



## Connect the Baltic with the Arctic

Approved by the CPMR Baltic Sea Commission General Assembly, 12 June 2017, Berlin, DE

### WHAT IS THE CPMR BALTIC SEA COMMISSION?

As one of the Geographical Commissions of the pan-European organisation of Regions - the CPMR (Conference of Peripheral and Maritime Regions of Europe) - the Baltic Sea Commission (BSC) contributes to the CPMR and provides input for its policy positions and concrete work plan. The three work priorities of the CPMR are: Cohesion Policy and territorial cohesion, Europe of the Sea and coastal areas, and accessibility for all of Europe's territories.

### BACKGROUND

There are various definitions of the Arctic. A substantial part of the Baltic Sea Region is referred to as the European Arctic, constituted by the northernmost regions in Finland, Sweden and Norway. The European Union defines the Arctic as the area north of the Arctic Circle (latitude 66 degrees), which includes the territories of the eight Arctic States: Canada, the Kingdom of Denmark (including Greenland and the Faroe Islands), Finland, Iceland, Norway, the Russian Federation, Sweden and the United States of America.

On 16 March 2017, the European Parliament adopted a resolution on an integrated European Union policy for the Arctic. The policy focuses on climate challenges, the importance of international cooperation, and the need for continuous support for research and sustainable regional development in the European Arctic.

A new aspect of the Arctic Policy is the continued development of the close and beneficial dialogue that has been established between the EU and relevant regions in order to offer better cohesive support for regional development within the framework for EU's Arctic involvement. This is of crucial importance for the CPMR BSC and its member regions, which are highly committed to working closely with Member States, the Arctic Council and the European Union for the sustainable development of the Arctic.

An annual Regional Forum will be established by the European Commission from 2018 to facilitate the implementation of the Arctic Policy. Leading up to the forum, a multi-level governance process, called the Arctic Stakeholder Forum, has been initiated by DG Mare to bring EU institutions, Member States and regional and local authorities together to identify key investment priorities and ways to better streamline EU funding programmes for the future.

## Messages

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### **Message 1: Arctic Forum offers multi-level governance in practice**

The CPMR BSC strongly supports DG Mare's work with the Arctic Stakeholder Forum and its ambition to create an Arctic Forum as a Joint Platform for supporting the regions, as well as integrating the diverse stakeholders of the Arctic. Furthermore, the CPMR BSC foresees that the Arctic Forum will provide an excellent opportunity to address common issues in order to create better and more effective support from the EU and its instruments towards regional development in the European Arctic.

The CPMR BSC believes that regions at the sub-national level play a pivotal role in the implementation of macro-regional strategies, as they are the focal point for cooperation patterns, are close to citizens and are responsible for regional development. The on-going dialogue on future investment priorities for the Arctic is a positive action that promotes subsidiarity and multilevel governance, and can certainly serve as an example for similar policy development at EU-level in the future.

In particular, the CPMR BSC welcomes the EU's emphasis on deepening the dialogue on sustainable regional development with the help of EU instruments such as the European Structural and Investment Fund, the European Regional Development Fund (ERDF), the Interregional programmes (Interreg), programmes for cross-border cooperation with Russia (CBC), Northern Dimension Partnerships, and other financial instruments for more efficient and focused investments in research, innovation, and accessibility.

### **Message 2: Opportunities for research, innovation and sustainable growth in the Arctic**

The OECD recently published a study that showcases the potential for innovation and sustainable growth in the European Arctic<sup>1</sup>. Long distances, harsh climate and sparse settlements are Arctic conditions that have given the northernmost regions unique opportunities to become innovative.

Research and testing activities in various sectors, such as IT, energy, space and transport, are good examples of utilising comparable advantages in the European Arctic. Innovative Arctic expertise in mining and minerals, energy, data, automobile testing and space technology, has the potential to generate sustainable growth in the European Arctic and provide added value for all of Europe.

The European Arctic has several research centres with global excellence in areas connected to the specificities of the Arctic. However, the basis for regional innovation capacity depends on connecting the research on applied science to regional development programmes and local communities. SMEs in remote areas are often micro companies that need to build capacity for innovation and growth in close partnership with others. Research infrastructure and testbeds function as hubs for innovation, bringing together research organisations and the public sector such as health care, SMEs and Industry.

