

The NSPA views on the revision of EU Arctic Policy

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, Northern Ostrobothnia, Pohjois-Savo and South Savo), as well as the two northernmost regions of Norway (Nordland, Troms & Finnmark).

NSPA appreciates the established cooperation with the EU on Arctic matters

In connection with the 2020 Public Consultation on the EU Arctic Policy, the Northern Sparsely Populated Areas-network, NSPA, would like to take the opportunity to acknowledge the European Commission and the European External Action Service for the close and constructive cooperation on the Arctic. The European Union is an important actor on Arctic issues together with its regional partners and stakeholders in the European Arctic of north Sweden and east and north Finland, as well as the close neighbours in North Norway.

EU has taken an engaged role in establishing a link and dialogue with the regions in the Arctic which is genuinely appreciated by the NSPA. The legitimacy and abilities for the EU to improve the peaceful and sustainable development of the Arctic depends strongly on alliances with stakeholders in and around the Arctic, as well as the provision of support and investments for sustainable development of the European Arctic. EU should keep up the momentum of the stakeholder consultation process that was initiated by the integrated EU Arctic communication from 2016, and with the EU Arctic Forum in Umeå 2019 being established as a result of the dialogue with the NSPA.

EU is an important facilitator for sustainable development in the European Arctic

EU should continue to use its soft power to be a relevant partner in the Arctic and can do so well by investing in the European Arctic, improving conditions for growth in the EU regions and the neighbouring areas. A vital game-changer in the integrated EU Arctic policy from 2016 is the increased focus on supporting sustainable development in the Arctic region. EU has great potential to be a facilitator for the Arctic to be a peaceful, sustainable and thriving place, by investing in research, collaboration and development on a people to people, researcher to researcher and business to business basis across borders in the European Arctic, whilst also giving EU the needed legitimacy concerning the larger Arctic.

The NSPA and the Barents Euro Arctic region that constitute Northern Finland, Sweden and Norway, as well as for the latter also Northwest Russia, is unique in an arctic context. It is crucial that the region can be an attractive place for people to live and give stability to the region and beyond. The regional economy remains vulnerable due to the lack of own critical mass, although the European Arctic is comparatively populated and advanced with arctic know-how, as well as potentials to deliver solutions on many global challenges. But adapted support and tailor-made policies to fit the Arctic challenges are still needed.

The EU needs a continuous ambitious investment policy for the Arctic to boost innovation, create growth and jobs, increase accessibility and connectivity, while transforming industries and promoting sustainability through multilateral cooperation and multi-level governance. The *European Structural- and Investment Funds* are key investment instruments for EU to facilitate these actions together with the stakeholders in the European Arctic.

The increasing demand for raw materials due to the green shift in technology, will increase the pressure on sustainable extraction and refinement, all for which the regions in the European Arctic are at the global frontline with skills and competence throughout the whole value chain.

The EU policy tools for innovation and growth should be further developed and linked to the EU Arctic Policy to continue to tackle global challenges and unlock potential for sustainable growth in the European Arctic.

EU should continue to deepen the dialogue with regions on the future of EU Arctic policy

The establishment and continuation of an EU Ambassador for the Arctic in Large is an important decision that has full support from the NSPA. The European Parliament friendship group for the Arctic is also a well needed initiative to raise awareness and put Arctic issues higher on the EU agenda. The debate on climate, natural resources and sustainable development, in the light of growing geopolitical interests, need to be addressed by the highest EU level with a continued inclusive process that engages all relevant stakeholders for an updated comprehensive EU Arctic Policy. The NSPA-network is prepared to continue be a constructive and engaged partner that can deliver regional perspectives on how to develop the Arctic in a sustainable way. The NSPA hope EU will continue to listen to, believe in and invest in the European Arctic as a gateway to the larger Arctic and ultimately contribute to global sustainable development.

