

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 through 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 joint communication on 'a stronger EU engagement for a peaceful, sustainable and prosperous Arctic', adopted in October 2021, confirms the Union's engagements stated in the 2016 communication: the three overarching priorities (peaceful cooperation, tackling climate change and environmental threats, and sustainable development) remain, and most of the measures that it outlines continue pre-existing activities. Meanwhile there is an accent on stimulating an innovative and green transition, in line with the EU's 'Fit for 55' policy.

The prospects for peaceful development of the Arctic will have to take account of an increasingly challenging geopolitical situation in the region, exacerbated by the Russian invasion of Ukraine and the suspension of cooperation with Moscow.



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Introduction

A vast area of tundra and frozen seas, the Arctic region is one of Earth's last great wildernesses. Climate change effects are particularly acute in the Arctic, which has [warmed by three times](#) the global annual average over the past 50 years. These effects are leading to a dramatic transformation of the Arctic landscape, while the region's pivotal role in 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. 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](#) encompasses the area surrounding the North Pole, north of the Arctic Circle (latitude 66 degrees, 32 minutes north). The region has an estimated [population](#) of almost four million (of whom indigenous peoples account for about 10 % of the total population): some 700 000 EU citizens live in the Arctic. The region covers the Arctic Ocean and includes territories in eight states: Canada, Denmark (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. These efforts culminated in the publication of a joint communication on a stronger EU engagement for a peaceful, sustainable and prosperous Arctic in October 2021, although 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.

Figure 1 – Arctic shipping routes



Source: EPRS.

EU regional policy and the European Arctic

[Article 174\(3\)](#) 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. As defined in [Protocol No 6](#) of the 1994 Act of Accession of Austria, Finland and Sweden, the latter encompass geographical regions in Sweden and Finland north of the Arctic Circle.

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) covering the 2021-2027 period, which introduces a common set of rules for the eight EU funds whose delivery is shared with Member States, and which sets out [five policy objectives](#), 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-mentioned Protocol No 6 to the Act of Accession. Annex XXVI of the CPR, meanwhile, provides for an additional special allocation corresponding to an aid intensity of €40 per inhabitant per year (it was €30 in the previous period) to be allocated to, among others, northern sparsely populated [NUTS level 2 regions](#). This allocation, distributed per region and Member State, is distributed in a manner proportional to the total population of those regions.

Similarly, while the [regulation](#) on the European Regional Development Fund (ERDF) for 2021-2027 identifies the percentage of ERDF resources that must be allocated to policy objectives 1 and 2 depending on the category of region – marking a change with the 2014-2020 period, when funding could be allocated to as many as four thematic objectives – Article 10 of the regulation stipulates that this provision does not apply to the specific allocation for northernmost regions. In addition, Article 10 does not identify which policy objectives this specific allocation may be spent on, allowing the northernmost regions to have more freedom in the 2021-2027 period to decide how to use these resources, which represents another departure from the previous period. 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 territories.¹

EU funding for the EU northern regional development, cross-border and transnational programmes operating in the European Arctic amounted to [€1.26 billion](#) for 2014-2020. Together with funding from Member States and partner countries, the budget of these programmes totalled €2.46 billion.

A flexibility rule allows for a share of the ERDF funding to be used outside the programme area in cases where there is a clear benefit for the programme and for achieving projects' objectives. It has therefore been possible to involve Canadian, US (Alaskan) and Russian partners in some NPA (Interreg Northern Periphery and Arctic) projects. The flexibility rule allowed the use of additional resources for Faroese, Icelandic or Greenlandic beneficiaries. In the 2014-2020 programme, over €600 000 was spent in Canada and €150 000 in Russia, while Greenland and the Faroe Islands received, in addition, over €330 000 and €530 000 respectively, giving the NPA a more circumpolar dimension. The extra-area funding was limited to [20 %](#) of the ERDF budget until 2020; the [limit has been removed](#) for the 2021-2027 period.