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<sup>1</sup> OECD (2017), OECD Territorial Reviews: Northern Sparsely Populated Areas

The CPMR BSC recognises the need for place-based policy development in the peripheral regions, to be interlinked in transnational cooperation, in order to innovate and renew structures for sustainable development. Increased flexibility for EU-funds is required, as well as a more strategic approach to use available funds. Therefore, the CPMR BSC will continue to explore how regional development and international cooperation can be increasingly utilised for the benefit of stakeholders within our regions.

### **Message 3: Regions provide a vital link between the Baltic Sea and the Arctic**

Climate changes are driving increased economic activity in the Arctic, causing geopolitical interest to grow in line with the melting of the polar ice caps. New transport routes, supplies of raw material, sensitive environments and current security policies make the Arctic of major interest to the European Union. The complex geopolitical situation requires strategies that enable multi-level cooperation to safeguard a safe, stable, sustainable and prosperous living environment.

The CPMR BSC is convinced that there can be strong synergies between the EU Strategy for the Baltic Sea Region and an integrated EU policy for the Arctic. The Regional Authorities that are part of the Baltic Sea area and the European Arctic will have to relate and integrate their regional development with both of the macro-regional strategies, as well as seizing opportunities to further develop transnational cooperation between regions in both the Baltic and the Arctic. The CPMR BSC is calling on regional stakeholders in both geographic areas to enhance their cooperation in order to foster the effectiveness and possible spill-over effects of European funding.

### **Message 4: Extension of Core Network Corridors to the European Arctic**

The Connecting Europe Facility (CEF) is an important instrument to support key transport investments in the Arctic. However, there is a need to extend the relevant Core Network Corridors (Scandinavian-Mediterranean and the North Sea–Baltic) to include the Bothnian Gulf in North Sweden and North Finland. The extension of Core Network Corridors could be implemented in the next CEF Regulation post 2020, as the concerned infrastructures are identified on the core TEN-T network. In addition, the Scan-Med Corridor could also include a connection to the port of Narvik in Nordland, Norway.

The extension could define and introduce the Arctic Triangle as an addition to the Scan-Med Corridor. The Arctic Triangle would consolidate the engagement of the EU and its role as a key player in the development of the Arctic region. The extension would create a logical congruence between the freight flows patterns and the configuration of the Core Network Corridors' system. Both in Finland and Sweden, the dominant freight flows, feeding into the Scandinavian-Mediterranean-, and the North Sea-Baltic Core Network Corridors, are coming from the north.

In the Baltic Sea Region, vital parts of the transport system are included in the Core Network system as "Other parts of the Core network". Projects have been able to take advantage of the CEF, which to a great extent has accelerated the implementation of priority projects. The CEF functions as a catalyst, bringing about a faster start to project implementation than would have been possible otherwise.

However, although the Core Network Corridors do not legally prevail over the rest of the Core Network, they do have a higher visibility at European level, labelled "confirmed strategic

importance". With their particular governance structure, comprising of a "Corridor Forum" and a "European Coordinator" with political power, Core Network Corridors give Member States special support for implementation. This includes political assistance in border crossing issues, as well as a stronger position regarding obtaining CEF funding and financing, particularly for so-called "pre-identified projects".

For the national governments in Sweden and Finland, getting EU funds for investments along the core sections in the European Arctic would become more likely with the latter being part of a Core Network Corridor, as a "pre-defined project".

The CPMR BSC stresses the important aspects of the TEN-T Transport Policy and the CEF in the establishment of the TEN-T Core Network Corridors, and the horizontal corridor of the Motorways of the Sea (MoS). These Corridors are essential for the development of the transport system in the Arctic, both regarding development of the necessary infrastructure and integration to the EU transport system via seamless transportation, reducing travel time, border crossing time, and the administrative burden particularly on railways.

The CPMR BSC considers the extension of the Core Network Corridors Scandinavian-Mediterranean and the North Sea-Baltic to the European Arctic as an important step for the development of a seamless and multimodal EU transport system. In addition, the extension of the Core Network Corridors to the northern parts of Sweden, Finland and Norway is an important measure for promoting territorial cohesion and growth, strengthening the relevance of EU on local and regional level.

