

Position from the NSPA network asking the EU to continue to uphold support for a secure, sustainable and prosperous European Arctic region

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 regions of Finland (Central Ostrobothnia, Kainuu, Lapland, North Karelia, Northern Ostrobothnia, Pohjois-Savo and South Savo), as well as the three northernmost regions of Norway (Nordland, Troms, Finnmark).

The European Arctic in global geopolitical crossroads of relevance for the EU

The European Union plays a significant role in Arctic affairs, in collaboration with its regional partners and stakeholders in the European Arctic region of North Sweden, East and North Finland, and North Norway, constituting the Northern Sparsely Populated Areas (NSPA). The current EU Arctic Policy was launched in October 2021 and NSPA very much welcomed the strong focus in the joint communication from the EU Commission and European External Action Service on regional development and that the NSPA was recognised as an Arctic partner for the EU. Ensuring regional development is essential for the European Arctic to be attractive to residents and businesses.

Just months after the communication was published, Russia initiated its full-scale invasion of Ukraine. The Arctic, having been a region of low tension, now faces heightened geopolitical pressures due to Russian actions in the East and policy divergences in the West, while China also maintains long-standing interest in the region. Accordingly, the NSPA face multifaceted challenges as a European vast northern Arctic outpost and border area. With all Nordic countries being NATO members since 2024, it is an imperative for an updated comprehensive approach to build a more integrated area that can withstand the evolving dynamics and overcome challenges as remote and vast areas with sparse population in a harsh climate. NSPA therefore welcome the initiated process to update the EU Arctic Policy.

The European Arctic serves not only as EU's northern border area, of risk to be a weak point in a geopolitical stressed environment, but also as the gateway to the broader global Arctic interests. It affords the EU opportunities to build alliances and secure strategic interests in security policy and industrial value-chains, supporting European strategic autonomy. In this context, the concept of dual use; balancing both defence and resilience alongside community and business development, is especially well-suited and even a pre-requisite to maximising EU's interventions in the region.

Sustainable, resilient and innovative communities and businesses capable of adapting rapidly to changing circumstances are vital for secure and thriving European Arctic. It provides added value to the EU and ensure the protection of common European interests and values in a world of power-grabbing. Lessons from Ukraine reinforce the necessity for the EU to adopt nuanced and balanced Arctic policies that address both local and geopolitical considerations, recognising the diverse realities present across the region. The NSPA calls for a balanced and holistic EU Arctic policy that supports the region's long-term sustainable development, positioning the European Arctic within the EU's internal market as a stronghold for legitimacy, interaction and reach to the larger Arctic.

Arctic added value demands balanced and coherent EU policies and actions

The Arctic offers significant assets for EU's competitiveness, strategic autonomy, the green industrial transition and security goals. Initiatives as the Critical Raw Materials Act and the NetZero Industry Act underscore the region's importance. Vast forestry areas in especially the European Arctic, together with marine resources, contribute significantly to EU's climate targets and a bio-based product development and circular bioeconomy. This is core elements for sustainable development to pinpoint in EU's Arctic Policy.

Climate change impacts the Arctic more rapidly than elsewhere, threatening indigenous cultures and affecting the local communities and businesses, which has limited means to adapt. The climate change drivers originate mainly from outside the Arctic, making continued global actions necessary and the EU need to keep up its climate ambitions, as a cornerstone also for Europe's long-term competitiveness advantage. In this respect, the Arctic can be part of the solution and offer climate smart new technology, renewable energy and innovative business models that contribute to electrification and green transition.

The Northern Sparsely Populated Areas are a frontrunner in many domains and deliver assets for Europe, yet increased demand for raw materials necessitates careful consideration in the updated EU Arctic policy. The tension between resource exploitation, renewable energy expansion, indigenous rights, local business interests and nature preservation highlights the need for coherent policy approaches and dialogue in all EU policy areas affecting the Arctic. To prevent land use conflict in small and scattered communities with small resources to manage externally driven large economic interests, which could impede the EU's objectives, requires EU to engage in models and best practice of equal engagement, risk-sharing, and reinvestment of revenue to also local gain.

The Organisation for Economic Cooperation and Development (OECD) 2025 report "Navigating Transition in European Arctic Regions: Lessons from 14 NSPA Regions", funded by the EU commission, positions the NSPA as a model for remote rural productivity and opportunity creating. NSPA's engagement with OECD exemplifies the importance of collaboration across actors, sectors, and geographies, as vast sparsely populated territories cannot succeed in isolation, especially when challenges as climate change, cyber threats, infrastructure, and resource management become increasingly security directed. It entails need of coherent EU policies and actions, including a systems perspective on the Arctic dimension of EU's rural agenda and agenda for cities, the European Arctic having cities of some size embedded in and drivers for the surrounding vast hinterland.

EU Arctic Policy should rest on three equally important pillars; security, sustainability, and prosperity, with greater integration between these for a cohesive strategic framework reflecting overall EU interests. Actions in the NSPA must address all three dimensions to advance strategic autonomy, competitiveness, and security in remote, sensitive areas with limited own capacity.

EU's targeted soft power is the key for Arctic competitiveness and security

Security and competitiveness in sparsely populated regions rely on robust, resilient, and innovative communities and business ecosystems. The EU, possessing relatively modest economic resources and defence capacities, must leverage partnerships and stakeholder engagement to achieve its objectives, utilising support mechanisms and investment instruments via what can be categorised as EU's soft power toolbox, to achieve the wanted outcome.

The unique characteristics of the diverse Arctic contexts make it evident that a one-size-fits-all approach is ineffective. Place-based strategies and tools tailored to regional variations are required. Local development strategies, including smart specialisation initiatives aligned with EU goals, foster collaboration and access to investment instruments to expand business and research, attract external capital and competence, and strengthen European value chains.