The EU regional development programmes in the Arctic region

The [ERDF](#) is the main source of EU funding in the region. In Sweden, the country's northern sparsely populated areas are the focus of two programmes: Upper Norrland and Central Norrland. With a total allocation under the ERDF of [€210.8 million](#) for 2014-2020 (doubled with a national contribution to €421.6 million), the [Upper Norrland](#) programme seeks to promote investments supporting SMEs, to stimulate research and innovation capacities and 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. The [Central Norrland](#) programme, meanwhile, which in 2014-2020 had a total ERDF allocation of [€153.1 million](#) (doubled with a national contribution to €306.3 million), aims to support entrepreneurial potential, innovation and the development of products and services in SMEs, including smart low-carbon solutions. The programmes for 2021-2027 were expected to be adopted by June 2022. Also, most of the budget under the [Just Transition Fund](#) (JTF), of which 0.8 % ([€142 million](#)) is allocated to Sweden, will benefit the steel industry in Upper Norrland (Västerbotten and Norrbotten).

While Finland does not have any programmes that target regions in the Arctic uniquely, a [significant](#) part of the [Innovation and Skills in Finland 2021-2027](#) programme is to finance Northern and Eastern Finland ([Pohjois-ja Itä-Suomi](#)). In particular, priority area No 3 ('More accessible Finland') supports SMEs in Northern and Eastern Finland by developing local road transport infrastructure with separate funding for sparsely populated areas. The national programme's public funding for 2021-2027 amounts to €2.49 billion: €1.47 billion from the EU, and €1.02 billion from national co-financing. Northern and Eastern Finland will also be allocated the remaining funding from the 2014-2020 programming period (approximately €30 million). Finland is entitled to 2.4 % of the JTF budget (€424 million), mainly allocated for the transition away from peat in the Arctic region.

Cross-border and transnational programmes: European territorial cooperation in the Arctic (Interreg)

The new [Interreg Aurora](#) programme enables cross-border cooperation in the northernmost part of Europe and [Sápmi](#) (Sami land and people) in the period 2021-2027. Stretching across Finland, Sweden and Norway, it encourages cross-border collaboration, thereby strengthening the programme area's competitiveness, sustainability and attractiveness through social inclusion, digitalisation and [green transition](#). Funds come from the ERDF (€87.7 million) and Norwegian Interreg Funding (IR – €6.4 million). Project partners can also come from outside the programme area.

The [Interreg Northern Periphery and Arctic \(NPA\)](#) programme 2021-2027 enables transnational cooperation to address challenges through [three priorities](#): 1) strengthening the innovation capacity for resilient and attractive NPA communities; 2) strengthening the capacity for climate change adaptation, and resource sufficiency in NPA communities; 3) strengthening the capacity for climate change adaptation, and resource sufficiency in NPA communities. The [programme](#) covers the regions of Northern and Eastern Finland, Northern and Western Ireland, Northern Sweden and Northern Norway, as well as the entire territory of the Faroe Islands, Greenland and Iceland. It has a €67.2 million budget, composed of an EU contribution of €43.7 million, and a national contribution of €23.5 million; third countries were expected to provide €7.8 million. Furthermore, the NPA 2021-2027 programme adopted several simplification measures.

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. The programme targets public authorities at local, regional and national levels, business support organisations, specialised agencies, and infrastructure and service providers as the main forces responsible for the structural transition to a more resilient and innovative region. The programme emphasises citizen involvement through NGOs. In the [2021-2027](#) period, [four priorities](#) are outlined: 1) innovative societies; 2) water-smart societies; 3) climate-neutral societies; 4) cooperation governance. The programme supports the [European Union Strategy for the Baltic Sea Region](#) (EUSBSR), the EU's first macro-regional strategy, which has three objectives: connecting the region, increasing prosperity, and saving the sea. A total of [€259.78 million](#) (mostly from the ERDF) will be available in 2021-2027 to help finance projects in the region, which must involve partners from at least three countries.

