

EU regional policy in the Arctic

SUMMARY

Local communities in the Arctic face a unique set of challenges including remoteness, depopulation and a severe climate and topography. EU regional policy can support development in the European Arctic via investments under the European Structural and Investment Funds delivered through regional development and European territorial cooperation programmes, with further support also available in the form of a special aid allocation for northern sparsely populated regions.

Structural funds represent an important source of funding for regional development in the European Arctic and have helped regenerate the regional economy and create jobs through the development of new activities such as high-tech innovation and tourism. Numerous challenges remain, however, with critics pointing to a limited focus on transport infrastructure, weak complementarity between EU funds in the region and problems in terms of participation, with small organisations often lacking the necessary know-how or resources. Taken together with the region's growing strategic importance and the continued need to tackle climate change, this has led to increased efforts to formulate a policy outlining the EU's approach towards the Arctic.

The 2016 joint communication on an integrated EU policy for the Arctic focuses on climate change and international cooperation, with a special emphasis on sustainable development, a move that has been welcomed by Arctic communities. Academic circles, however, stress that the communication demonstrates an overly cautious approach that lacks specificity, highlighting also the marginal importance of Arctic issues for the EU and raising questions as to the likelihood of rapid progress being made.



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Introduction

A vast area of tundra and frozen seas, the Arctic region is one of the Earth's last great wildernesses. The effects of climate change, however, are leading to a dramatic transformation of the Arctic landscape, while the region's pivotal role in the Earth's environment and climate system means that these changes are also being felt far below the Arctic Circle. At the same time, the melting of the sea ice is opening up new economic opportunities, offering the prospect of new maritime routes and increasing the possibilities for extracting mineral resources in the Arctic. These developments have increased the region's strategic importance and reinforced the need for urgent action to tackle climate change and harness the Arctic's new potential for economic development.

Defining the Arctic region

The Arctic region, as referred to in the 2012 and 2016 joint communications on the Arctic, encompasses the area surrounding the North Pole, north of the Arctic Circle (latitude 66 degrees, 32 minutes north). With a [population](#) of almost 4 million, the region covers the Arctic Ocean and includes territories in eight states: Canada, the Kingdom of Denmark (including Greenland and the Faroe Islands), Finland, Iceland, Norway, Russia, Sweden and the USA.

Local communities in the Arctic face a unique set of challenges. With large distances both within the region and from the Arctic to larger markets, **remoteness** is a particular problem and can raise the costs of providing public services such as healthcare. **Depopulation and ageing**, driven by the emigration of young people, particularly women, pose a further challenge, leading to an ageing and unbalanced population. The Arctic's **severe climate and topography**, meanwhile, make living conditions difficult, discouraging people from moving to the region. Recent years have seen increased efforts to support the sustainable development of these communities and address the broader issue of climate change, culminating in the publication of an integrated EU policy for the Arctic in April 2016, yet regional development in the Arctic has been an integral part of EU policy for many years as part of the Union's efforts to secure territorial cohesion across the EU.

EU regional policy and the European Arctic

[Article 174](#) of the [Treaty](#) on the Functioning of the European Union (TFEU) provides that in order to promote the EU's overall harmonious development, particular attention shall be paid to regions that suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density, with the latter encompassing geographical regions in Sweden and Finland north of the Arctic circle, as defined in [Protocol No 6](#) of the Act of Accession of Austria, Finland and Sweden.

More specifically, regions in the Arctic are eligible for targeted support under the EU's cohesion policy framework, which seeks to ensure the economic, social and territorial cohesion of the Union through investments under the European structural and investment funds ([ESIF](#)). The [Common Provisions Regulation](#) (CPR), which introduces a common set of rules for all five ESIFs and sets out 11 [thematic objectives](#) aligned with the [five headline targets](#) of the Europe 2020 Strategy, states that northern sparsely populated regions should benefit from specific measures and additional funding to offset the severe and natural or demographic handicaps referred to in Article 2 of the above Protocol No 6 to the Act of Accession. Annex VII of the CPR, meanwhile, provides for an additional special allocation corresponding to an aid intensity of €30 per inhabitant per year to be allocated to, among others, northern sparsely populated [NUTS level 2 regions](#). This allocation is distributed in a manner proportional to the total population of those regions.