To deliver more concrete policy objectives and actions concerning sustainable development in the Arctic, a deepened continued dialogue is needed to go beyond the tight space in a written consultation. The EU Arctic stakeholder forum consultation process that followed the current EU Arctic Policy, is a relevant basis to continue to build on. The “Summary report of the Arctic stakeholder forum consultation to identify key investment priorities in the Arctic and ways to better streamline future EU funding programmes for the region”¹, can serve as a solid basis for a continued process with concrete examples and potentials. The NSPA network look forward to discussing the key investment priorities and how to continue to deliver added value to the EU.

2020 Public Consultation on the Arctic Policy

1. In your view, what have been the EU’s main achievements and failures under each of the three priorities in the 2016 Joint Communication? 1500-character(s) maximum.

EU highlighting the need to promote and contribute to sustainable regional development in the Arctic is an achievement in itself. In comparison to earlier efforts from the EU, the priority marks a slight shift in how European institutions perceive the Arctic as a strategically important territory, both within the European Union and in its immediate neighbourhood, with potential for growth to the benefit of both the arctic citizens and all of Europe. The EU ambition to enhance economic, social and environmental resilience in the Arctic is a balanced recognition that has been well received by the regions in the European Arctic.

The multilevel consultation process in close cooperation with the NSPA which resulted in an excellent report on the investment needs in the Arctic in 2017, as well as the stakeholder process leading up to the first EU Arctic Forum in Umeå 2019, which was both two great achievements that raised awareness, mobilised relevant stakeholders, expertise and decisionmakers to discuss Arctic issues and needs. However, the NSPA has noted an unfortunate lack of Arctic perspectives and perhaps even a lack of interest from the new European Commission. Hopefully the revision process of the EU Arctic Policy can engage the EU institutions to broaden the scope and link the territorial dimension of the Arctic to a wider range of key policy areas.

2. Looking forward, to what extent are the three priorities of the Joint Communication still relevant? Rate on a scale from 1 to 5, whereby 1 star is not relevant at all, 2 is somewhat irrelevant, 3 is unsure/neutral, 4 is somewhat relevant, and 5 is still very relevant.

¹ <http://octa-innovation.eu/summary-report-arctic-stakeholder-forum-consultation/>

Climate Change and Safeguarding the Arctic Environment – 4

Sustainable Development in and around the Arctic – 5

International Cooperation on Arctic Issues – 4

3. Why? (explain the above ratings) *4500-character(s) maximum*

Sustainable regional development in and around the Arctic is the most relevant priority for the European Union moving forward, as actions for sustainable growth incorporates partial answers on how to tackle both climate change and geopolitical tensions as well. Climate change, global competition and growing geopolitical turmoil are Arctic challenges that calls for joint political action at all levels of governance. The EU needs a continuous ambitious investment policy for the Arctic to boost innovation, create growth and jobs, increase accessibility and connectivity, while transforming industries and promoting sustainability through multilateral cooperation and multi-level governance.

EU as a political power in the Arctic, relies heavily on the on alliances with stakeholders both in and around the Arctic to be able to deliver a development that is peaceful and sustainable, while also being able to unlock potential for investments and innovations that can lead the green transition at the global frontline for the benefit of the union and even the planet. High ambitions for regional sustainable development require close cooperation with the member states in both the EU and the Arctic council, but perhaps even more engagement with the local and regional level within its own and neighbouring territory of the European Arctic.

Through multilateral cooperation and multilevel governance, the EU will safeguard its needed resources in a long-term and sustainable way, while also taking a political lead for others to follow the example to invest and deliver balanced growth to the benefit of the societies in the northernmost Europe. The economic activities in the Arctic cannot and should not be stopped, but neither can nor should exploitation be exempted from regulations and the rule-based international order. Balanced development in the Arctic must build on the communities own will to deliver sustainable development and innovative solutions to difficult challenges in a fragile environment.

