

The NSPA response to the Public Consultation on Streamlining EU funding in the Arctic

The NSPA network, *Northern Sparsely Populated Areas*, represents the interests of four northernmost counties of Sweden (Norrbotten, Västerbotten, Jämtland, 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.

The NSPA appreciates the EU level interest in Arctic issues. The Arctic region involves around 4 million people, out of which around 400 000 are indigenous peoples. The NSPA is pleased to note that the European Commission emphasises the need for dialogue between the Member States, Indigenous Peoples and other stakeholders. In addition, the regions – representing the people who live in the arctic areas – should be considered as one of the key stakeholders and included in the discussions concerning the EU Arctic strategy and respective EU financing instruments. The role of regions in the discussion is also supported by the European Parliament Resolution¹ and the European Council Conclusions² 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 peoples 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.

1) Challenges, opportunities, actions

The main challenges for the European Arctic for the next ten years.

From the NSPA point of view, the main future challenges will be:

- The development of the logistics in the regions to ensure the functioning of internal and external connections and focusing on easy access for EU actors to the Arctic areas and on delivering goods and knowledge to the European market.
- Increasing the level of refinement of raw materials in the region
 - o 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

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

² [Council conclusions on developing a European Union Policy towards the Arctic Region 12.5.2014](#)

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- 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 possibilities to play an important role in the whole value chain.
 - Effects of the climate change in the Arctic region – mitigation and adaptation
 - Climate change represents both challenges and opportunities in the north.
 - It is crucial to balance growth potential of the resource industry with environmental concerns and sustainable societies.
 - The development of relations with Russia and potential tension in the Arctic
 - In light of the current political situation, the Barents region is an example of the tradition of cooperation in the North, including also Russia, Indigenous Peoples representatives and more southern regions of Finland. It has the potential to be a regional bridge between the EU and Russia and a partner for the common long-term regional development. The European Arctic is also increasingly in the spotlight when it comes to new arising routes for goods and knowledge. Shorter distances and possibilities to avoid conflict areas and overloaded transport infrastructure have the potential to change logistics flows from the Arctic regions to the south and between Asia and North America. However, there is need for investments to facilitate this development.

Opportunities for jobs and growth

The European Arctic and its enormous raw material deposits offer a significant input not only for the jobs and growth possibilities in the NSPA, but they also bring a substantial added value for European competitiveness and growth. However, as mentioned above, 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 labor market in the European Arctic should be utilised better. Current development and investment in the region implies an increased need for a skilled workforce and access to appropriate expertise. There is a need for harmonisation, incentives and stronger cross-border cooperation between both the Nordic countries and with North West Russia, in order to achieve a higher degree of labor 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 specialisation and sustainable growth and development. However, this implies the need for secured allocations to ensure long-term cooperation and critical mass.

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Research priorities

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 adaptation and green technology. 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 Parliament³ and supported by a preparatory action⁴ funded by the European Commission – would significantly strengthen the EU Arctic policy and competence. In addition, ongoing 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.

Specific needs that EU funding instruments should take into account

The northern parts of the EU are suffering from 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, is an essential tool for development in the European Arctic Areas. In combination with the 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 and experience of cooperation in these areas is a competitive advantage. This delivers common growth and new business opportunities, as well as exchange of practices between people, companies and decision-makers. Such cooperation contributes in lowering tension between nations that could arise as the economics and geopolitics of Arctic is becoming a global concern. It can also 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.

³ [European Parliament resolution of 12 March 2014 on the EU strategy for the Arctic](#)

⁴ [The Strategic Environmental Impact Assessment of development of the Arctic](#)

2) Implementation

Coordination

Coordination of the Arctic financing possibilities should be utilise existing structures, such as Interact, regional cooperation structures like Barents Regional Council, four northernmost Councils etc. There should be more coordination between the priorities of the existing structures and the EU funding instruments in order to guarantee that the EU instruments are beneficial for the Arctic communities and give regional organisations the economic means to bring their visions and strategies to life. The NSPA also supports measures to improve coordination within the ETC-programmes and between the ETC and ENI CBC Programmes.

3) Specific issues

Connectivity and communication systems

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 include in the Core Network a) a connection to the Arctic Ocean and b) inclusion of borderstations (Oulu –Vartius) c)Rail Corridor Kolari – Pajala - Svappavaara, a connection to the Iron Ore Track and the Atlantic Ocean d) the E12 Corridor including the Midway Alignment of the Bothnian Corridor
- "Motorways of the Sea" should be further developed as it has a substantial role in supporting the functioning of the internal markets
- The added value the Eastern Corridor and Saimaa Canal waterway connection brings to the northern transport connections should be acknowledged
- Also, we propose that the European Commission appoints a coordinator that 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 catalysator** 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)

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In addition to the TEN-T, it should also 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 and European cooperation.

Also broadband infrastructure is of vital importance for the Arctic regions where the distances are long. High-class broadband infrastructure is important in securing the livelihood in the regions and enabling the NSPA to be a forerunner in the fields of the digital economy and e-government.

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 level of ERDF should be secured for the NSPA also in the future.

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,.

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.

In Brussels, 28th of November 2014, on behalf of the NSPA Regions



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