Similarly, while the [regulation](#) on the European Regional Development Fund (ERDF) identifies the percentage of ERDF resources that must be allocated to thematic objectives one to four depending on the category of region in question, Article 11 of the ERDF Regulation stipulates that these provisions shall not apply to the specific allocation for the northernmost regions with very low population density, stating that this allocation shall be allocated to thematic objectives one, two, three, four and seven. This means that in the case of the northernmost regions, ERDF resources may also be allocated to promoting sustainable transport and removing bottlenecks in key network infrastructures. In this context, it is worth examining in more detail how cohesion policy is supporting the northern regions of Sweden and Finland, the EU's only Arctic territories¹.

EU regional development programmes in the Arctic region for 2014-2020

In Sweden, the country's northern sparsely populated areas are the focus of two operational programmes: Upper Norrland and Central Norrland. With a total allocation under the ERDF of €212 million, the [Upper Norrland](#) operational programme seeks to promote investments supporting SMEs and to stimulate research and innovation capacities as well as capacities to identify effective low-carbon solutions, and to tackle the challenges characteristic of northern sparsely populated areas through investments in digital and physical accessibility. Over 3 000 enterprises will receive support under the programme, which is expected to create 2 000 jobs, while the proportion of businesses connected to very high-speed broadband will rise from 54 % to 62 %. The [Central Norrland](#) operational programme, meanwhile, which has a total ERDF allocation of €154 million, aims to support entrepreneurial potential, innovation and the development of products and services in SMEs, including smart low-carbon solutions. Similarly to the Upper Norrland programme, it will include targeted investments in digital and physical accessibility. In terms of its results, over 3 000 businesses will be supported, which should also lead to the creation of 1 800 jobs, improved regional mobility and lower CO₂ transport emissions.

While Finland does not have any operational programmes that target regions in the Arctic uniquely, a total of €305.3 million will be allocated to its northern sparsely populated regions in the 2014-2020 period through two national programmes. The [SME initiative](#) programme will provide ERDF funding of €20 million nationwide, giving SMEs better access to financing by creating a guarantee instrument that is expected to support 725 businesses, including in the far north. Significantly larger in scale, the [Sustainable Growth and Jobs](#) programme, which grants Finland almost €1.3 billion under the ERDF and ESF combined, will, earmark one fifth of its funding for improving the competitiveness of SMEs and around 24 % for promoting research and innovation, with a further 15 % of programme investments set aside for supporting the shift to a low-carbon economy, all of which can help improve the situation in Finland's northern regions.

Assessing the effectiveness of ERDF programmes in the Arctic region

One of the most extensive evaluations of the use of ERDF funding in the Arctic is to be found in the [Study](#) on the Relevance and Effectiveness of ERDF and Cohesion Fund support to regions with specific geographical features – islands, mountainous and sparsely populated areas, prepared by the ADE consultancy. This report examines the issue on the basis of six case studies in different geographical areas, one of which covered an Arctic region, Norrbotten County, in northern Sweden. The Norrbotten [case study](#) finds that, following Sweden's EU accession, structural funds, especially the ERDF, have come to represent a significant source of funding for regional development in the area despite the fact that the amount of funding actually received is relatively small compared with the size of the local economy. What is more, as a large proportion of the regional authority's own resources is taken up by the need to meet the co-financing requirements of EU programmes, the measures carried out under the operational programmes usually

account for the lion's share of the action taken in a given policy area in Sweden. This is especially the case for measures that promote employment and business development.

European territorial cooperation in the Arctic (Interreg)

With a budget of almost €42 million under the ERDF, the [Nord](#) (Sweden-Finland-Norway) cross-border cooperation programme will focus on strengthening cross-border business and research networks, increasing the amount of SMEs doing business across borders and preserving the unique bio-diversity of Arctic and sub-Arctic regions through improved environmental protection.

