

**1. *What concrete measures could the EU Arctic Policy propose to improve physical infrastructure and digital connectivity in sparsely populated Arctic areas?***

**A need for strong infrastructure in the European Arctic**

The shifting geopolitical dynamics of Northern Europe highlight the significance of the Northern Sparsely Populated Areas (NSPA) for the European Union and the European Economic Area. This region acts as a key link connecting the Arctic and North Atlantic to the Baltic Sea and the rest of Europe, making it important for both the EU's security strategy and NATO's military mobility. Reliable territorial and maritime transport and digital infrastructure that can serve both civilian and military needs is vital to boost readiness and resilience in the NSPA and the larger Arctic region. The area also provides essential resources for Europe's green and digital progress, like renewable energy and rare materials, but struggles with challenges such as low population, harsh climate, and costly infrastructure. Improving physical and digital connections is necessary for competitiveness, social unity, and Europe's autonomy.

**A coordinated connectivity effort in line with OECD recommendations**

According to the OECD's 2025 report, "Navigating Global Transitions in European Arctic Regions," gaps in connectivity remain a major obstacle to labor movement, access to services, and economic growth in the NSPA. Without better east–west and north–south transport routes, solid power networks, and comprehensive digital access, the regions cannot fully foster clean industries or innovative business ecosystems. While satellite-based 5G offers some support, possible to also launch, facilitate and service from the space centers in the region, robust ground infrastructure is still needed in the EU Arctic. Addressing these challenges requires a coordinated European solution recognizing the region's strategic importance and unique difficulties.

**An effective EU Arctic Policy for transport investments**

Limited east-west connections, single-track railways, differing rail standards, insufficient port facilities, and outdated bridges all hinder the region's reliability and competitiveness. OECD findings indicate that these issues hurt both economic progress and Europe's security. A clear European framework is needed to improve east–west links, fix bottlenecks, and prioritize projects with real added value. This is especially important where transport corridors support both defense and commerce. The revised Arctic Policy should strengthen EU planning and investment programs, encourage cross-border cooperation among Finland, Sweden, and Norway, and make sure Arctic priorities are integrated with Europe's broader transport plans. Connectivity in the European Arctic should be approached in terms of redundancy, interoperability and cross-border functionality. Long distances and limited alternatives mean that disruptions have systemic consequences for services, supply chains and crisis response.

**Building robust digital infrastructure above and below ground**

Because the NSPA is remote and sparsely populated, tailored solutions for digital connectivity are required. Although satellite-based 5G can help, it does not replace the need for high-quality ground infrastructure. Continued support through EU development funds is necessary, especially in areas where private markets fall short. The Arctic should be included in the CEF 5G corridor network, following important north–south and east–west infrastructure routes for NATO and trade needs. Reliable mobile infrastructure along these lines would help provide essential connectivity for vast

surrounding areas, however, do not replace continued broadband rollout for stable and resilient communication over all the Arctic.

### **Connecting Europe Facility, together with other EU investment instruments**

CEF should continue as the main source for major transport projects, while national and regional plans must include Arctic-specific goals for both transport and digital development. However, current funding proposals may not cover investments without compromising regional growth. The EU should ensure that programs like Horizon Europe, the Competitiveness Fund, Interreg, and ERDF are accessible to Arctic regions under criteria acknowledging remoteness and higher costs. In addition, to help the NSPA compete for funding and advance projects that boost Europe's sustainability and resilience, EU support should focus on:

- Better coordination in cross-border infrastructure planning,
- Building capacity for regional and local authorities, and
- Broader eligibility for remote regions.

### **Focus on dual-use and climate-resilient infrastructure, including space operations**

In the Arctic, civilian and military mobility go hand in hand. The EU should incorporate dual-use strategies into all transport and digital investments in the NSPA, ensuring new infrastructure — roads, ports, rails, airports, and energy grids — can withstand Arctic conditions affecting both civilian and military operations. Climate-resilient infrastructure also strengthens emergency preparedness, supply chain security, and long-term stability for communities and businesses. Notably, the European Arctic hosts the only mainland EU space bases capable of launches, serving both civilian and military needs and contributing to Europe's strategic independence, to be acknowledged as assets for the EU.

### **Involve local and regional stakeholders in planning**

Including regional authorities in planning and execution is vital for legitimacy and alignment with local needs. The EU could facilitate close cooperation among civilian, defense, and regional actors so that new infrastructure meets dual-use requirements and accurately reflects local realities, to enhance Europe's security, competitiveness, and climate resilience while securing the future of the Arctic regions. In the Arctic, global and local issues directly intersect, requiring collaboration at all levels. Many Arctic communities and businesses lack the own capacity to manage challenges such as climate change, security policy, and shifting global demands, while being of importance for the EU to address.