Suspension of the cooperation with Russia and Belarus

Two more cross-border cooperation programmes had been planned for the 2021-2027 period: [Interreg NEXT Kolarctic](#) between regions in the North Calotte of Finland, Sweden, Norway and north-west Russia, for a budget of €35.35 million; and [Interreg NEXT Karelia](#), financing projects in the regions of Kainuu, North Karelia and Oulu in Finland and in the Republic of Karelia in Russia, for a budget of €28.28 million. Following the military aggression of Russia against Ukraine, in March 2022 the EU [suspended the cooperation with Russia](#) and its ally Belarus in the cross-border cooperation programmes and in the Interreg Baltic Sea region programme. Consequently, the [Kolarctic](#) programming has been discontinued and the Commission has started discussions with the Member States on reallocating the ERDF funding reserved for 2021-2027. For the [Karelia](#) programming, it was understood that the EU and Norwegian beneficiaries can carry on project operations, whereas the activities and financial flows on the Russian and Belarusian side have to be suspended. The decision applies also to the other seven European Neighbourhood Instrument cross-border cooperation programmes (ENI CBC) involving Russia and Belarus.²

Cooperation with Russia and Belarus within the framework of the Interreg Baltic Sea region programme has also been [suspended](#). Concretely, this means that no further payments will be made to Russia for the 2014-2020 programme, while for the 2021-2027 period applicants are requested to cease planning their applications with the participation of Russian project partners.

Support to Greenland

Greenland, the world's largest island (its area is half the area of the EU) and an autonomous country within the Kingdom of Denmark, is by far the largest recipient of EU funding among the 13 overseas countries and territories (OCT) associated with the Union (there were 25 before Brexit). In the [2021-2027](#) programme, Greenland is to receive €225 million, which accounts for almost half of all EU financial assistance (€500 million). The EU has a [fisheries agreement](#) with Greenland giving its fleets access to rich Greenlandic waters, and the Commission is to open an [office](#) in Greenland's capital, Nuuk.

Assessing the effectiveness of ERDF programmes in the Arctic region

The [EPRD](#) (Office for Economic Policy and Regional Development) [overview of EU actions in the Arctic and their impact](#) issued in June 2021 acknowledges the socio-economic diversity of the regions within the European part of the Arctic, where the extractive industries and primary sectors remain dominant. According to the report, some of these regions are highly internationalised, and depend in particular on EU clients and visitors: hundreds of SMEs export within the EU single market, while a significant share of tourists come from the EU. The EPRD points to the role of EU funding as a driver for regional governance and development, as the northernmost regions of the EU, though parts of wealthy Member States, have limited financial and human resources. EU funding, due to its seven-year budgeting, also allows and encourages regions to engage in long-term planning.

A broad range of EU policies affect regional development in the European Arctic, especially transport, energy and connectivity. The report notes that areas such as employment and business development, planning, small investments, education and research have also benefited from EU funds. SMEs are among the main recipients of EU support across the region, for instance in the tourism sector. In addition, the EU cross-border programmes have facilitated cooperation across Arctic Europe. The EU also promotes developments within the bioeconomy and the blue economy, both being of high relevance for the European Arctic. Meanwhile, the report admits the lack of significant EU support for infrastructure in regions that are nevertheless characterised by vast distances. As highlighted by the EPRD, the limited size of EU funding means that these funds cannot by themselves substantially influence the challenging economic, social and demographic trends in the region, which include higher unemployment than the southern parts of their countries and a

growing disparity between depopulating countryside or northern urban centres on the one side, and growing cities on the other. In addition, the complexity of project application and management make it difficult for smaller actors to fully benefit from EU funding. The report also notes the absence of connections between the EU mainstream and territorial cooperation programmes and the EU's broader Arctic policy. The latter's format reflects existing EU policies, but does not influence their development in the region: there is no specific requirement for projects funded by the EU to identify whether the actions contribute to the EU Arctic policy's priorities.

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 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 and 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 Commission 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 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 for 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.