Stretching across Finland, Sweden and Norway, the [Botnia-Atlantica](#) cross-border programme will allocate €36 million of ERDF funding to investment in the region, focusing on the four priorities of innovation, business (increasing capacity for cross-border business cooperation), the environment and transport (aiming to develop sustainable east-west transport links).

A trans-national cooperation programme focusing specifically on the Arctic territories, the [Northern Periphery and Arctic Programme](#) has a budget of €47.2 million under the ERDF and covers nine countries. The programme focuses on four funding priorities: using innovation to maintain and develop robust and competitive communities, promoting entrepreneurship to realise the potential of the programme area's competitive advantage, fostering energy-secure communities through promotion of renewable energy and energy efficiency and, lastly, protecting, promoting and developing cultural and natural heritage.

The [Interreg Baltic Sea Region programme](#) spans 11 countries, with eight Member States and three partner countries: Norway, Belarus and the north-west regions of Russia. A total of €263.8 million will be available under the ERDF to help finance projects in the region, which must involve partners from at least three countries. The programme outlines four priorities: capacity for innovation, management of natural resources, and sustainable transport, whose focus areas include such key Arctic issues as environmentally-friendly shipping and the accessibility of remote areas. The programme's fourth priority will help support stakeholders engaged in the [European Union Strategy for the Baltic Sea Region](#) (EUSBSR), the EU's first macro-regional strategy, embracing three objectives: connecting the region, increasing prosperity and saving the sea.

The [North Sea Region programme](#) encompasses 49 regions from seven countries (Belgium, Denmark, Germany, Netherlands, Norway, Sweden and the UK) and has a total budget of €328 million, of which €167 million comes from the ERDF. The programme aims to foster development and promote sustainable economic growth in the region based on four priorities: thinking growth, eco-innovation, a sustainable North Sea region, which funds coordinated, cross-border action to help adapt to climate change, and green transport and mobility.

In terms of the effectiveness of ERDF funding, the study reveals that most of the targets set for the 2000-2006 period, covering businesses and jobs primarily, were surpassed in 2006. The ERDF has helped to regenerate the regional economy by fostering the development of new activities, including high-tech innovation such as support for the region's burgeoning vehicle winter-testing industry and the development of tourism, generating more jobs. ERDF funding has also helped strengthen networking and cooperation in the region and there has been a gradual improvement in access to public services thanks, not least, to ERDF support for an ICT broadband access network.

While the ADE report notes that the 2007-2013 Upper Norrland operational programme is adapted to the needs of the sparsely populated Norrbotten region, and concentrates to a large degree on addressing challenges relating to remoteness and sparseness, it raises a number of issues about its effectiveness. In particular, the report questions the limited focus on infrastructure: transport is still a key issue in sparsely populated areas, yet recent years have seen cuts in national funding available for road and rail investments. Depopulation also remains a key concern, with continued migration out of the region

suggesting a need for further action to raise the region's attractiveness and improve the skills of its young people. The report argues that this issue, which covers many different aspects, needs an approach involving strong complementarity with other EU funds such as Interreg and the ESF. Complementarity between EU funds in the regions remains poor, however, and needs to be improved. There is also a problem in terms of participation, with the report stressing that many small municipalities are unable to provide the funding needed to meet the 50 % co-funding requirement for projects under the ERDF, which could explain why there have been so few project applications.