### **Message 5: Long distances and a sparse population require extra emphasis on accessibility and investments in digital infrastructure**

The Regions in the North, with the lowest population density in the European Union, require extra attention regarding issues of accessibility and infrastructure. At the same time, the Northernmost Regions of the Baltic Sea provide vital economic growth, as well as urban innovation clusters, within an Arctic environment, according to the OECD Territorial Review of the Northern Sparsely Populated Areas<sup>2</sup>.

The CPMR BSC wants to highlight two key investment areas – the need for investments in ICT and transport infrastructure for increased connectivity, integration of regions and sustainable Arctic communities. Investments in broadband enable the public and the private sector to provide services in distant, sparsely populated areas with harsh climates, while improved transport infrastructure strengthens the supply chain from the European Arctic through the Baltic Sea Region to European transport systems.

There are Regions in the European Arctic that still lack sufficient broadband connections. At the same time, new fibre cables on the sea floor from Europe to Asia and North America are expected to considerably shorten time lag, creating more business opportunities as the market demand for broadband capacity increases. The CPMR BSC therefore urges the EU to facilitate investments in telecommunications and the development of full coverage of high-speed internet, especially in regions beyond the tipping point of commercial actors.

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<sup>2</sup> OECD (2017), OECD Territorial Reviews : Northern Sparsely Populated Areas

Improved broadband infrastructure would allow the Regions to become leaders in digital economy, such as sustainable data industry. It would also enable better use of e-health technologies and distance learning, which are vital solutions for Regions with a sparse population.

Digital infrastructure would also facilitate distance-clustering in various sectors for smart specialisation. Finally, solutions developed in the Arctic could be scaled up and brought to the European markets.

## **Message 6: Sustainable Blue Growth and Clean Technology to face climate challenges**

The Arctic is a complex ecosystem with unique challenges and opportunities. Climate change will impact the Arctic more than anywhere else. This negative impact demands global attention, especially from the EU. The EU has a significant impact on the climate, as well as the ability to support the regions to manage the impact of climate change and promote sustainable growth.

The scenic and delicate nature of the Arctic offers great opportunities for regions to develop sustainable tourism. At the same time, climate changes create new opportunities for regions to create Sustainable Blue Growth and develop shipping in the Arctic for the benefit of the communities and business, as shipping lanes are open for a longer part of the year.

It is estimated that new trade routes through the Northeast Passage will reduce the transport time between Europe and East Asia by up to 40 percent. Although improved shipping and increased activity in the area demands greater consideration of security and fragile environments.

The surveillance and monitoring of climate change are essential to ensure the protection of environmental values in fragile ecosystems. Lessons learned in the harsh environment of the Baltic Sea should be taken into account for policies approaching the Arctic. The safety of seafaring is a good example, through which the Vessel Traffic Services (VTS) system has prevented many accidents in the Baltic Sea. Vessel traffic services include information, navigational assistance and traffic organisation. Cooperation between coastal regions is essential to prevent any accidents and nature catastrophes, as well as engage in joint rescue operations at sea.

Test and research in extreme conditions is of growing interest and has great potential to address and adapt to climate challenges. The development of clean technology creates new business opportunities and boosts innovation. A good example is the scrubbers for sulphur oxide (SO<sub>x</sub>) removal from ships exhaust gases. Also decisive for the future are the development of green and clean technological solutions within traditional industries, such as raw material extraction and processing.

The CPMR BSC believes that the Regions must continue to find new, more sustainable sources of income. Therefore, entrepreneurial discovery should be supported. Knowledge and technology exchange between different business sectors across borders is essential. However, this can be a challenge in Regions with a sparse population and long distances.

## Annex - BSC Member Regions

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**As of March 2016, the Baltic Sea Commission (BSC) has 19 Member Regions from around the Baltic Sea.**

- **Sweden**: Blekinge, Gävleborg, Gotland, Norrbotten, Skåne, Stockholm, Västerbotten, Västra Götaland, Örebro
- **Estonia**: Entire Country
- **Finland**: Helsinki-Uusimaa, Kymenlaakso, Ostrobothnia, Oulo, Päijät-Häme, South West Finland
- **Germany**: Mecklenburg-Vorpommern
- **Norway**: Nordland
- **Poland**: Podlaskie