Parliament's call for an EU policy on the Arctic was echoed by the [conclusions](#) of the May 2014 Foreign Affairs Council, which agreed that the EU should enhance its contribution to Arctic cooperation, and invited the Commission to ensure that EU-funded programmes in the Arctic for 2014-2020 provided better opportunities for circumpolar cooperation and research as well as Arctic economic development. In particular, it urged the Commission 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 Commission 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.

A 'policy' or a 'strategy'?

In the book 'The European Union and the Arctic', Adam Stępień and Timo Koivurova [argue](#) that external Arctic actors in general avoid the term 'strategy', as this would imply a degree of control over the geographic space and the achievement of concrete goals to secure specific interests. Thus, if the EU called its whole Arctic policy 'a strategy', this might provoke concern among other actors in the circumpolar region. Meanwhile, they believe that the EU's more coherent approach towards the European Arctic could be defined as a 'strategy', as the EU institutions, Member States and EU actors have a great deal of control over developments in the area and have direct interests in its sustainable development. The European Parliament called it a 'strategy' in its 2014 and 2017 resolutions, but then changed it to 'policy' in its 2021 resolution; the Committee of the Regions is to adopt an opinion on the 'strategy' (see below).

The 2016 communication: An integrated EU policy for the Arctic

The 2016 [communication](#) put 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 identified the main issues involved and outlined 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, and measures to support transnational access to research infrastructure. The communication also included measures to protect the environment, and recommended that the EU contribute to international efforts on climate mitigation. In terms of international cooperation on Arctic issues, the EU would promote its 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, within the framework of bilateral cooperation, to identify new areas of collaboration. The communication promoted scientific cooperation at international level under the Transatlantic Ocean (and Arctic) Research Alliance.

However, arguably of greatest importance for regional development in the Arctic was the priority area on sustainable development. 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. Secondly, the communication set out plans to establish a European Arctic Stakeholder Forum to improve cooperation and coordination between different EU funding programmes; an annual Arctic stakeholder conference would be organised by the Commission. Focusing on investment, the third policy response stressed the potential role of the [Investment Plan for Europe](#) in supporting infrastructure projects in the region. Fourthly, the communication promoted the use of space technology and space-based services in view of the Arctic's vast distances and sparse population. Lastly, the communication stressed that the EU should improve the safety of navigation in the Arctic through the use of innovative technologies to monitor increasing maritime activities in the region.

The 2021 communication: A stronger EU engagement for a peaceful, sustainable and prosperous Arctic

Background

In the years following the 2016 communication the issue of climate change gained prominence, and the EU aspires to be a global [leader](#) in the fight against the climate and biodiversity crises, namely through its [Fit for 55 package](#). Against this background, the Arctic is an especially sensitive region to global warming, while many of the issues affecting the region are of a global nature. In addition, intensified interest in Arctic resources and transport routes could transform the region into an arena of local and geopolitical competition and possible tensions.

[Russia's](#)³ military build-up in the region has continued since 2008, as the **European Parliament** warned in its [resolution](#) adopted in March 2017, underlining the need for the EU to further assert its interests towards Moscow through 'the use of selective engagement and to seek progress on issues of common concern where there is ground for global solutions to common challenges and threats'. MEPs also urged that this issue be included in the EU strategy on the Arctic.

[China](#), though not having any territory in the region, has developed a self-defined Arctic identity as a 'near-Arctic state' and adopted its first [white paper](#) on its Arctic policy in January 2018. Beijing sought – and in 2013 gained – [observer](#) status in the Arctic Council (a status that the EU has not obtained,⁴ while six of its Member States hold it), which grants it a platform from which to assert its interests in the region.

European Policy Centre (EPC) analyst Ionela Ciolan noted that as 'the Arctic becomes a space for geopolitical competition, sharpened by Russia's invasion of Ukraine, the battles will be carried out in [five areas](#): the chase for natural resources, the rivalry for supremacy, the contest for trading routes, the race for tourism opportunities, and the run for salvaging the environment of the Circumpolar North'. The EU's March 2022 [Strategic Compass](#) for security and defence recognises the Arctic as part of the EU's strategic environment and the importance of maritime security in the region.