European territorial cooperation (ETC) programmes in the region face a similar challenge, as highlighted in the European Policies Research Centre [Arctic Connections paper](#), which argues that smaller organisations typically struggle to take part in ETC cooperation programmes and lack the capacity and know-how to cope with the red tape involved. The same holds true for private sector participation in Interreg, which the document notes is often hindered by a lack of knowledge of rules and regulations, especially on state aid, which entails a higher risk of failure or withdrawal of private partners than in the case of public organisations. Looking ahead to the 2014-2020 period, the paper notes that the greater strategic focus of ETC programmes means that smaller organisations could face even greater difficulties as they may be unable to meet key programme targets and it recommends the creation of networks and a small project fund to ensure the involvement of smaller organisations, which many observers consider to be vital for successful cooperation. As Benito Giordano argues in his 2016 [paper](#), 'Exploring the role of the ERDF in regions with specific geographical features', the use of the ERDF to support economic development in such regions is not a straightforward process. Demographic problems, he notes, are arguably much greater in these areas owing to the combination of the demographic processes in play, such as the outflow of young people, ageing and low birth rates, adding that policy responses in these regions need to align the ERDF with other EU and national support in order to address this combined challenge more effectively.

Evaluating the needs of local and regional stakeholders in the Arctic

Clearly, there is significant room for improvement in terms of how EU measures such as the ERDF and ETC can support development in northern sparsely populated areas. This issue has been the subject of much discussion in recent years as part of the wider debate on the development of an EU Arctic policy. One particularly interesting document in this context is the 2014 [consultation](#) on streamlining EU funding in the European Arctic, whose primary aim was to examine if, how and where the use of EU funding instruments in the European Arctic could be improved. The [results](#) of the consultation reveal that a large proportion of respondents consider infrastructure development to be one of the major challenges in the Arctic, highlighting the often underdeveloped nature of the region's infrastructure, such as a lack of roads, railways or flight connections. In terms of the opportunities for jobs and growth in the Arctic, infrastructure development was seen as providing the greatest scope for boosting growth through investments in road, rail and broadband internet, with the growth opportunities of the oil, gas and mining industries coming a close second. Four key investment and research priorities emerged from the consultation: infrastructure development, climate change adaptation, sustainable use of natural resources, and renewable energy and green technology. As regards the projects that the EU should fund in the Arctic, infrastructure development, research and science, climate change and environmental protection and sustainability came out on top. EU research in particular was seen as key for the future sustainable development of the Arctic with respondents also stressing that the EU should fund projects to study climate

change and its impact, and to improve environmental protection. According to the consultation, EU funding instruments in the European Arctic should focus on two main needs: the need for greater cooperation with local and indigenous people and the need for better coordination of EU funding and instruments. The results were used to feed into the preparatory work on the 2016 communication on an integrated EU Arctic policy, the latest in a series of EU initiatives in this area.

Moving towards an EU policy for the Arctic

Although the European Union has been present in the Arctic since 1995 and the EU accession of Sweden and Finland, it was not until 2008 that the Union began to formulate a dedicated strategy for the region, with the publication of its first [communication](#) on the Arctic. Highlighting the close links between the EU and the Arctic, the communication emphasised the region's vital role for the Earth's environment and climate system, recognising it also as a region of increasing strategic importance. This document was followed four years later by the 2012 joint [communication](#) of the European Commission (EC) and of the High Representative of the European Union for Foreign Affairs and Security Policy (HR), which reviewed the EU's contribution to the Arctic since 2008 and set out a path for future engagement with Arctic partners following an application by the EC for the EU to have permanent observer status on the [Arctic Council](#), the region's leading intergovernmental forum for promoting cooperation on Arctic matters among the Arctic States. The communication emphasised the need for a coherent EU approach to the Arctic that builds on the EU's strengths, promotes responsible development and engages in close dialogue with all Arctic stakeholders, and that can be summarised in three words: knowledge, responsibility and engagement.

