

## The NSPA position on the Future EU Arctic Policy

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The NSPA network, *Northern Sparsely Populated Areas*, represents the interests of the four northernmost counties and regions of Sweden (Norrbotten, Västerbotten, Jämtland Härjedalen and Västernorrland), seven northernmost and eastern regions of Finland (Central Ostrobothnia, Kainuu, Lapland, North Karelia, Northern Ostrobothnia, Pohjois-Savo and Etelä-Savo) and North Norway (Finnmark, Troms and Nordland). The NSPA represent about 10% of the total EU land area and is a significant part of the Arctic area gathering around 2.8 million inhabitants in the European Arctic and its close by regions.

The NSPA appreciates the EU level interest in Arctic issues and is pleased to note that the European Union emphasises the need for dialogue between the Member States, Indigenous Peoples and other stakeholders. The regions – representing the people who live in the arctic areas – should be considered as key stakeholders in the discussions concerning the EU Arctic strategy and related financing instruments. The central role of regions in such discussions is also supported by the European Parliament Resolution<sup>1</sup>, which specifically makes a reference to Nordregio studies of the NSPA<sup>2</sup>, and the European Council Conclusions<sup>3</sup> on the joint communication of the European Commission and of the High Representative of the Union for Foreign Affairs and Security Policy: “Developing a European Union policy towards the Arctic region: progress since 2008 and next steps”.

The NSPA welcomes European Union acknowledgement of the importance of the different EU financing instruments, especially structural- and investments funds, in the development of the European Arctic. The European Arctic is more densely populated compared to other parts of the Arctic, and can show many examples of excellence in research and industry. The NSPA provides good practices for sustainable development and the bioeconomy, and integrating raw-material industries and new growing sectors such as tourism and indigenous people’s interests.

Strategies on how to use the EU funding instruments must start with the regional stakeholders in the regions concerned, in close cooperation with the EU institutions. The NSPA is an example of a regional cooperation platform in the core of the European Arctic with tight links to the European institutions. This cooperation is exemplified in the unique on-going OECD territorial review of all the 14 regions in the NSPA. This review investigates common future investment objectives and points the way to forward towards strategic interregional collaboration within the NSPA and with neighbouring regions. The NSPA Review has gained attention worldwide which indicates a global interest in the European Arctic and its development.

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<sup>1</sup> [European Parliament resolution of 12 March 2014 on the EU strategy for the Arctic](#)

<sup>2</sup> [Vision report - Strong, Specific and Promising: Towards a Vision for the NSPA in 2020, Erik Gløersen, Nordregio Report 2009](#)

<sup>3</sup> [Council conclusions on developing a European Union Policy towards the Arctic Region 12.5.2014](#)

## **The main challenges for the European Arctic**

### **1. Developing effective connections**

- Improved internal and external logistical connections will enable exchange of goods, services and knowledge between the European Arctic, the wider European market and the Arctic region, contributing to jobs and growth in the European Arctic.
- The growth of novel trade routes between Europe, North America and Asia through the Arctic must be facilitated through investments in infrastructure.

### **2. Increasing the level of refinement of raw materials**

- Relying on natural resources as the main source for jobs and growth is a challenge. The sector should be developed in conjunction with investments in R&D and knowledge-intensive industry and with strong involvement of the regional research centers of excellence, but also European and global actors.
- The European Arctic should not be left as a reservoir. The local societies should benefit from the valuable raw materials in the region. To avoid fly-in-fly-out economies in a raw material dependent Arctic, there is a need for funding instruments that can support investments in the regions' connectivity, local knowhow and increase the regional capacity to participate in the whole value chain and handle large scale projects, such as resource extraction in fragile surroundings.

### **3. Securing competence and a diversified labour market**

- To meet the needs and maintain and attract highly skilled workforce, the attractiveness of the region must be enhanced through developed and diversified service and culture provision and diversified and dynamic labour markets.