Meanwhile, it is also important to stress the fact that the European Arctic is not only vast wilderness with natural landscapes attractive to global tourists. The northernmost regions are indeed extremely sparsely populated in a European context, but actually quite dense in a greater Arctic context. The societies in the NSPA are advanced facilitators for growth despite Arctic challenges, with top universities that have become important regional hubs to foster new technology, lead research and innovation, enabling green transition and global development. However, vulnerable societies need external investment capital, especially for connectivity and accessibility. Distance spanning technology is a prerequisite for creating critical mass through cooperation across borders and mobilizing stakeholders, such as micro companies rather than SME's. The EU has had and will continue to have a vital role to enable these structural challenges.

The NSPA-regions have since the accession of Sweden and Finland into the EU in 1995, gradually abandoned national subsidy policies in favour of more strategic investment policies with clearer goals for developing the European Arctic. Regional development efforts have changed from a wide distribution of resources to a focused attempt to transform structures and create enhanced preconditions for growth. More determined ambitions at the regional level have gradually been supplemented and integrated into the EU's overall strategy complex. Long-term efforts to create regional innovation systems, business networks, clusters and strategies for smart specialisation

(S3) have gradually developed the regions in areas with comparative advantages for increased competitiveness.

Stakeholders at local, regional and national levels of governance have been brought together in a consistent effort to accomplish common targets by their involvement in projects financed by the EU. Continuous planning, programming, implementation and evaluations have required dialogues, partnerships and collaborations. Smaller organisations, municipalities and actors with lack of institutional capacity have been provided with incentives to act in larger contexts, cooperate and adopt EU's objectives. Through the EU Cohesion Policy and other sorts of financial resources, the EU has strengthened its legitimacy at the local and regional levels both within the EU regions in the Arctic, as well as outside its borders.

The regions of the European Arctic have developed close cooperation across national borders in order to strengthen one another's capacity, knowledge and communication regarding regional development issues such as connectivity, accessibility, research and innovation, bioeconomy, industrial transition and tourism. The NSPA-network is a successful example of collaboration that would probably not have been established without the support and attention to EU's territorial policy development.

Place-based instruments such as the structural funds and territorial cooperation has proven to be substantial tools for regions to tailor investments to fit the common needs for capacity building, research and innovation, transport and digital infrastructure. The EU policies and tools, such as the Green Deal and the New Industrial Strategy for Europe, should be further developed and linked to the EU Arctic Policy to continue to tackle global challenges and unlock potential for sustainable growth in the European Arctic.

4. Is enough being done at EU level to reduce the environmental impact of being a major consumer of Arctic resources? What else can be done at EU level and/or by way of its external relations, through international organizations or directly with international partners? 1500-character(s) maximum.

The Arctic is a unique ecosystem with unique challenges and potentials. Climate change affects the Arctic and Sub-Arctic regions more than anywhere else. The negative impacts need global attention, including from the EU as a major influencer on and supporter of the Arctic region. However, it is important to recall that the climate effects do not, other than on the margin, have their origin in the Arctic. In that respect, the focus and legislative measures have to be of general and global nature.

The NSPA supports a continuous focus on climate change mitigation and resilience by the EU, with the ambition to reach climate neutrality. The Green Deal is a well need long-term response to the growing challenges of climate change through an amplified investment agenda for sustainable growth. In order for the climate policies to be effective, they need continue to build on the involvement of partnerships with regions, local communities, civil society and industry.

The increased support for strategic investments in knowledge, technology and innovation are essential for sustainable development. The new established European alliances on batteries, hydrogen and raw materials have the potential to serve as fundamental platforms for the European transition, given that they have a multilevel approach and a territorial dimension, especially including the European Arctic.

5. How could the EU Arctic policy contribute to addressing more effectively the balance between the need for preservation and precaution and the sustainable use and development of the economic potential across the Arctic regions? 1500 character(s) maximum.