The European Parliament (EP) has also been closely involved in this process. Its March 2014 [resolution](#) on the EU Strategy for the Arctic called for a united EU policy on the Arctic and a coherent strategy and specific action plan on the EU's engagement on the Arctic, with a focus on socio-economic and environmental issues, emphasising that the increasing use of the Arctic region's natural resources must benefit and respect the local population. It also stressed the vital importance of EU regional and cohesion policy for interregional and cross-border cooperation, and highlighted the need to develop infrastructure links connecting the Arctic region with the rest of Europe through a focus on transport corridors. Similarly, the EESC's 2013 [opinion](#) on EU Arctic policy called for investment in responsible economic activity based on cold climate expertise, and for the development of infrastructure. The EP's call for an EU policy on the Arctic was echoed by the [conclusions](#) of the 12 May 2014 Foreign Affairs Council, which agreed that the EU should enhance its contribution to Arctic cooperation and invited the EC to ensure that EU-funded programmes in the Arctic for 2014-2020 provide better opportunities for circumpolar cooperation and research as well as Arctic economic development. In particular, it urged the EC and the HR to present proposals for the further development of an integrated and coherent Arctic policy, providing the necessary impetus for further work in this area. It was against this background that the EC and the High Representative published a joint communication on an integrated European Union policy for the Arctic in April 2016, recognising the need for the EU to set out a forward-looking Arctic policy.

An integrated European Union policy for the Arctic

Taking its lead from past initiatives, the 2016 [communication](#) puts forward an integrated EU Arctic policy that focuses on three priority areas: climate change and safeguarding the Arctic environment, sustainable development in and around the Arctic, and international

cooperation on Arctic issues. For each of these three areas, the communication identifies the main issues involved and outlines a series of policy responses, setting out 39 actions to help deliver an EU policy for the Arctic. In the area of **climate change and safeguarding the Arctic environment**, the communication presents actions promoting research, such as the EU-PolarNet initiative, which will create an integrated European polar research programme, EU space programmes including Copernicus and Galileo, and measures to support transnational access to research infrastructure. The EU will also contribute to international efforts to limit black carbon and methane emissions as part of its climate mitigation and adaptation strategy, with the communication also including measures to protect the environment, such as promoting the implementation of multilateral environmental agreements and supporting work to phase out pollutants and heavy metals that end up in the Arctic's food chain. **International cooperation on Arctic issues** will promote the EU's active involvement in international fora that are relevant for the Arctic, including the [Barents Euro-Arctic Council](#) and the Arctic Council and support cooperation with all Arctic partners, such as Canada, Russia and the USA, within the framework of bilateral cooperation to identify new areas of collaboration. EU measures in this area also include fostering dialogue with Arctic indigenous peoples to ensure their views are taken into account in EU policymaking for the Arctic, and fisheries management, including the development of a framework to guarantee the long-term conservation and sustainable use of Arctic resources. The communication promotes scientific cooperation at international level under the Transatlantic Ocean (and Arctic) Research Alliance, bringing together the EU, Canada and the USA. The EU will also develop a multi-resolution map of the entire seabed by 2020.

However, arguably of greatest importance for regional development in the Arctic is the priority area on **sustainable development in the Arctic**. The first of five policy responses outlined to promote action in this area, supporting sustainable innovation, covers measures to launch innovative technologies in the Arctic, such as the development of advanced materials resistant to low Arctic temperatures. This could trigger investments in energy efficiency or renewable energy projects and action to ensure that SMEs have effective access to the single market, including measures to promote good conditions for Arctic innovation and business opportunities as part of the EC's strategy for a Digital Single Market. Secondly, the communication sets out plans to establish a European Arctic Stakeholder Forum to improve cooperation and coordination between different EU funding programmes, bringing together EU institutions, Member States and local and regional authorities to help identify key investment and research priorities for EU funds in the Arctic as well as a network of managing authorities and stakeholders from development programmes in the European Arctic. An annual Arctic stakeholder conference organised by the EC will bring together the results of the forum and network, improve networking between stakeholders and boost capacity building.

Focusing on investment, the third policy response supporting sustainable development stresses the potential role of the [Investment Plan for Europe](#) for supporting infrastructure projects in the region, noting that the European Investment Bank (EIB) may be used to fund projects to strengthen transport links in the region, as well as telecommunications or energy efficiency projects, through cross-border investments. It also mentions the European Investment Advisory Hub and Project Portal, which can help ensure maximum private sector participation and complement the European Structural and Investment Funds, and highlights the importance of the EU-funded trans-European Network for Transport (TEN-T) for promoting investments to remove network bottlenecks in northern