**2. From the perspective of the NSPA network, what should be the priorities in the updated EU Arctic policy to better reflect local and regional needs?**

**Arctic communities are essential to global change**

In the past twenty years, issues like climate change, cyber threats, critical infrastructure, and resource management have become increasingly securitized. The peoples and organizations within the Arctic are at the forefront of these challenges and require empowerment and participation in shaping policy responses. With adequate support, these communities can boost their resilience and ability to innovate, rapidly adjusting to evolving circumstances.

**Advancing a Safe, Sustainable, and Prosperous Arctic**

The EU Arctic Policy should continue resting on three equally significant pillars: safety, sustainability, and prosperity. There is, however, a pressing need to weave these perspectives into a cohesive strategic framework that reflects EU interests and activities in the Arctic. Actions in the Northern Sparsely Populated Areas (NSPA) must address all these aspects to ultimately promote EU priorities of autonomy, competitiveness, and security in remote and geopolitically sensitive zones.

**Positioning the European Arctic as the gateway to the global Arctic**

Drawing a clear line between the European and global Arctic would also be relevant. The region within the EU and in the EEA can leverage EU internal market regulations, policy instruments and funding, while the broader Arctic requires other EU tools. The European Arctic serves, to be pinpointed, as a gateway that legitimizes EU's interests in the global Arctic. The EU Arctic Policy should, to this, clarify its links to other relevant EU policies — such as green transition, cohesion, research, innovation, competitiveness, security, and strategic autonomy — and evaluate which instruments are best suited to address the most critical issues to secure the regional and the EU interests.

**Protecting European interests through managing EU's soft power**

Given the extensive border with global powers and being holding valuable assets for international industries, the European Arctic sits at the heart of geopolitical interests and tensions. Events in one area ripple across others, especially where Finland, Sweden, and Norway share continuous land and geographic features, and Finnish regions need to focus west rather than east due to closed border. Thus, discussions about the Eastern border should also include the northern Baltic Sea and adjacent Arctic territories, taking a pragmatic approach that harnesses EU's soft power by engaging stakeholders, communities, and regions throughout Europe's northern border areas.

**Bolstering regional capabilities for dual-use needs**

The latest OECD report (2025) on the NSPA, offers in-depth analysis and guidance for meeting challenges and unlocking potential in the European Arctic. Priorities include fortifying weak local systems, enhancing connectivity, supporting business frameworks in small labor markets, and expanding strategic capability locally. With Sweden and Finland joining NATO, military requirements and dual-use capacities now warrant focused EU assistance — covering both industry in peace time and crisis resilience in wartime with an emphasis on local development capacity, as a cornerstone for EU's engagement and legitimacy in the Arctic.

### **Reinforcing local structures via coherent EU policy and stakeholder involvement**

Acknowledging divergent interests is key to maintaining coherence between EU Arctic Policy and related initiatives. The EU aims to foster dialogue and harness regional potentials while ensuring resource access and border safety — this must remain central to its Arctic Policy. Neglecting inclusive and consistent stakeholder consultations risks triggering multi-layered conflicts among indigenous peoples, businesses, and residents. National laws should underpin effective consultation, compromise, and compensation processes, backed by EU support to secure positive outcomes and align policies with local communities' capacity to balance competing interests, able to deliver social acceptance, shared benefits and timely permitting processes. This is of relevance not only within the Arctic but also for European overall interests in the Arctic.

### **Encouraging cross-border collaboration and global outreach**

Expanding EU backing for collaboration among Arctic cities and regions — including Greenland, Faroe Islands, Canada, Alaska, and Iceland — will foster mutual learning and deepen business and research links across the Arctic. Support for initiatives like Arctic Urban and Regional Cooperation (AURC) is welcomed, and, furthermore, broadening this exchange to involve also regional authorities and bodies will help share knowledge for collective development opportunities.

### **Ensuring dedicated funding for EU Arctic development**

Special allocations to the NSPA under current and previous EU cohesion policies for regional growth, capacity building, and talent attraction represent the EU's only true targeted Arctic investment mechanism. Removing this would undermine development and collaboration, running counter to enhanced EU engagement in the Arctic. Ongoing investments, based on regional development smart specialization strategies, and aligned with EU's competitiveness and security strategies, are vital for effective policies to keep these territories attractive, populated, and resilient, with specific attention to young people to mitigate depopulation.

### **Adopting a holistic strategy for Arctic investments**

Beyond region-specific development tools, the EU should implement a comprehensive plan that earmarks resources for key corridors, military mobility (aligned with NATO standards), Horizon Europe, the future Competitiveness Fund, and targeted Interreg/ETC funding in the Arctic. This is necessary because the northernmost regions face challenges in accessing and utilizing all instruments due to their limited capacity. Such an approach will ensure continued cooperation, integration, and capacity building for sustainable local development across the Arctic. Closer alignment between EU Arctic policy instruments and established regional frameworks would accelerate absorption capacity.