In August 2019, [Germany](#) updated its Arctic policy, while in October [France](#) adopted its roadmap for the Arctic. During [Finland](#)'s Council Presidency and in line with the Finnish Prime Minister's call for 'more EU in the Arctic and more Arctic in the EU', in December the [Council](#) of the EU invited the Commission and the High Representative to update the EU's Arctic policy. The European External Action Service (EEAS) appointed Michael Mann as [special envoy for Arctic matters](#) as of April 2020.

Shortly before the publication of the joint communication, the **European Parliament** adopted a [resolution](#) calling for peace, reduced tension and cooperation in the region. MEPs underlined the EU's commitment to the long-term sustainable and peaceful development of the region, which has benefited from the current Arctic governance model, based on international law. Parliament called on all countries concerned and the EU to deal quickly with the alarming consequences of climate change in the Arctic, while preserving the culture of the region's indigenous people, whose rights should be respected in all activities in the area, including the use of natural resources. Once again, the resolution expressed serious concern over the progressive Russian military build-up in the Arctic, and it pointed out China's far-reaching projects in the Arctic.

The joint communication

The [joint communication](#) on 'a stronger EU engagement for a peaceful, sustainable and prosperous Arctic' was published in October 2021. The EU acknowledges that its presence in the region exerts a significant impact through its environmental footprint and demand for resources and products originating there, and underlines the relevance of climate change as the most comprehensive threat the Arctic is facing. Meanwhile, aware that the region could become an arena of local and geopolitical competition potentially threatening its interests, the EU now considers its full engagement in Arctic matters to be a geopolitical necessity. The joint communication's objectives build on the three 2016 priorities:

- contributing to peaceful and constructive cooperation;
- addressing climate change;
- supporting the region's sustainable development.

1. A region of peaceful cooperation in the new geopolitical setting

The EU is following with concern the changes occurring in Arctic geopolitics, including Russia's military build-up and assertiveness. The Union considers environmental, economic and political-military aspects as combined parts of Arctic security. The document sets out a number of measures to help achieve these aims:

- enhance its strategic foresight capacity on Arctic security risks, particularly those associated with climate change, working with its partners and through satellite surveillance ([SatCen](#) – the EU Satellite Centre – and [Galileo](#));
- continue to cooperate with Arctic countries, including Russia, through mechanisms such as the Northern Dimension Environmental Partnership ([NDEP](#));
- work towards an All Atlantic Ocean Research Alliance from Pole to Pole;
- mainstream Arctic matters into its dialogues with Arctic and other players, and cooperate on issues such as civilian protection and search and rescue operations;
- establish a European Commission office in Nuuk (Greenland);
- promote research and collection of data on the long-term implications (including the risks to health) of thawing permafrost;
- continue to push for observer status in the Arctic Council.

2. Making the Arctic more resilient to climate change and environmental degradation

The EU is to act against major sources of pollution affecting the Arctic regions, in line with the Fit for 55 package to reduce net greenhouse emissions. The Union considers it crucial to protect and sustainably use Arctic marine living resources, and to reduce black carbon emissions. The EU has put forward a series of measures to deliver on these objectives:

- insist on implementation of the moratorium on fishing in the Central Arctic Ocean;⁵
- push for the creation of more marine protected areas in the Arctic Ocean;
- address pollution due to plastic waste, black carbon and chemicals such as mercury, part of which comes from EU countries;
- promote renewable energies;
- reduce emissions from shipping, implementing the International Maritime Organization (IMO) [heavy fuel oil ban](#) from Arctic shipping;
- encourage sustainable extraction of Arctic critical raw materials needed for the green transition, and push for a multilateral agreement banning the development of new oil, gas and coal reserves in the Arctic or contiguous regions.

