

The Northern Sparsely Populated Areas (NSPA) messages on the EU's Circular Economy Act

The Northern Sparsely Populated Areas network, NSPA, represents the interests of the four northernmost regions of Sweden (Norrbotten, Västerbotten, Jämtland Härjedalen and Västernorrland), the seven eastern and northernmost of Finland (Central Ostrobothnia, Kainuu, Lapland, North Karelia, Oulu Region, Pohjois-Savo and South Savo), as well as the two northernmost regions of Norway (Nordland, Troms & Finnmark).

The Northern Sparsely Populated Areas (NSPA) welcome the Commission's plan to present a Circular Economy Act (CEA) to accelerate circular transition and create a functional single market for secondary raw materials in Europe. Rich in natural resources, the NSPA regions can be the key drivers of green transition and development of sustainable circular solutions. In the current geopolitical environment, it is also important to acknowledge how circularity can support the security of supply and resilience in the European Arctic.

When creating EU wide legislation, it is therefore essential to design policy tools which can be adapted to local realities and strengths, rather than having a one-size-fits-all approach. Engaging regions in the development of the EU's circular future is essential not only for building enabling conditions and support schemes, but also for a shared vision as well as a strong social acceptance for the policy measures. Against this background, the NSPA wants to highlight especially the following aspects:

The EU must ensure a fair circular transition where no region is left behind

The recent OECD study of the NSPA regions¹ points out that our regions face some permanent challenges, including a harsh climate, small markets, high transport costs and fragmented infrastructure. These kinds of structural disadvantages can make circular value chains more difficult to implement.

This should be acknowledged in the upcoming CEA, allowing flexibility, and offering economically viable ways to accelerate circularity also in the sparsely populated regions. This

¹ OECD (2025), *Navigating Global Transitions in European Arctic Regions: Lessons from 14 Northern Sparsely Populated Areas*, OECD Regional Development Studies, OECD Publishing, Paris, <https://doi.org/10.1787/a2de0bf6-en>.

also aligns with the European Commission's own objective to reduce market fragmentation and strengthen equal competitive conditions across the EU.

Advancing circularity and bioeconomy simultaneously

Circularity is a core part of sustainable bioeconomy. This is also in line with the Commission's communications regarding the upcoming EU Bioeconomy Strategy, which is currently under preparation. A concrete example of circular bioeconomy could be for instance the use of biogenic CO₂ in hydrogen economy. In our view, building a future-proof regulative framework which supports sustainable use of natural resources, such as forest biomass, is essential for ensuring that businesses have a reliable investment environment for circular and biobased solutions. This is a key for local value creation. To move from strategy to action, we need to integrate bioeconomy support measures into circular economy legislation.

Supporting the uptake of digital tools and data sharing for small operators

In sparsely populated areas with long transport distances and fragmented infrastructure, physical coordination of circular value chains is challenging. Digital tools help overcome these barriers by enabling virtual coordination, remote tracking, and real-time data exchange between actors who are geographically dispersed. However, SMEs often lack the capacity to build complex traceability systems on their own. The EU should therefore support the development and uptake of local digital solutions and platforms, which allow efficient exchange of information within and between regions. This can lower the threshold for participation in circular markets and enhance coordination in supply and demand of circular materials. For policymakers and regional authorities, digital tools provide better data for monitoring circularity, identifying bottlenecks, and designing targeted interventions. In the European Arctic, where statistical coverage is often limited, this can significantly improve evidence-based decision-making.

Enhanced awareness raising, harmonisation and economic incentives are needed to boost circularity

Circular transition starts from the local level. Therefore, it is crucial to make sure that information regarding the benefits of circular solutions is clear and accessible for the citizens and regional operators. The EU needs to support this by investing in awareness raising across the EU.

However, enhanced awareness alone is not enough to accelerate circular transition. The EU should also address the current structural obstacles hindering positive development, such as

higher prices for secondary raw materials as well as lengthy and complicated permitting processes. In addition, legislative harmonisation is needed for clear and consistent definitions for waste and end-of-waste. Economic incentives, such as a deposit system applied to sectors such as e-waste or scrap metal, could further support circularity and development of circular economy ecosystems.

Facilitating cross-border cooperation, circular economy and innovation ecosystems is essential for sparsely populated areas

Facilitating cross-border cooperation, circular economy and innovation ecosystems can have a great added value to accelerate circular transition in the NSPA regions, where the share of SMEs is significant. As the small operators often have a limited R&D capacity, it is also important to secure an adequate level of regional research funding and encourage the local actors to participate in EU projects.

Conclusion

The NSPA stands ready to contribute to the development and implementation of the Circular Economy Act. We call on the European Commission to ensure that the voices of Europe's northernmost regions are heard and that the CEA reflects the diversity of regional contexts across the Union. A truly inclusive and resilient circular economy should be built with and for all regions.