overemphasized.

Let me also, at this point, comment on your Methane to Markets program as a good example. Within the EU we welcome the new initiatives of the current administration in this respect.

We also appreciate the special challenge posed by the election year. It is of utmost importance that also the coming administration will become an active partner in negotiations as soon as it has taken office.

In the EU, we are proud of the leadership that we have been able to show in the international, regional and national climate policies. But leadership is not a zero-sum game. All nations need to show leadership in their efforts to tackle climate change. The United States is in a unique position, and we need results for the Copenhagen summit next year, already in the late of next year. It happens far too often that international negotiations tends to go on too long. This time, we cannot wait.

Ladies and gentlemen, to combat climate change, we need commitment, passion and action. Let me point out three important measures, how we can decrease CO2 emissions globally.

First, the policymakers have to develop new approaches and solutions to promote cleaner and cleaner technologies. It is of utmost importance to launch specific research and development programs that focus on developing environmental and energy technologies. This is an investment that will pay back in the future.

Secondly, especially in the northern part of the world, we can make a difference in the way we build and insulate our buildings, and how we heat them. Energy efficiency is taken into account when we design and build new buildings and houses, but we should also find ways and means to encourage people to make changes in houses already built. This will open new business opportunities in construction and for companies equipping houses.

Thirdly, road traffic is one of the biggest polluters. In the U.S., road traffic produces about 27 percent of all CO2 emissions; in Finland, about 18 percent. In this sector, there are huge possibilities to cut emissions by creating technological solutions for engines and developing biofuels. As part of our own climate and energy strategy, the Finnish government proposed to parliament that car taxation should be based on carbon dioxide emissions, and parliament accepted some weeks ago.

The car tax levied on passenger cars upon registration, and the annual vehicle tax levied on all registered vehicles, depend on the vehicle's carbon dioxide emissions. The tax rate in Finland will vary

between 10 and 40 percent of the consumer price. So you realize why I'm not running in this country. (Laughter.)

I believe that this constitutes a clear incentive for consumers to choose cars which use less fuel. It is important to give clear signals also to car manufacturers to develop and produce cars with significantly lower emissions and fuel consumption. Should we succeed in this, we will be able to pave the way for a substantial reduction of emissions.

Ladies and gentlemen, no speech about energy and climate in the European context is complete without discussing the role of Russia. Russia is the most important energy supplier of the European Union. About one-quarter of the natural gas and one-third of oil consumed in the EU comes from Russia.

On the other hand, the EU is an important source of income for the Russian energy companies. In Russia, energy provides over 50 percent of budget revenue and over 60 percent of export income. The importance of the EU is especially clear in the natural gas sector.

For Finland, Russia has been a reliable supplier of gas and electricity for years, actually for decades.

But we have noticed that during the coldest winter spells, when power consumption is at its highest, Russia has some difficulties to deliver electricity in agreed quantities. This is not a problem for Finland, as we have appropriate fallback systems, but there is a clear lesson for both parties: new generating capacity is needed.

Russia is clearly interested in exporting more energy to Europe. The reason is simple: there is a buyer, and there is a seller. Europe needs the energy, and they need the money. That is what trade is all about.

But increased deliveries require new infrastructure. In our neighborhood, a joint venture owned by Gazprom and its German and Dutch partners is planning to build a new major pipeline for Russia across the Baltic Sea to Germany. The Europeans are indeed interested in importing even more gas from Russia as the gas demand is rising and as domestic production in the North Sea declines.

The main question raised in this context is not whether energy might be used as a political weapon between EU and Russia, but is there enough gas to be exported? The reason for this question is Russia's great economic growth and rising demand for gas and electricity. At present, more than half of electricity is produced at gas-fired plants. In spite of Russia's ambitious plans to build more nuclear and coal-fired power stations, gas will dominate power generation in the coming years, as it will take years before new planned generating capacity is in place.

Probably the quickest and environmentally best way to have more natural gas available for export would be to increase energy efficiency in Russia. The Russian government is taking steps in this

direction. Domestic prices of natural gas will be increased by 25 percent each year until 2011.

Even though Russia is our number one supplier of natural gas, it is not the only one. In addition to Russia, we have often -- and when I'm talking about "we," I'm not using Finland, but EU. In addition to Russia, union have other major suppliers. Gas comes from Norway and North Africa through several pipelines, and the EU is interested in diversifying its import pipeline network further. Suppliers from the Caspian region and the Middle East are often mentioned. The latter control 40 percent of world's natural gas reserves. Another possibility for European consumers is LNG, which is presently imported from North and West Africa and the Middle East.