The OECD recognises the NSPA as an innovation leader, though vulnerable due to a lack of local and regional critical mass and capacity. The Arctic comprises indigenous peoples and other minorities with limited involvement capacity in decision making processes. Interaction, integration, and involvement demand support for very locally designed actions, especially as, also the administrative resources at the local governments and institutions are modest. EU must therefore acknowledge the broad spectrum of stakeholders to partner with, including networks as the NSPA to mediate support and facilitate collaboration for common capacity building.

For northern Sweden and eastern and northern Finland, the EU cohesion policy has been instrumental in developing societal capacity and local innovation ecosystem, supporting small communities and the many micro-companies over the vast areas. Cohesion policy facilitates broadband and smart transport infrastructure deployment across vast geographies, bridging gaps between core network upgrades financed through Connecting Europe Facility (CEF) and other channels. State-aid exemptions related to NSPA cohesion measures further lower market entry barriers, enhancing access to the internal EU market and global business opportunities.

Support aligning with the accession Treaties for Finland and Sweden is essential for sustained EU Arctic engagement, given these countries limited regional EU funding. The specific allocation for NSPA in current cohesion policy serves as the EU's primary, de facto only, targeted Arctic investment tool. Strategic backing for resilient communities underpins efforts aiming at development, defence, and adaptation to build capacity for societal preparedness as well as strengthened business and industrial innovation clusters. It is even more a need to uphold, for EU's Arctic credibility and impact, given the current geopolitical circumstances.

A resilient, innovative and connected Arctic for a safe and prosperous EU

An updated Arctic strategy should prioritise local needs, promote resilient societies, and enhance connectivity to improve innovation and sustainable development for the peoples and local communities, to the benefit of EU's broader global Arctic interests. A resilient Arctic equates to a secure and competitive region, supporting EU defence and security agenda, while contributing to NATO's North Atlantic and Baltic Sea operations. The prevailing geopolitical situation underscores the importance of cross-border cooperation, encompassing civilian and military matters.

Major investments must focus on effective military and civilian infrastructure collaboration among Norway, Sweden and Finland, strengthening connections from the North Atlantic, via North Calotte and Baltic Sea, to the Russian border. East-west integration is vital for infrastructure routes identified by NATO, as well as new emerging trading pathways due to closed borders. It contributes to needed redundancy in northern Europe, complementing existing north-south corridors binding continental Europe to the Arctic, since 2021 a part of the EU TEN-T core corridor network.

Satellite-based 5G can further bolster connectivity in remote regions together with inclusion in European 5G corridors along identified important infrastructure routes. However, continued roll-out of secure and high-quality ground infrastructure remains essential. The international polar high-speed cable between the European Arctic and Asia presents in this respect potential for robust EU digital connectivity, enhancing also regional business attractions and digital industry establishments.

The existing space infrastructure in the NSPA for satellite monitoring and unique launch capabilities in European mainland are valuable European assets of increased importance for climate monitoring, communications, extended research, and European Arctic defence and security needs, to strengthen.

Alongside polar research, there is a need for expanded study into climate impacts and security challenges on local communities, fostering resilience against various threats. The research agenda out of the EU Arctic agenda should overall, to a larger extent, embrace a multidisciplinary perspective, encompassing social sciences, health, economics, and cold-climate technologies, promoting sustainable Arctic development. Strengthening links between regional entities and research, including indigenous knowledge, encourages innovation and growth suited to Arctic conditions. Access to EU cohesion and research funding for the very small and remote stakeholders is crucial to build platforms for collaboration and virtual clusters of the vast areas to unlock business potential and overall strengthening the strategic capacity for a living, thriving and connected Arctic.

The Arctic economies are historically based on traditional cultures and resource extraction. Encouraging small innovative companies to grow in sectors like sustainable tourism and digital services can build a stronger, more resilient local and regional base. Main needs for a prosperous Arctic are to attract competence and capital to fill skills and investment gaps. Improving the small and scattered labor markets through distance-spanning solutions and establishment of competence platforms can help enterprises and public service providers. An EIB-supported Arctic Investment Platform can offer a way to connect external capital with the region's unique opportunities, similar to what is proposed in the recently launched strategy for the eastern border regions of the EU.

The European Arctic can overall be considered as a northern border area, from east to west, with the need for the northern sparsely populated areas to be put in their broader common geographic context for effective interventions. The EU strategy for the eastern regions bordering Russia, Belarus and Ukraine contains in this respect several overall interesting initiatives also for the Arctic, which also can be anticipated in the forthcoming EU right to stay strategy. However, a great need to integrate initiatives like that into a common Arctic approach.

What happens in the Arctic resonate globally, underscoring the importance of meaningful EU engagement. The EU Arctic Policy must address both existing and emerging challenges, grounded in stakeholder dialogue and coherent, balanced actions. Addressing under-investment and ensuring reinvestment of revenues locally will support regional capacity and maximise benefit for communities and EU interests alike, together with security interventions. The Arctic is not solely a region for protection or resource extraction, it is a place for living, working, and growth. Further development through annual EU Arctic Forums and strengthened dialogue with all stakeholders represents a path forward, as all voices need to be heard to assure the long-term sustainable development and to safeguard EU's growing interests in a challenging global environment.

The NSPA confirms its commitment to collaborating with the EU institutions to shape and implement a valid Arctic policy, inviting partnership with local communities and their representatives. We welcome the movement toward an updated **coherent** policy, emphasising **capacity** building for **cohesion, connectivity, climate** actions, **competence**, and **competitiveness** based on **collaboration** and **communication** across borders and all levels of stakeholders, to establish a **resilient and secure Arctic region** to the gain of the European Union's and all of Europe's security and competitiveness.

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