**3. How could the EU Arctic Policy address the specific socio-economic challenges of sparsely populated regions, such as economic growth, depopulation, accessibility or the provision of services.**

**Strengthening small labor markets**

The connectivity of small labor markets is essential, requiring both robust physical infrastructure and coordinated efforts in skills development, remote education, and labor recruitment platforms. The EU can facilitate these initiatives through its competence and skills policies, as well as tailored regional development support. It is crucial to address the distinct needs of remote, small, and dispersed communities to achieve a stronger, more integrated, and sustainable Arctic region. EU Arctic policy should therefore link industrial and security objectives with support for attractive and functional communities able to retain and attract labour and be able to build common platforms to address this.

**Facilitating distance-spanning clusters among small enterprises**

A considerable number of micro-businesses in the Arctic possess significant potential to bolster European competitiveness, provided there are improved connections across extensive areas, academic partnerships, and innovation networks. EU innovation and competitiveness policy — including digital transformation and targeted smart specialization — should be adapted to the unique conditions of sparsely populated regions, with supportive schemes reflecting the specific requirements of the Arctic context with its many small entities over vast areas.

**Arctic competence and competitiveness**

EU Arctic regions are emerging as strategic locations for major industrial investments, motivated by priorities such as strategic autonomy, the green transition, and competitiveness. The region's abundance of critical raw materials, renewable energy sources, and industrial expertise offers substantial opportunities. Nonetheless, its sensitive environment and competing land use interests necessitate prudent management. The EU Arctic Policy should incorporate an enhanced industrial and competitiveness dimension to enable the region's contribution to Europe's growth, supported by instruments such as Cohesion Policy and the proposed European Competitiveness Fund, that can contribute to attract and absorb new investments and needed cross-border skills development.

**State-Aid regulation addressing Arctic challenges**

Alongside cohesion policy, the state-aid framework provides vital, targeted provisions for sparsely and extremely sparsely populated regions. These specific exemptions — which permit higher regional aid ceilings and greater flexibility in support schemes — are indispensable for enabling vulnerable areas to compete on equal terms within the internal market, to safeguard for the future.

**Establishing an Arctic investment platform**

Investment barriers persist in remote Arctic areas due to underdeveloped financial markets and discrepancies between housing prices and construction costs, making smaller enterprises and communities face challenges securing capital. A role for the European Investment Bank (EIB) and European Investment Fund (EIF) could be to address market failures and stimulate sustainable regional development by establishing an Arctic Investment Platform. It could act as a facilitator to connect financial stakeholders and Arctic actors to create tailored business cases that mitigate risk and attract external investments.

### **Recognizing the boreal Arctic's significance**

While current Arctic policy highlights natural resources such as mining, minerals, metals, marine resources and diverse energy production, it underrepresents the extensive boreal features of the European Arctic. Expanding forests and dynamic forestry contribute significantly to the local economy and support the green transition, providing potential for an expanded bio-based economy and carbon capture, key steps toward climate neutrality. Harmonized EU policies are needed to capitalize on boreal economic opportunities and resource accessibility, particularly given the absence of Russian assets. Arctic and especially the European Arctic is also the forested northern zone.

### **Advancing research-driven development**

The EU Arctic Strategy should, to all this, broaden its scope beyond polar and climate research to adopt a multidisciplinary approach encompassing social sciences, economics, and cold-climate technologies, all vital for the sustainable development of EU Arctic regions. Strengthening connectivity between regional entities and research initiatives — including indigenous knowledge — will promote innovation and sustainable growth, informed by the unique social and environmental conditions of northern areas. Improving access to EU research funds for small, remote stakeholders is critical, and developing Arctic societies and industries requires a cross-disciplinary scientific strategy.

### **Continued EU investment in Arctic development**

Ongoing support through cohesion policy and specialized state-aid exemptions has greatly benefited the NSPA regions, fostering innovation-ecosystems and diversified economies while addressing market failures and additional costs associated with trade and service delivery in remote, less urbanized Arctic contexts. Sustaining and updating these support mechanisms, with a focus on competitiveness and security — including dual-use connectivity — remains pivotal to achieving EU objectives in the Arctic region.

### **Cultivating strategic local capability**

Sparse populations and harsh climate drive up living and service delivery expenses, made worse by limited administrative capacity. Both the EU and national governments should facilitate strategic planning, investment prioritization, and cross-border cooperation to strengthen governance and bolster resilience. Vast, isolated regions with small populations cannot tackle these challenges alone.

### **Supporting capacity building and empowerment for all stakeholders**

The European Arctic comprises advanced welfare societies and culturally rich communities, including the indigenous Sami population and other minorities such as Tornedalingar/Kväner/Lantalaiset. These groups often, however, face limited capacity to respond to external demands or preserve their heritage, highlighting the importance of integrating them into EU-supported initiatives. Such inclusion is fundamental for balanced development, equitable integration into broader society, and fostering equal business opportunities, to be addressed in in EU's Arctic Policy, while acknowledging that the Arctic is inhabited by a broad spectrum of peoples, to all be engaged in the EU's partnership dialogue.

Reply on the targeted questions from DG Mare/EEAS  
to the NSPA network on an updated EU Arctic Policy  
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***On behalf of the NSPA Steering Committee***

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