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Nordic Business Position on the Joint Communication on EU's Arctic Strategy

The Nordic industry and business organisations from Denmark, Finland, Norway, and Sweden welcome the Joint Communication of the European Commission and the European External Action Service (EEAS) from October 13 on a New Arctic Strategy. Together, we represent SMEs and businesses responsible for significant job and value creation and technologies for the green transition throughout the European Arctic, within all industrial sectors. Sustainable economic growth is an important part of a prosperous, safe and stable Arctic region.

Main Messages

We welcome the EU's intention to support existing Arctic governance institutions and platforms. As a global geopolitical actor with three Arctic Member States, the EU has an important role to play in securing Arctic cooperation and dialogue. Through the Single Market, which includes the EEA EFTA states, the EU can most significantly contribute to the peoples of the European Arctic by supporting economic activity and sustainable industrial development.

The Arctic has a huge economic and industrial potential in the areas of energy, natural resources, services and digital, sustainable mining, renewable and low-emission energy, sustainable shipping, data centres and tourism. These are resources and technology that can play an important part in Europe's security of energy and material supply. We welcome the EU's ambition to contribute to the realisation of great potential in the European Arctic for the green and digital transition. Drawing on the expertise and consent of local and indigenous peoples, businesses and public authorities, the EU can play an important role in supporting the Arctic countries in making the Arctic region an area of sustainable economic growth and cutting-edge technologies, to help achieve its and Europe's twin green and digital transition.

We welcome the EU's plans to support R&D, infrastructure, and innovative business development through EU cohesion programme funds such as: Just Transition Fund, InvestEU, Horizon Europe. We therefore invite the European Commission to consult and work closely with the local business community as well as other social partners, to ensure that EU-funded projects in the best possible way contributes to sustainable economic growth.

Introduction

The European Arctic is an area of extensive natural resources and increasing strategic importance. Parts of Denmark, Finland, Norway, and Sweden belong to the European Arctic. The EU has an important role in securing Europe's interests and supporting successful social, economic, and environmental development in this region that can provide the EU with a new potential growth area. The experience from the European Arctic can be used as an inspiration for sustainable business development to the rest of the region.

SMEs and larger industries are an essential part of life in the Arctic. With their local knowledge and community embeddedness, businesses contribute with jobs, innovation, and sustainable development benefitting their communities, and the European market at large. The local business community will from its part enable the green and digital transition in the Arctic.

Today, the energy sector is the largest European Arctic industry in terms of value creation and employment. Combined with minerals, forestry, aquaculture, and fishing, the European Arctic could help secure Europe's domestic supply of the same products. In addition, in sectors like tourism and digitalisation, there is the potential to be frontrunners in securing sustainable economic growth.

- **Business and industry are at the heart of Europe's twin green and digital transition, including in the Arctic. We support the Arctic Strategy's objectives for a green, blue and digital transition and believe that business and industry play a crucial role in achieving this.**

A region of peaceful cooperation in the new geopolitical setting

In recent years there has been an intensified interest in the Arctic region due to potential opportunities within transport, tourism, and natural resources. Nonetheless, the European Arctic experiences significant demographic and economic challenges. While it is a comparatively well populated and well-developed region within the Arctic, the local and indigenous communities depend on investments, industrial developments, and infrastructure for their jobs and lives – like in the rest of Europe. Accordingly, the European Arctic states and the EU's geopolitical interests must encompass a priority of business creation, for the sake of job retention, and ultimately, resource security.

The EU's close cooperation with Norway, Iceland, the Faroe Islands and Greenland is an important step to ensure mutually beneficial relationships in economic and security terms. A permanent EU office in Greenland is a good and welcome manifestation of this intent. The Northern Dimension and the Barents Euro-Arctic Council are also important initiatives for cross-border cooperation and dialogue, that contribute to a peaceful, low-tension Arctic region.

- **There is a strong Arctic governance structure in place in the Arctic Council, and many significant platforms for dialogue and cooperation. We welcome the EU's ambition to support these and the acknowledgement of the Arctic States' primary responsibility for tackling challenges and opportunities within their territories.**

- **The European Arctic is a part of the EU Single Market with the inclusion of the two Arctic EFTA states, Norway and Iceland who also cooperate with the EU on climate goals, as well as three Arctic Member States, Sweden, Finland, and Denmark through Greenland. We encourage the Commission to prioritise market development and instruments such as Horizon Europe as the main means of achieving its arctic objectives.**

Making the Arctic more resilient to climate change and environmental degradation

The European Arctic can become a leading innovative region in sustainable shipping and fisheries, hydrogen from renewables and natural gas with carbon capture and storage, offshore wind, hydro power, sustainable tourism, forestry, and mining. The Nordic countries and businesses have already established high environmental and social standards for the development of these industries, and the EU can play an important role in further development through its financing and research programmes, and in making sure that new actors in the Arctic adhere to the same high standards and regulations.