Finland, Sweden and Norway. Fourthly, the communication promotes the use of space-technology and space-based services in view of the Arctic's vast distances and sparse population. Noting that the planned Galileo system will ensure safe navigation capacities in the Arctic, the communication argues that the region's telecommunications needs will still be insufficiently covered, with the EC considering putting forward a specific satellite solution for the Arctic. Lastly, the communication stresses that the EU should ensure safe and secure maritime activities by helping to improve the safety of navigation in the Arctic region through the use of innovative technologies to monitor increasing maritime activities in the Arctic. Measures include establishing a network to address maritime security threats arising from the opening up of the North-east Passage, with the communication also urging action to improve search and rescue operations in the region.

Reactions to the integrated European Union Policy for the Arctic

The Arctic Strategy has been favourably received by local authorities in the European Arctic. The Northern Sparsely Populated Areas Network ([NSPA](#)), which represents the interests of 14 northern regions in Sweden, Finland and Norway, has [welcomed](#) the integrated EU Arctic Policy. In addition to appreciating the attention given to climate change mitigation and resilience, the NSPA particularly welcomes the communication's focus on sustainable regional development, including continued support from EU measures such as the ESIF, ERDF funding for northern regions and Interreg programmes in the Arctic, and the aim to ensure more targeted investments in research, innovation and connectivity. It emphasises that the northern regions of Sweden, Finland and Norway have significant potential to contribute to the European economy but that financial support under EU funding is needed to ensure a level playing field for these remote regions. Noting that infrastructure is key for sustainable Arctic societies, the NSPA is pleased that the communication acknowledges the need for investment in infrastructure to connect the Arctic region as well as investment in ICT and supports the creation of an EU Arctic Forum for implementing EU policies and investment priorities for the Arctic.

The draft EP [report](#) (rapporteurs: Urmas Paet, ALDE, Estonia, and Sirpa Pietikäinen, EPP, Finland) on an integrated European Union policy for the Arctic of 12 October 2016 also welcomes the joint communication, noting that it is a positive step towards an integrated EU policy on Arctic issues and towards developing a more coherent framework for EU action whilst at the same time highlighting the need for greater coherence between the EU's internal and external policies on Arctic issues. It calls on the EC and the Member States to play a greater role in implementing international conventions such as the Paris Agreement and encourages close cooperation between EU institutions and relevant EU Member States on Arctic issues, stressing also the need for the EU to engage with all Arctic partners in policy dialogue, including Russia. More specifically, the draft report calls on the EC and the Member States to support the development of an Arctic Environmental Impact Assessment, which, it notes, should eventually become mandatory when assessing projects carried out in the Arctic. The rapporteurs also welcome plans to form a European Arctic stakeholder forum, and argue that it should evolve towards a more permanent structure, since it has the potential to raise awareness of the opportunities the EU can offer in the region, such as support for SMEs or improving transport and communication networks. Noting the need to enhance synergies between existing financing instruments, the draft calls for better involvement of indigenous people in the development of a citizen-centred Arctic policy, highlighting the part local communities play in keeping the Arctic region viable and sustainable and emphasising the role of fluent transport, communication and electricity networks in generating economic activity.

This positive assessment is reflected in the Council [conclusions](#) on the Arctic of 12 June 2016, which welcome the joint communication, stating that an ambitious cross-spectrum and well-coordinated Arctic policy will contribute to the EU's engagement in the region and stressing that many of the issues affecting the region can be more effectively addressed through regional or multilateral cooperation. The Council considers that policy responses in the joint communication correctly place the emphasis on sustainable development and also on protecting sensitive ecosystems. In particular, the Council welcomes the EC's efforts to improve synergies between funding instruments that aim to boost sustainable regional development in the Arctic, by establishing an Arctic Stakeholder Forum, and invites the Commission to work at all levels to achieve these synergies across EU funding programmes.

The Committee of the Regions is also preparing an opinion on the communication, with its [working document](#) considering it positive that the communication underlines the need to enhance coordination on Arctic matters.