3. Stimulating an innovative green, blue and digital transition

In line with the European Green Deal ([EGD](#)) and the goal of sustainable regional development, the joint communication outlines a variety of measures to realise these goals:

- promote Arctic research through its [Horizon Europe](#) programme (e.g. EU-PolarNet 2 2020-2023);
- prioritise the needs of the region's population, including indigenous communities, including in terms of education and healthcare, and developing dialogue and consultation with local stakeholders and young people;
- support Arctic regions financially (see below), through the structural funds (for EU countries) and cross-border programmes (for neighbouring countries);
- help remote regions to compensate for the lack of terrestrial connectivity infrastructure through digitalisation.

The regional policy in the 2021 communication

The new Arctic policy aims to stimulate an innovative green and digital transition, which would bring job creation in innovative sectors – including green energy, hydrogen, sustainable extractive industries, e-based learning, e-health, connectivity and infrastructure, sustainable tourism, green technologies, fisheries and agriculture. The joint communication refers to the EU cohesion and rural policy programmes, namely those for Northern Sweden and North-East Finland. These programmes will provide support for smart economic transformation through continuous smart specialisation strategies, funding for entrepreneurship, and initiatives for young people in the Arctic. The reach of the EU action is extended through Interreg, which involves the Faroe Islands, Iceland, Greenland, Norway and Russia. There is a focus on the NPA as a provider of support for Sámi and Inuit culture, livelihoods and entrepreneurship: Interreg provides a framework for people-to-people contacts across borders, which is tailored to the specific characteristics of the Arctic. All these are 'key instruments for the EU to steer developments taking place in the Arctic'. The joint communication also underlines the inclusion of the Arctic region in the [long-term vision for rural areas](#) initiative, which aims to develop stronger, connected, prosperous and resilient rural areas. An online investment and information portal will make existing and new EU programmes that can support sustainable development in the European Arctic more visible for beneficiaries.

Views on the 2021 communication

Andreas Raspotnik and Adam Stępień argue that, through the joint communication, the EU presents itself as a 'more [self-confident actor in the Arctic](#)'. While retaining the previous definition of the EU's Arctic engagement, the 2021 joint communication showed emphasis on new issues.

For the first time, the EU characterises itself as a geopolitical power with a strategic interest in the region, 'using' the EGD as a key tool to legitimise its presence in the Arctic. The Union, as well as enhancing its strategic foresight in the Arctic, aims to increase its visibility by establishing a European Commission office in Nuuk. However, the authors wonder how the EU can ensure that the Arctic is fully mainstreamed in all matters of EU global diplomacy simply by establishing a Special Envoy for Arctic Matters. As highlighted by the authors, the joint communication recognises the EU's responsibility for environmental and economic changes taking place in the region and the EU's aim of decreasing its environmental footprint. The Arctic region is seen as important for the future extraction of minerals critical for technologies necessary for carbon neutrality: access to such resources is a key element of the EU's economic strategic autonomy. However, the authors consider that, while the 2016 joint communication introduced a cooperation framework for various EU programmes operating in the European Arctic, this successful initiative was not mentioned in the new joint communication. Besides, there were no further proposals to enhance the existing formats for dialogue with Arctic indigenous peoples (especially the Sámi, who are the only ones claiming indigenous status within the continental EU). Finally, the authors underlined that the joint communication does not mention [Brexit](#), though this has depleted the Union of major institutions that were an intrinsic part of its contribution to Arctic affairs.