The NSPA welcomes the continuous focus on sustainable regional development with support from ambitious EU instruments such as the *European Structural- and Investment Funds*. As stated in the European Commission's report on investment priorities in the European Arctic², there is an extensive need for more investments in digital and transport infrastructure, support for development of SME's in place-dependent sectors like energy, bioeconomy, sustainable extraction and processing, and tourism.

The NSPA regions have highly developed and progressive societies that promotes sustainable development, while also facing several structural challenges such as long distances, sparse population, harsh climate and an unbalanced demography which makes competition on global markets difficult. Furthermore, raw-material-based economies deliver large revenues to the industrial owners and the beneficiaries but bring few re-investments back into local societies. This creates an imbalance and an excessive need for special attention from the EU as a beneficiary of the Arctic and the region's minerals, marine resources, forests, energy supplies, that are indispensable for European industries and economic growth.

The EU can and should contribute to the sustainable development of the Arctic by involving the regional level of governance more to safeguard that the wellbeing and living environment of Arctic citizens serves as the basis for Arctic policies. The vast variety of knowledge and experiences of living and working in areas with arctic conditions should be communicated more to showcase the rich diversity of environments, cultures, peoples and perspectives in the Arctic.

6. What more could be done at EU level to help ensure the sustainable development of the Arctic region which meets the needs of Arctic communities and respects the rights of indigenous peoples? 1500-character(s) maximum.

The EU plays a key role to facilitate multilevel dialogues, while ensuring principles of partnership and inclusion. The NSPA-network offers the ability to initiate, support and strengthen cooperation between stakeholders at the local and regional level, as well as represent a great variety of Arctic societies in discussions on how to develop the Arctic. Again, the wellbeing and living environment of Arctic citizens should serve as the basis for development of Arctic policies.

The final report launched 2018 from the EU Arctic forum stakeholder consultation³, following on the adoption of the current EU Arctic Policy, delivers a good basis for a continued and deepened dialogue on priorities and concrete future actions to develop the region within a revised EU Arctic policy.

Following the OECD Territorial Review of the NSPA in 2017, the OECD made a case study together with the Swedish government on the conditions for growth in Sapmi, Linking Indigenous Communities with Regional Development.⁴ One of the key findings was the great diversity of capacity within the Indigenous communities, such as challenges with quality and depth of leadership, financial management, sustainability and strategic capability, as well as scale and critical mass. A key policy recommendation from the OECD to tackle these challenges is to build alliances to increase scale and address issues of common interest. The EU and the NSPA should support this approach for minority communities. The Interreg Sapmi programme is also a fundamental instrument provided by the EU to enhance cross-border cooperation and ensure sustainable development throughout Sapmi.

² <http://octa-innovation.eu/summary-report-arctic-stakeholder-forum-consultation/>

³ <http://octa-innovation.eu/summary-report-arctic-stakeholder-forum-consultation/>

⁴ <https://www.oecd-ilibrary.org/sites/3203c082-en/index.html?itemId=/content/publication/3203c082-en>

7. How could the EU Arctic policy best complement EU Member State action in the Arctic to address socio-economic challenges and demographic development? 1500 character(s) maximum.

Although extremely sparsely populated in a European context, the NSPA is quite dense with a large population in a comparison to the greater Arctic. But the demographic challenges in large parts of the European Arctic is the same as elsewhere in the Arctic, with an aging and declining population causing problems for functional labour markets and provision of public services. The global urbanisation trend is difficult to turn around, while creating attractive societies in sparsely populated areas requires a complex set of policy tools tailored to fit the specific needs and potentials at the local and regional level.

The EU has a key role to encourage strategic planning, cooperation and capacity building through different investment tools. The EU Arctic Policy should be better linked to the EU investment tools already in place, given that they can be better adapted to fit the different territorial conditions. For example, the European Social Fund+ which could possibly be better linked to the smart specialisation strategy platforms to target labour and skills provision, as well as boost social innovations tailored to the specific needs of Arctic communities.

8. How could intergovernmental and regional cooperation in the Arctic be improved for the benefit of the Arctic region and what should the EU's role be in this? 1500-character(s) maximum.