The response from certain sections of the academic and research community has been rather more mixed, however. The [Arctic Institute](#) published a detailed [analysis](#) on the new Arctic policy in May 2016. On a positive note, it welcomes the emphasis in the 2016 communication on the EU's Arctic regions and their development, arguing that the EU's northern regions could provide a gateway into the Arctic and an alternative to the endless negotiations surrounding the EU's observer status in the Arctic Council. It also highlights the greater focus that the new Arctic policy places on a wide range of new sectors and opportunities for economic development beyond extraction industries or maritime shipping. In particular, the institute welcomes the specific measures put forward to coordinate EU funding for the Arctic, noting that the new frameworks for improved coordination of the EU's Arctic activities are the communication's most concrete output.

Ultimately, however, it considers that the communication represents a set of 'statements of fact', a list of activities and projects that have already been rolled out, with relatively few examples of future action. It argues that the main purpose of the communication is not to streamline EU Arctic policies and actions but to define the scope of the EU's presence in the Arctic, resulting in a long shopping list of Arctic activities. On top of this lack of policy integration, it feels that the communication fails to answer the vital question of how the EU can encourage its partners or foster development, and shows that the EC understands that the EU has limited powers to shape developments in the Arctic. Regarding the Arctic Stakeholders Forum, the institute regrets that it will only be temporary and criticises the lack of involvement of indigenous people, expressing disappointment at the communication's poor engagement with indigenous peoples and local populations in relation to EU Arctic activities. Perhaps most tellingly, however, the institute considers that Arctic policy is arguably of marginal importance within the EU's broader policy framework and that, as in the case of the 2012 joint communication on the Arctic, the most recent communication shows that the EU is reluctant to offend any of the major Arctic powers, resulting in an overly cautious approach that lacks specificity. While welcoming the greater focus on challenges in the European Arctic and positive moves towards improving the coordination of EU Arctic funding, the institute highlights a number of potential problem areas regarding the EU's future involvement in the Arctic. Firstly, environmental issues are buried in the communication beneath terms such as sustainability and innovation, suggesting that the EC has failed to address the genuine problems and choices facing Europe's northern regions, particularly as regards the role of extractive industries. In its view, the lack of any mention of minerals or hydrocarbons in

the communication will not make these problems disappear: what is more, it is a gross oversimplification to assume that innovation is the answer to everything. Secondly, the Arctic institute considers that the communication's focus on investment financing could ultimately lead to a reduction in direct EU funding for structurally disadvantaged regions in the future. One danger is that such a lack of funding could ultimately encourage local policy-makers to turn to extractive industries to develop their economies instead, placing a serious question mark over the success of the EU's environmental protection policies in the region. An [opinion piece](#) by the Russian International Affairs Council has also raised a number of questions regarding the EU's new Arctic policy. Among others points made, it feels that the communication has exaggerated the allegedly inadequate nature of the international legal system in place in the Arctic, and criticises what it considers to be the biased nature of the EU's willingness to cooperate on Arctic issues, noting that the EU's plans to encourage Arctic investment through financial support to Arctic countries will be carried out via EU funds that do not involve Russian cooperation.

Outlook

Whilst the level of regional development funding in the European Arctic has been modest in absolute terms, it has made a significant contribution to the development of the EU's northernmost regions, helping to spur economic development, plug transport gaps and help local communities address the challenges arising from their unique environment. The integrated EU policy for the Arctic, which places a particular focus on sustainable development, provides an opportunity to build on this progress, and to define a clearer role for the EU in the Arctic. However, in view of the numerous organisations active in the Arctic region, the EU arguably remains a marginal player in the sphere of Arctic governance. What is more, with the Arctic question notably absent from the programme of the Slovak presidency, serious doubts remain as to how important this issue is for EU policymaking, raising questions as to the likelihood of rapid progress being made.

Main references

Joint Communication from the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy to the European Parliament and the Council – [An integrated European Union policy for the Arctic](#) (JOIN(2016) 21 final).

Endnotes

¹ Greenland, an autonomous region of Denmark, is not part of the European Union.

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