The [Robert Schuman Foundation](#) considers that the EU's strengthened engagement in the Arctic marks two new directions in the Union's diplomatic positioning: a strategic and security turn, and the absolute priority given to the fight against climate change. It also emphasises that the EU's stronger engagement regarding the Arctic is innovative, firstly through a number of concrete measures, in particular the creation of a European Commission office in Greenland. The joint communication marks a shift aligning the Arctic policy with the new climate legislation. On the issue of fossil fuels, the Foundation noted the EU's commitment to exerting pressure and building on the partial moratoria on hydrocarbon exploration in the Arctic to ensure that oil, coal and gas remain underground, including in Arctic regions. Moreover, it notes that the EU is now putting greater emphasis on the strategic dimension of the North Circumpolar Region, against a background of the increase in the number of countries with an interest in the region, which could ultimately contribute to the area being turned into a theatre of geopolitical competition. According to the Foundation, this approach clearly represents a departure from the spirit in which multilateral diplomacy and cooperation on the Arctic was developed at the end of the Cold War.

The new geopolitical focus of the EU's Arctic policy is also highlighted by the [Groupe d'Études géopolitiques](#), which notes the repetitive use of the words 'geopolitics' and 'geopolitical' in the joint communication, which not only builds on the 2016 joint communication but also on the 2016 [Global Strategy](#) for the EU's foreign and security policy. Moreover, while the three priorities broadly remain the same (climate change, science and sustainable development), international cooperation now figures more prominently.

The Northern Sparsely Populated Areas ([NSPA](#)) network [welcomed](#) the updated EU Arctic policy and the recognition of the NSPA network of elected representatives from the regions of the European Arctic as a constructive dialogue partner for implementing the policy. The network acknowledges the legitimacy and ability of the EU to improve the peaceful and sustainable development of the Arctic.

The [CPMR](#) (Conference of Peripheral Maritime Regions) Baltic Sea Commission (BSC) Arctic Task Force welcomes the growing role of the EU in Arctic matters. It considers that the sustainable development of the Arctic must be based on territorial strengths and a shared vision with the region's stakeholders. The CPMR calls on EU institutions to offer stronger support to clean energy technologies, forestry, sustainable extraction and innovative solutions in the Arctic to contribute to the realisation of the EGD. The recovery and resilience plans submitted by EU Member States should support the ambition of the EU Arctic policy, which should be high on the EU agenda. The CPMR also calls for the TEN-T Regulation to include major strategic routes and links to increase the territorial accessibility of the Arctic. EU and national representatives are invited to increase multi-

level dialogue in the framework of the 'Arctic' portfolio within the Intergroup on Seas, Rivers, Islands and Coastal Areas (SEArctic) of the European Parliament. The CPMR also calls for further synergies between the Interreg Baltic Sea Region programme, the Interreg Northern Periphery and Arctic programme and the newly established Interreg Aurora programme.

The Committee of the Regions on the EU Arctic policy

The European Committee of the Regions (CoR) is due to adopt its [opinion](#) on the joint communication in June 2022. In its [draft opinion](#), the CoR condemns Russia's military invasion of Ukraine, expressing its concern about the spill-over effects on the Arctic, a large and heterogeneous region whose geographical definition is not clear. The CoR stresses the enduring value of the Arctic Council as the pre-eminent format for peaceful circumpolar cooperation in the Arctic – at both people-to-people and intergovernmental level – and stability. The Arctic Council's work is relevant to the people of the Arctic, including the indigenous peoples. The CoR reiterates the call to award the EU observer status in the Arctic Council.

The Union should take a leading role in Arctic climate action but should address the issue from a broad perspective as part of the region's socio-economic development. The Green Deal and the Fit for 55 climate package need to take into account the specific features of the EU Arctic region – for instance, the specific conditions of winter shipping in the Arctic in the context of emissions trading. People living in the Arctic are the key priority for sustainable development and resilient societies: therefore, inclusive dialogue and meaningful participation in decision making at all levels are necessary. The EU should also support the objective of establishing a delegation of the Sámi people in Brussels initiated by the Sámi Council. The CoR highlights the role played by Arctic cities – which are key players in development and adaptation to the changing context – and calls on the European Commission to work closely with Arctic cities, in particular with the Arctic Mayors Forum; the CoR suggests that the Commission could, jointly with the Arctic Mayors Forum, design an Arctic Urban Agenda. Like the CPMR (see above), the CoR calls on the Commission to consider setting up an Advisory Forum tasked with overseeing the implementation of EU Arctic policy.