### **4. Minimising environmental impact and negative effects of the climate change**

- Climate change represents both challenges and opportunities in the north. The negative impacts in an ecological vulnerable environment are directly affecting livelihoods in tourism, forestry, reindeer herding, but warmer climate also opens up possibilities for new transport routes and access to natural resources.
- It is crucial to balance the growth potential of the resource industry with environmental concerns to ensure the sustainability of local societies. The natural endowments of the European Arctic can simultaneously contribute to the tourism sector, the quality of life for its inhabitants and support sustainable forestry and extractive industries.

### **5. Development of relations with third countries**

- In light of the current political situation, the Barents region is an example of the tradition of cooperation in the North, including also Russia and Indigenous Peoples representatives. It has the potential to be a regional bridge between the EU and Russia and a partner for the common long-term regional development.

## **Focus areas to tackle: the Arctic challenges, opportunities and need of actions**

### **1. Opportunities for jobs and growth**

The European Arctic and its enormous raw material deposits offer a significant opportunity not only for jobs and growth in the NSPA, but also for the whole of Europe. However, increasing the level of refinement is of great importance to enable the Arctic regions to benefit from the raw materials. This should be taken into consideration in the planning and implementation of the EU financing instruments applicable for the Arctic.

The opportunity for a common labour market in the European Arctic should be utilised better. Current trends in the region imply an increased need for a skilled workforce and access to appropriate expertise. There is a need for harmonisation, incentives for mobility and stronger cross-border cooperation between both the Nordic countries and with North West Russia in order to achieve a higher degree of labour mobility in the region.

In line with the Europe 2020 strategy, there is great potential for using the idiosyncrasies of the Arctic areas as drivers for regional smart specialization and sustainable growth and development. However, this implies the need for secured allocations to ensure long-term cooperation and critical mass.

### **2. Research and development**

Research, development and innovation funding plays an important role for the development of the European Arctic. Actors in the North provide excellence in a range of topics such as: cold climate research and technology, raw materials and new materials, e-solutions, climate change adaption, green technology and the interaction between people and the environment. It is important to secure resources for mapping the trends, changes and development in the European Arctic.

The research institutions of the NSPA are world leading in polar research and knowledge of the Arctic and play a key role in disseminating and supplying the EU with this knowledge. Establishment of the EU Arctic Information Centre – an initiative which has also been endorsed by the European Parliament<sup>4</sup> and supported by a preparatory action<sup>5</sup> funded by the European Commission – would significantly strengthen the EU Arctic policy and competence. In addition, on-going cooperation between the universities of Sweden, Finland, Norway and Russia aims to deliver critical mass for common excellence within the Horizon 2020 programme and bring added value to the whole of Europe with regards Arctic research. The cooperation also provides a sound and future-orientated platform for the cooperation with Russian education and research institutions.

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<sup>4</sup> [European Parliament resolution of 12 March 2014 on the EU strategy for the Arctic](#)

<sup>5</sup> [The Strategic Environmental Impact Assessment of development of the Arctic](#)

### 3. Connectivity and communication systems

For the Arctic regions where the distances are long, connectivity both in terms of transport and communication systems is of vital importance. High-class broadband infrastructure is essential for securing the livelihood in the regions and enabling the NSPA to be a forerunner in the fields of the digital economy and e-government.

In addition to the broadband infrastructure, the European Arctic, with focus on the NSPA, has a transport system that needs to be developed. Part of this transport system comprises of the Bothnian Corridor, which is part of the core network of the TEN-T. The transport system of the NSPA also covers comprehensive sections.