When talking about the natural gas market, it is clear that imports will grow to compensate the declining domestic production. But how much new demand there will be in addition and as a result of our climate policy is more unclear. Will coal be replaced by gas or will energy efficiency and increased use of renewables provide the solution? We have to remember that natural gas is also a fossil fuel and its consumption cannot grow unhindered if we want to take our climate commitments seriously.

In any case, we need huge investments both in European and Russian energy production and transport. There are already several investments by European companies in the Russian energy sector as well as Russian investments in European energy markets. We hope that these mutually beneficial investments could continue and strengthen the EU-Russia energy and economic ties.

Let me try to summarize. European Union will be more and more dependent on imported energy. In consequence, we must improve energy efficiency and develop a feasible energy mix, with more renewables. At the same time, alternative import sources and routes must be found. And we will need a strategic partnership with Russia.

Mr. President, distinguished journalists, ladies and gentlemen, I would like to thank you for giving me this opportunity to share our ideas with you. And now, without further ado, I am more than willing to move on to the really challenging part of the visit, questions from the audience.

Thank you. (Applause.)

MR. ZREMSKI: Thank you very much. We have a lot of questions, some -- quite a few on climate change and some on some other issues as well, starting with this:

If there were one policy change that you could make to address the global warming problem, what would that be?

PRIME MIN. VANHANEN: In a short period, I think that changing the vehicle -- the car engine technologies and fuels will be -- will have the most quickly results. If you think about the year 2020, we can change almost the whole car -- cars to new cars. And this is an area where we can use taxation and also standards to the car manufacturing industry.

MR. ZREMSKI: Although the climate change issue is certainly gaining political steam here in the United States, the biggest political issue of this decade in the United States has probably been the war on terror. I'm wondering what your thoughts are on the war on terror in the context of all of this. In the United States, has it proved to be that we've focused too much on that and not enough on climate change?

PRIME MIN. VANHANEN: But everyone can see that when there is a -- less of -- lack of energy, there will be also compensating who can get the energy, and how we can strengthen the energy security -- and it is easy to see that there will be and there is a link between energy security and (within quite ?) many conflicts which we can see in the world.

So at the same time we have to go by hand to hand, with hand to hand to strengthen that kind of cooperation where we can worldwide give better opportunities, also to developing countries, to be sure that they can get energy also in future.

MR. ZREMSKI: Has any evidence of global warming been seen so far in Finland? And if so, how serious is it?

PRIME MIN. VANHANEN: Even -- Finland is in very far north, in the same level than is north parts of Alaska. We don't have the permanent -- what is that? -- yaga (sp) --

Q Glacier.

PRIME MIN. VANHANEN: -- glacier -- so snow is melting every year from Finland. It has been, after Ice Age -- (chuckles) -- 10,000 years like this. So we don't see that kind of clear evidence, evidences.

But normally in the beginning of January there is a good skiing and skating climate, also in the south Finland. Now it is totally dark and warm. It was also last year.

Is it evidence or is it only because this year and last year was different? But -- who knows? But it is in the same line that those evidences which we have got from Greenland, from North Pole, maybe also from South Pole.

So I don't argue about is the climate change happening. It is happening. There is evidence. It is a reality, and we have to act.

MR. ZREMSKI: And what are the potential long-term ramifications of climate change in Finland?

PRIME MIN. VANHANEN: We have made an analysis in evaluating what will it mean. Of course, the Finnish position is that -- actually that the warmer years, more raining -- it will actually benefit also us. But we don't think -- (chuckles) -- it's worth of that (change ?).

Of course our coastline is such that if the level of sea were

raised, it will harm us a little bit, but mostly in some cities. But in our case, we don't get such impacts like it seems to the people caught in the south, in Mediterranean, Europe, when there -- the Sahara maybe will come. So Finland is -- in that way, we are in quite good position.

But this is a question where we should not think about what is happening is just in our home place; the impact of climate change, it is worldwide. And if the warm will be, for example, four degrees more than average has been, the impact will be dramatic, and it will most probably have such serious consequences, also in Finland, also in USA, which we cannot even yet estimate.

MR. ZREMSKI: One questioner writes: There are some influential people, heads of state such as Vaclav Klaus, who vehemently disagree with the current assessment of global warming as being human-caused. Could you please give us your views on that?

PRIME MIN. VANHANEN: Inside European Union we are having in the summits very frank debate.

And of course there are -- might be some different point of views, but the decisions which union have made we have made with great unanimity.