Sustainable economic development of the region is an essential part of combating the impacts of global climate change, black carbon, marine litter, and other emissions and pollutants that are a serious concern for the Arctic environment. The sources of these challenges often stem from human activity outside the Arctic itself, and the local peoples should not be made to pay the full price for the world's sins. Encouraging sustainable and circular business models will have a significant positive economic and environmental effect, while allowing the Arctic peoples to decide their own path for industrial development and economic growth.

The European Arctic is host to existing and future energy and material resources that are crucial for all of Europe's green transition, energy security, and emission reduction targets. Within Europe, offshore hydrocarbon exploration and extraction in the Arctic and adjacent areas is already being carried out with solid track record of environmental management from the public and private sector, just as the Joint Communication is proposing for sustainable mining and mineral extraction. In a time of changing geopolitical landscapes, high costs of energy and energy transition, and challenged value chains, European renewable energy, natural gas, and raw materials, including from the Arctic, are essential for security of supply and the transition away from higher emission energy sources like coal.

- **The human related climate challenges in the Arctic are caused by activities globally. The EU should devise its policies such that climate change as such will not become a barrier to economic development in this region, doubling the negative effects for the Arctic; severe climate effects and reduced economic development.**
- **All energy and extractive industrial activity in the Arctic, including raw materials, oil and natural gas, as well as offshore renewables, hydropower, and hydrogen, must adhere to the highest possible social, health and environmental standards.**

Stimulating an innovative green, blue and digital transition.

It is essential that EU supports innovation in the Arctic for a green, blue and digital transition. Further funding and programmes within the realm of research can provide great economic benefits. We encourage that future Arctic-centred R&D endeavours draw on the expertise and competence of local knowledge clusters and industry, to enable positive spill-overs and network effects.

The Arctic should be a prioritised region within the Horizon Europe Missions focused on adaptation to climate change, restoring our oceans and waters, and climate-neutral and Smart cities. These missions can be used to enhance the strong bonds between the public and private sectors, academia and other social partners that exist in Arctic communities. Projects under Horizon Europe should carry with them an element of positive spill-over into the local economy and job market.

Projects such as EU-PolarNet, Galileo and Copernicus are important initiatives in sustainable economic development, and in achieving the green and digital transitions. In addition to the crucial monitoring and research these programmes provide, they can also be used for safe navigation and environmental impact assessments of economic activity, to make sure it develops sustainably.

It is positive that the Commission uses the Just Transition Fund, as well as Interreg, InvestEU, Connecting Europe Facility and TEN-T as tools to support the interconnectedness and business development in the Arctic. These programmes will be crucial to improve digital and transport connectivity within the European Arctic. Digital connectivity in the Arctic is essential for both quality of life and for retaining competitive industry jobs in the area. The European Arctic also has a huge potential to host sustainable data centres and space infrastructure, that will be central in achieving the EU's digitalisation goals.

The Arctic strategy rightly recognises the potential and importance of the minerals and raw materials that exist in the Arctic. We welcome strong social and sustainability requirements for the extractive industries. The development of this industry will also require terrestrial and maritime transport infrastructure, such as ports and sustainable shipping, roads and rail.

Renewable energy and development of sustainable alternative fuels from and in the Arctic carries a huge potential with a positive effect for all of Europe. An example of relevant EU co-funding could be projects regarding Power-to-X, in view of the enormous potential for generating i.a. hydropower in areas like Greenland. Connected to this, hydrogen should also be a major priority, as well as offshore wind given the optimal conditions for energy production from these sources.

Arctic peoples, businesses and governments have the local knowledge of how best to achieve the green and digital transition, and how to maximise the economic potential of the resources and technology at their disposal, while maintaining high environmental and social standards.

- **The Nordic industry organisations and the Arctic Economic Council have a unique and on-the-ground understanding of the business potential and needs in the European Arctic. We invite the Commission to further consult with the business community as well as other local social partners to best adapt and support investments and projects, in pursuing its ambitions of within energy, digitalisation, transport and infrastructure.**