The challenge today is to secure connectivity to and from this system. Thus, the NSPA sees the need to examine thoroughly how to best link the transport system in the NSPA to the other transport systems. This could act as a basis for future discussion on the midterm evaluation and revision of the next TEN-T where the following should be taken into consideration:

- Bothnian Corridor should be included in the Core Corridors as an extension of North Sea - Baltic and the Scandinavian - Mediterranean.
- Investigation should be made to NSPA region in order to include sufficient parts of the Arctic in the Core Network, including rail, roads, waterways and sea routes. These have a substantial role in supporting the functioning of the internal markets.
- Arctic connections to Third Countries / Russia should be taken into account. Eastern Corridor and its inclusion in the TEN-T Core Network would connect Bothnian Corridor and East-West connections.
- European Commission should appoint a coordinator who will examine how to link the prioritized transport system in the NSPA-area to other transport systems (the core corridors, the cross-border structure in the NSPA-area and other areas) and will hence contribute as a catalyst to increase the harmonization between each nations transport planning.
- Such coordination must, in addition to the EU level, also take into account the work of such organisations as the Barents Euro-Arctic Transport Area (BEATA) and the Northern Dimension Partnership for Transport and Logistics (NDPTL)

In addition to the TEN-T, it should be emphasised that small regional airports are of strategic importance of to the NSPA and its competitiveness. Connectivity of business and research sectors plays a significant role when it comes to international competition, European cooperation and strengthening the competitiveness of the European Arctic.

#### **4. Specific needs in the Arctic**

The northern parts of the EU have permanent handicaps, such as cold climate, sparse population, challenging connectivity and long distance from the markets. Therefore, when discussing Arctic issues, it is of great importance to stress the importance of the permanency of the special allocation in the Cohesion Policy for the Northern Sparsely Populated Areas.

The EU structural and investment funds, with the extra allocation for the Northern Sparsely Populated with its specific regulation, are an essential tool for development in the European Arctic Areas. In combination with the European territorial cooperation funds, these funds should be increased to foster further cooperation within the Arctic areas (including Russia within the Euro-Arctic Barents area and Canada). The long tradition of cooperation in these areas is a competitive advantage which brings common growth and new business opportunities, as well as exchange of practices. It can deliver models on how to create jobs and growth in an environmentally and socially sustainable way, and mechanisms to balance the interests and needs of different stakeholders, such as traditional and new industries, the public sector and indigenous peoples. Such cooperation contributes in lowering tension between nations that could arise as the economics and geopolitics of Arctic is becoming a global concern.

Coordination of the Arctic financing possibilities should utilise existing structures<sup>6</sup>. There should be more coordination between the priorities of the existing structures and the EU funding instruments. The NSPA also supports measures to improve coordination within and between the different EU programmes, especially ETC and ENI CBC. Better overall coordination and synergies should ensure that the EU instruments are beneficial for the Arctic communities and give regional organisations the institutional capacity and economic means to bring their visions and strategies to life.

#### **5. Socio-economic, human and institutional development**

EU structural funds have played an important role in the social-economic development in the Arctic regions. Thus, the current level of ERDF allocation should be secured for the NSPA also in the future. Despite its challenges, the European Arctic is a highly developed and comparatively inhabited part of the Arctic with advanced and well-functioning societies. The European Arctic policy should acknowledge these achievements and promote further development by investing in innovative solutions for businesses and public services in the regions which otherwise risk the lack of critical mass and investments.

Improving business competitiveness is an important development task for the Arctic regions. Cross-border cooperation projects can help to enhance entrepreneurial skills, build competence capacities, exchange best practice and develop products and services. It is important to foster cooperation and interaction between SMEs and R&D actors and existing innovative clusters and bring new knowledge, competence and venture capital to the regions industries.

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<sup>6</sup> For example: Interact, regional cooperation structures like Barents Regional Council, the North Calotte Council and others.

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Comprehensive and balanced development of the European Arctic requires increased synergies between regional, national and EU funding instruments which have a clear relevance to Arctic issues and regions. The NSPA welcomes to efforts of the European Union and is committed to participate in the discussion and cooperate with the institutions to ensure further coherence of the tools available. A broad bottom-up perspective with regional development in the focus, involving the relevant regions in the European Arctic, will enable the EU to deliver true added value to the Arctic discussion and development and also give legitimacy to the EU involvement and long-term investment in the Arctic.

In Brussels, 9th of June 2015, on behalf of the NSPA Regions



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