Last spring, in the March summit, we made a decision that until 2020 we will increase the use of renewables from about 8 percent of 20 percent of the total European Union energy. We will cut emissions with 20 percent compared to year 1990. We made a decision that in the 2020, 10 percent of transport fuels have to be renewables, and we have to increase the energy efficiency with 20 percent. This last one it's not so easy to implement and show that we have reached that, but these three first ones, they are very exact decisions, and now we have to implement all these.

MR. ZREMSKI: How dependent is Finland on Russian oil and gas imports, and if you could address in more detail any possible concern about Russia's use of oil and gas as political leverage on its neighbors?

PRIME MIN. VANHANEN: We are now buying all of our raw oil from Russia, but of course, every week we can buy raw oil also from Norway, from U.K., from Gulf area. So there is no dependence between Russia in that area.

Now we are importing also about 80 percent of our coal from Russia, but of course, we can always buy it also from Poland and so on. We have ports. We have -- Finland is almost like an island -- we can always use ships. But the gas we are dependent totally. About 10 percent of our total energy consumption comes from natural gas, and we have only one pipeline from Russia. But we have had this situation already more than 30 years, and we haven't had even day-long problems. It has functioned well, and in our eyes, Russia has been very reliable partner. As I said in my speech, they need our money, we need their gas, and it is business. And of course, we are expecting that energy trade it is a trade, and we will not mix politics to that.

And in the relations between EU and Russia, of course the EU's -- the EU is trying to get such a strategic partnership between EU and Russia and as a part of that energy trade is very important. I know that what many are afraid that can Russia use energy as a political weapon, but our experience from Finnish history -- Finland's history, from the Cold War period, from Soviet time, to the modern Russia has been such that we haven't seen a day, even a day of that type of politics. And as I said, I think that energy trade should be business, and they should use normal market rules in that business and not to mix to it any political demands.

MR. ZREMSKI: What is Finland doing now, and what are your plans in terms of diplomatic action in relation to Gazprom's plan to build a pipeline across the Baltic Sea, particularly in relation to plans to survey the seabed?

PRIME MIN. VANHANEN: To us, this new pipeline, it is totally an environmental question. And we know that also in the other parts of the world, companies have built pipelines to the bottom of the sea. And of course, we are demanding that the new pipeline, it cannot make any harm to environment. And of course, we have to evaluate the possible consequences together. And now the company is making its basic work, and after they have made their evaluation, after that also Finnish administration and also government have to make our answer to that.

So to us, this pipeline, it's not any political problem. We realize that Central Europe needs more gas from Russia and we need more pipeline contacts between Russia and Central Europe. But inside European Union, there are also countries who are a little bit worried about what consequences this new pipeline will have. But with the good cooperation between all coast states around the Baltic Sea, I hope that all these worries can be solved.

MR. ZREMSKI: You addressed the problem of automobile emissions in the United States, but what do you propose to solve the rising problem of pollution and emissions in nations like China and India?

PRIME MIN. VANHANEN: It is, of course -- it is -- (inaudible) -- problem that is in what kind of climate policy European Union or United States will have. I know that in both countries, in China and India, the governments realize the issue very seriously, but what practical ways they really have to answer to the rapidly growing demands of energy and what role maybe the Western companies and European and North American states could have, I think that our answer will be that we have to develop such new technologies which can be commercialized as quickly as possible also in the conditions which they are having in India and China.

They have a huge potential for wind power. They have hydroelectric potential. They have a huge potential of renewables, especially bioenergy.

They have to use more waste materials to produce also energy.

And then we have also to develop energy saving technologies, especially to the construction work. Construction and heating systems

are producing a big part of the total emissions in the world. And with better technology, we can save a lot. So especially in the technological level, we need a lot of practical cooperation, so that they can get the sort of technologies which will help them.

And I see there are also big possibilities, big challenges to our companies. Clean environmental technology: It will be, in future, massive, big business -- (inaudible). And in Finland, we are encouraging our companies, really must invest for new technologies, because demand in market -- it is growing really rapidly. And we can get ourselves profitable business possibilities in that sector.

MR. ZREMSKI: What are your views on nuclear power as part of a solution to stemming global warming, both in Finland and elsewhere?

PRIME MIN. VANHANEN: In Finland, we are building our fifth nuclear plant. It is totally private project, not any state subsidies. But in a global scale, I don't see -- it will not be us or it cannot be only us.

Last year, to the whole world, we got five times as much new wind power than new nuclear plants. So it tells a little bit about global capacity. And so I don't see that nuclear plants can be a global answer. The answer has to be more saving energy and new technologies.

MR. ZREMSKI: Has your government considered subsidizing nuclear power?