Outlook

As the [EPRD](#) noted, for two decades the NPA (Interreg Northern Periphery and Arctic) programme has been a backbone of EU co-funded transnational/cross-border cooperation actions. The 2016 joint communication opened the way for the NPA to enable cooperation between different EU funding instruments operating in the European Arctic. The EPRD argues that the interaction between programme managers has led to some level of coordination and to creating project clusters. Nevertheless, Brexit considerably limits the coverage of the NPA, and therefore it could be hard for the NPA to fund more substantial interventions and carry out cooperation between programmes.

The EPRD underlines the relevance of strengthening the NPA as one of the cornerstones of the European Arctic dimension of the EU Arctic policy: in particular, the experience of Interreg managers, which could be an asset for introducing the dimension of regional development policy programmes. The EPRD suggests an innovative approach in bringing together different objectives and frameworks, including promoting the NPA programme in Canada and Alaska by the EU missions in Canada and the USA: part of the ERDF funding can be used outside the NPA programme area, if that benefits programme objectives. This cooperation could be part of the Union's effort to assume leadership in addressing climate change globally, in line with the goals of the 2021 joint communication that aim to stimulate an innovative green and digital transition.

The setting-up of a new European Commission office in Greenland's capital Nuuk is also a positive development and will enhance the EU's visibility in the region, as well as its capacity for dialogue and for understanding the region's stakeholders' needs. Moreover, the joint communication acknowledges that the indigenous people are especially affected by the effects of climate change and affirms the EU's engagement to contribute to their resilience and involve them more in relevant decision-making processes. However, the suspension of EU cooperation with Russia (and Belarus) following Moscow's invasion of Ukraine casts a shadow over the prospects for peaceful cooperation

in the region, despite the latter being at the centre of Russia's commitment in its programme for the [2021-2023 chairmanship](#) of the Arctic Council. Beyond this rhetoric, the reality is that Moscow has been militarising the region, and the premier forum for cooperation – the Arctic Council – has stopped working since the 3 March 2022 [statement](#) by all members except Russia. In addition, it remains to be seen how the possible [enlargement of NATO to Finland and Sweden](#) may have an impact not only on European security, but also on prospects for cooperation in the Arctic region.

Ultimately, whatever the EU's ambitions and plans in the Arctic region, it is only one of several important players in the region with whom it must cooperate. More than anything, recent events in Europe have shown that the importance of cooperation among countries should not be underestimated.

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, the Council, the European Economic and Social Committee and the Committee of the Regions – [A stronger EU engagement for a peaceful, sustainable and prosperous Arctic](#) (JOIN(2021) 27 final).

[Overview of EU actions in the Arctic and their impact](#), EPRD, June 2021.

Raspotnik A. and Stępień A., [Continuity with great confidence. The European Union's 2021 Arctic policy update](#), Arctic Institute, October 2021.

ENDNOTES

- ¹ Greenland, the world's largest island and an autonomous region of Denmark, is not part of the [EU](#).
- ² The EU has also [suspended](#) activities with Russia and Belarus in the framework of the [Northern Dimension](#), a joint policy of the EU, Iceland, Norway and Russia providing a platform for practical cooperation on environment, transport and logistics, culture, and public health and social well-being.
- ³ Russia controls about half of the Arctic coastline. Approximately two million inhabitants of the total population of some four million in the Arctic region live in Arctic Russia, which also hosts the largest Arctic city, Murmansk (around 300 000 inhabitants).
- ⁴ According to the [Foundation Robert Schuman](#), the status was refused first by Canada because of the EU regulations on [seal products](#) and then by Russia because of European sanctions following the 2014 [illegal annexation of Crimea](#) and the [deliberate destabilisation of Ukraine](#).
- ⁵ The EU is part of the [Agreement](#) to prevent unregulated high seas fisheries in the central Arctic Ocean, which entered into force in [June 2021](#).

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