The Arctic has been a low-tension area due to constructive dialogues among the states, regions and peoples. This can change as the environmental strains accelerate and economic interests increase. The changing conditions implies more focus on international cooperation and the need to use and develop existing cooperative platforms. The European Arctic should remain an area of low tension with balanced relations with Northwest Russia. The EU's engagement in the Barents Euro Arctic Cooperation is very much welcomed, also in the framework of the Regional Barents cooperation.

The interregional programmes in the European Arctic, including the Neighbourhood, Development and International Cooperation Instrument (NDICI) Cross-Border Cooperation (CBC) programmes, along with the aim of more efficient and focused investments in research, innovation and connectivity, are decisive instruments for continuous multilateral efforts. The Northern Periphery and Arctic Programme (NPA) is a vital tool for cooperation in the Atlantic Arctic as an EU Arctic investment scheme for the EU Arctic policy objectives and a possibility to keep the close collaboration with Scotland, defining itself as the "close Arctic". The Arctic have great potential to contribute more to the European markets and economy. EU financial support through funds and regional state aid create a level playing field for regions that are located far north with specific challenges. This must be safeguarded.

The Northern Dimension policy (ND) is also an important tool for cooperation through its partnerships in creating concrete environmental, economic and cultural activities by promoting overall people-to-people, business-to-business and researcher-to-researcher dialogue.

9. How can the impact of the EU science and technology/research and innovation efforts be further enhanced, as a means of supporting the priorities of the EU's Arctic Policy? To what extent can EU engagement in science and technology/research and innovation be strengthened, for the benefit of the Arctic region? 1500-character(s) maximum.

Science and innovation play a significant role to create stability, develop businesses and industries in the regions to deliver added values to Europe, as shown in the OECD Territorial Review of the

NSPA.⁵ The EU has an important role as a funder and coordinator of research. However, a big share of the EU's contributions to the Arctic remains unrecognized due to a far too narrow definition of "Arctic research" used in practice of the European Commission.

In the report *Arctic research and innovation of 2018*⁶ the EU reaffirms its dedication to science and innovation as a force for continued development of the Arctic and lists the current EU funded projects under Horizon 2020 associated with the Arctic, but the projects mentioned are limited to polar research. While these activities deliver vital research findings, the narrow scope risk losing the more holistic approach described in the joint communication.⁷ The EU invest substantially in research and innovation to develop the European Arctic from a broader perspective in line with the ambitions outlined in the integrated policy, including research in bioeconomy, extractive industries, business development, 5G, health, indigenous issues, migration, atmospheric science and space technology etcetera, but these domains are unfortunately not considered as Arctic-related by the EU-commission.

In case you think a relevant topic has not yet been covered by any of the above questions, please use the box below to submit your comments. 1500-character(s) maximum.

The NSPA calls for flexibility to invest EU-funds in airport infrastructure in the European Arctic, and thus support the restart of economic activities in the northernmost regions of Europe. The total shutdown of air-traffic due to the virus outbreak have painfully exposed the fragility and dependence on access to airports for remote communities and businesses, such as tourism, testbeds to global industries and SMEs delivering niche products and services through global value chains. At the same time as the air industry is undergoing a current decline in demand, major technological developments to reduce carbon emissions are evolving rapidly. Industrial shifts that will require significant investments in airport infrastructure, especially in regions with long distances where there are few reasonable alternatives to air traffic.

Adopted by the NSPA Steering Committee, 1 October 2020.

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⁵ <https://www.oecd.org/publications/oecd-territorial-reviews-the-northern-sparsely-populated-areas-9789264268234-en.htm>

⁶ https://ec.europa.eu/info/sites/info/files/rec-17-004_arctic_mep_final_web.pdf

⁷ http://eeas.europa.eu/archives/docs/arctic_region/docs/160427_joint-communication-an-integrated-european-union-policy-for-the-arctic_en.pdf