PRIME MIN. VANHANEN: No. Our energy policy is based on market-based ideas. We think that we have to have very open energy markets -- (inaudible) -- and encourage the companies to develop such technologies, which can work profitable without any state subsidies. But then we are willing and ready, and we are already using taxation as one mechanism. And it might -- it is maybe easier way to help people to make choices.

MR. ZREMSKI: What is the right balance between government actions, such as tax incentives or public funding, and private innovation in fostering clean technologies and renewable energy?

PRIME MIN. VANHANEN: What is the right --

MR. ZREMSKI: -- the right balance?

PRIME MIN. VANHANEN: Oh, yes.

In our R&D policy, we have not a written rule but a rule. What we are using is that when we are making R&D work in Finland, in Finnish companies, it is normally finances so that about two or three parts comes from private sector, and one-third comes from public funds.

And it guarantees that there is -- it is enough market-oriented research, so that the companies -- they know that what are these markets really needs. Political decision-makers cannot not ever make the decisions that now we have to invest to this and this type of technology. The companies, the private sector markets have to make

these type of decisions.

So this has been the balance in Finland, and Finland is using about 3.5 percent of GDP to R&D. We are one of the best in the world, besides Sweden and -- (inaudible) -- status at the same level.

MR. ZREMSKI: Have you sensed a shift of position on climate change from within the Bush administration?

PRIME MIN. VANHANEN: The Bush administration has had a different type of point of views in climate change. For example, when European Union we have made decision that in 2020 20 percent of all energy has to be renewables. Bush administration has made a decision how many millions gallons you have to produce renewable fuels in 2020? So it is a different type of -- different mechanisms. And I have seen that Bush administration has more underlined the importance to develop new technologies, and European Union -- we have -- demand more binding targets and then demand to implement them. I think that we -- of course we need both of these. We have to decide about binding targets, and then we need also technology to implement, to achieve these targets.

So I don't see any such difficulties to mix these two strategies, and it will have under two years time to make that before Copenhagen meeting.

MR. ZREMSKI: How do Europeans feel about American efforts on climate change, and can Europe pressure the U.S. to do more?

PRIME MIN. VANHANEN: Yes, yes, we are trying to push U.S. administration also to be active, and to European Union this is a priority question. For example, during next two years all my long distance visits will concentrate to this question -- climate and energy questions. So we are trying to help international community to make decisions in the Copenhagen in the late 2009, and we are willing to take also pressure from U.S. to European Union.

MR. ZREMSKI: You will be meeting with Bill Gates during your U.S. visit this week. What are you hoping will come from those talks?

PRIME MIN. VANHANEN: We probably most talk about innovation policy and what the public sector can do in that in the cooperation with private sector.

But of course, I have met him also before. Of course, I will also try to sell Finland as a very good investment environment, to our new technologies.

And we think that Finland is one of the best information societies. We have a good basic education among the people. Most of Finnish people are using Internet. And I think that also his company -- they need such well-functioning laboratories in practical life to produce new services. And his company -- they already have, in Finland, quite a lot of that work, and we are willing to see their activities in Finland more and more.

MR. ZREMSKI: While Finland and the United States are allies, how would you like relations to be different with the next president?

PRIME MIN. VANHANEN: We are able, and we are willing, to cooperate with every president which people of United States have been elected. So that is the basic principle in the relations between countries. And in my government programs, transatlantic ties have a very strong role. And in many cases, we have a very common position and the same goals, and especially in trying to develop modern technology, investment policies. These are areas, I think, that we really need each other.

Even Finland is very small country, with 5.3 million population. But in some areas, we are also in a global, quite strong. We are needing, in normal life, very many things. We are needing paper and we are needing cell phones. In both of these, I think that Finland is maybe the strongest country in the world. We are not producing these pens and not so much clothes. But maybe for a small country, it is enough to be strong in some areas.

MR. ZREMSKI: How do people in Finland and Europeans in general view the U.S. presidential election?

PRIME MIN. VANHANEN: Of course, we are following it very carefully. It is -- (soft laughter) -- in -- for our press and for our TV, it's the main question during this year. I watch here in the morning TV that there was quite a lot of news about election campaign, but there was no difference to the Finnish TV.

MR. ZREMSKI: (Laughs.)

PRIME MIN. VANHANEN: And so you can be sure that this is a campaign which -- also we are very interested. And also, Finnish people, they are -- quite many are thinking that who will be the -- who will be the best and they are selecting their candidates. So it is quite a strong, a big advertisement -- also the U.S. -- to have this kind of very open democratic process.

We in Finland, we have -- always when people are asking, also for me that -- who is my favorite candidate, I can answer very diplomatic, that in Finland, we have only one word: han (sp). It means both he and she at the same time.

MR. ZREMSKI: (Laughs.)

PRIME MIN. VANHANEN: So to me, it goes to say that I hope that han (sp) will win -- (laughter) -- without giving any message about if it's he or she. (Laughter.)

MR. ZREMSKI: How differently do the people of your country perceive the United States today, compared to several years ago, say, before the Iraq war, Abu Ghraib and Guantanamo Bay?

PRIME MIN. VANHANEN: It is a reality that all polls show that quite many Finnish people, they are a little bit (worried?) about U.S. policy, and quite many are quite critical, critical. And there has happened a change during last decade.

But at the same time, I have to say that we also realize the importance -- what we have in the common struggle also against terrorism, and against terrorism, that we have to struggle together, together.

But it is true that among the people, maybe in some decades ago, the U.S. position was maybe more positive that (sic) it is nowadays.

So the -- maybe it is maybe the Iraq War; it has got also quite a lot of criticism.

MR. ZREMSKI: What would you recommend to the new U.S. president for fixing this image issue that you raise?

PRIME MIN. VANHANEN: I have been also a long time in politics, and everyone outside me or my supporters (and understand ?) they are always thinking about what is the image, image. (Chuckling.) But image is always the result of something, and normally the something is that -- what you have to do.

And when you have a responsibility, you cannot so much think about image. And when you have a leadership, you have to do what you think you have to do and not so much think about image.

So I'm not going to give any advice to this question.
(Laughter.)

MR. ZREMSKI: Okay, we're almost out of time, but before I ask the last question, I have a few last details to take care of here.

First of all, if I could remind our members of our upcoming luncheons, which don't seem to be in front of me right now, but I'll try to do them from memory. On Thursday, we have Bill Marriott from the Marriott Corporation. On February 14th, we have Ted Danson joining us.

Secondly, I can't leave the podium today without mentioning that this will be my last president as National Press Club -- my last luncheon as National Press Club president. My term expires on Friday, and I have some very special thank you's that I have to make.

I think we've had a very strong luncheon program this year. Our attendance has been up. We've had four heads of government now here at our program, which is terrific, and I owe so much to the chair of the Speakers Committee, Angela Greiling Keane, and our vice chair, Melissa Charbonneau, and the entire committee for doing such great work; and also my assistant, Melinda Cooke, who puts in extraordinary time putting these luncheons together. So thank you -- all of you, and I'd like to have a round of applause for all these people who've done such hard work this year. (Applause.)

Next, we have some traditions here at the National Press Club such as the presentation of our plaque, and presuming you do still have some cold winter nights in Finland, you can warm yourself up using the National Press Club mug. (Applause.)

And finally, there is this question, which is a little different than our earlier questions. As an ex-journalist, what kind of relationship do you enjoy with the Finnish press, or do you enjoy it? (Laughter.)

PRIME MIN. VANHANEN: I'm enjoying it always --

MR. ZREMSKI: (Laughs.)

PRIME MIN. VANHANEN: -- every day. But they are very interested about my life, and I'm not so much interested about their lives. (Laughter.) But it is normal when you have this type of leading role.

So I'm not anymore a member in the Finnish press journalist union. I was a member then. But when I came to politics, I think it's not good to be in (both ?) parties; you have to be in the other party. And the press has its very important role in controlling political leadership.

And it is a basic democratic value, and we don't have any democracy if we don't have a free and strong press. So this is a very strong principle.

Now, I wish to thank the National Press Club for arranging this informative, entertaining and also heartwarming session accompanied by great food and lovely people. And I will give you one book. The name is, "The Best Kitchen in Town." It was probably written in Helsinki, but of course I hope that someday you will have here also a menu Finlandia at one of your restaurants.

I have enjoyed very much the visit in your club. And I will also congratulate you as the president hosting the last lunch during your term. I don't know, when you are leaving some shop, is it good to congratulate or not, but -- (laughter) -- I believe it is good to congratulate you.

MR. ZREMSKI: (Laughs.) It's good to congratulate. Thank you so much.

PRIME MIN. VANHANEN: Thank you. (Applause.)

MR. ZREMSKI: Thank you very much. I'd like to thank you all for coming today.

I'd also like to mention that today's speech can be found online at www.government.fi.

I'd like to thank again Melinda Cooke, Pat Nelson, Jo Anne Booze and Howard Rothman for organizing today's lunch. Also thanks to the NPC Library for its research.

The video archive of today's luncheon is provided by the National Press Club Broadcast Operations Center.

Thank you. We're adjourned.

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