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ИНСТИТУТ ЕВРОПЫ
РОССИЙСКОЙ АКАДЕМИИ
НАУК

125009, МОСКВА, МОХОВАЯ УЛ., 11-3
ТЕЛ.: +7(495)692-10-51/629-45-07
ФАКС: +7(495)629-92-96
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125009, MOSCOW, MOKHOVAYA STR., 11-3
TEL.: +7(495)692-10-51/629-45-07
FAX: +7(495)629-92-96
WWW.INSTITUTEOFEUROPE.RU

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Integrated EU policy for the Arctic

Natalia Govorova

Candidate of Sciences (Economics), leading scientific associate of IE RAS Department of Economic Studies

The European Union, in contrast to Russia, Canada, USA, Norway and Greenland (Danish territory outside the EU) does not have the Arctic Ocean coast line, but is invariably connected to the Arctic geographically, historically and economically, considering itself responsible for the destiny of the region. In recent years the EU policy in the Arctic has been expanding and deepening, and resulted in the Integrated EU policy for the Arctic, presented by the European Commission on April 27, 2016.

This policy was preceded by the «Northern dimension» concept (1999)¹, and incepted by the Communication of the European Commission «The EU and the Arctic region» (2008)². Out of 8 Arctic states, forming the Arctic Council, 3 are the EU members (Finland, Sweden and Denmark), 2 are members of the European Economic Area (Iceland and Norway), while Canada and USA are strategic partners of the EU.

Out of 12 observing members of the Arctic Council, 7 are the EU members: The Netherlands, Germany, Great Britain, France, Italy, Spain and Poland. And finally, Russia, the relations with which are impaired by the sanctions «...is still a territorial partner of the EU and a strategically important player, promoting solution of local and global problems»³, has the

¹ EU Relations with Northern Dimension. http://eeas.europa.eu/north_dim/

² The EU and the Arctic region. Communication from The Commission to The European Parliament and The Council (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52008DC0763:EN:NOT>)

³ EU Delegation to Russia. Political relations.

http://eeas.europa.eu/delegations/russia/eu_russia/political_relations/index_ru.htm

largest and most populated circumpolar territory. The vivid interest of Brussels to the region is not hard to explain, the Arctic's strategic role is growing, both politically and economically.

EU goals and interests

In accordance with the principal goals of the Integrated EU policy for the Arctic⁴ (environment protection, climate change control, provision of sustainable use of natural resources, promotion of international cooperation), the EU intends to act in three key areas:

- support of scientific research on solving ecological and climatic problems in the Arctic;
- achievement of sustainable economic development in the Arctic based on reasonable use of resources and ecological expertise;
- promotion of constructive interaction and dialogue between the Arctic states, native peoples and other partners.

The Arctic policy provides for 39 measures on further development of the EU policy in the region on the above mentioned, closely related directions. With the view of sustainable ecologic development, the EU is prepared to support innovations and infrastructure for population and business. Cosmic programs and target research projects of the EU contribute to marine security by means of monitoring and controlling movement of vessels and ice condition, as well as provision of navigation services.

The EU interest is caused, first of all, by the necessity to expand economic activity in the North and to position the EU as a key player in the Arctic. The EU views itself as a future leader in sustainable development of economic potential of the Arctic, because the well-being of Europe, ecology, food, trade and economy, is closely related to the Arctic. The EU is the largest importer of goods and resources of the region, containing 13% of unexplored global oil deposits and 30% of gas. 88% of ferrous ore, extracted in the EU, comes from the Barents Sea. One third of the fish, caught in the Arctic basin, goes to the European markets. Trading fleet with flags of EU member-states is one of the largest in the world. 90% of EU foreign trade is carried by sea, and the Northern Sea Route is one third shorter than the traditional route to the South-Eastern Asia. Besides, the EU has considerable experience in building ships, naval transportation, satellite navigation, port infrastructure development.

Investments and innovations

In 2007-2013 the EU spent 1,14 bln euros on development of economic, social and ecological potential of its Arctic regions, and with account for financing of separate countries – 1,98 bln euros. In 2014-2020 the programs «Colarctic», «Northern Periphery», «INTERREG NORD», Northern dimension, EU framework program for research and innovation «Horizon 2020» will be considerable sources of financing the projects in high latitude territories.

Financing will be available from the Council of Ministers of Northern countries, Norwegian Barents Secretariat and national funds of member-states. Demographic problems in the region (southbound outflow of young people, to large cities with aging population) form the

⁴ Joint communication to the European Parliament and the Council. An integrated European Union policy for the Arctic. Brussels, 27.4.2016 JOIN (2016) 21 final.

necessity for creating comfortable conditions for living, education and work in order to attract inhabitants. This implies the need for creating new innovative education facilities and jobs, capable of promoting trans-border mobility of students and workers.

The EU promotes development of innovative technologies in the Arctic. These technologies can be applied to a wide spectrum of activities: for example, elaboration of new materials for extreme conditions, which in turn could stimulate investment in greater energy efficiency and exploration of renewable resources. Such technologies can bring considerable social and economic benefits within and outside the Arctic, help in attaining the «Europe 2020» program goals in sustainable growth (creation of the economy, based on feasible use of resources, ecology and competition) and its key initiatives – *Energy Efficient Europe* and *Industrial policy in globalization era*, as well as plans in the spheres of climate change and energy sustainability (to reduce greenhouse gas emission by 20%, compared to 1990, to produce 20% of energy from renewable energy sources and to increase energy efficiency by 20%).

«Horizon 2020» program will invest 20 mln euros per year to support the current level of research in the region. In 2016-2017, around 40 mln euros will be spent on observing weather, climate changes, permafrost in the Northern hemisphere and their social and economic consequences. In addition, programs of European structural and investment funds will provide financing for research and innovation in climate change and environment in the Arctic. Their contribution to scientific research and innovation, small business support and green energy projects will amount to 1 bln euros over 2014-2020.

European investment bank and European bank of reconstruction and development are important investors in the Arctic. Investment plan for Europe provides for a broad range of measures to stimulate investments in the interests of citizens and business. Many companies, especially small and medium, located in the Northern part of the EU, are benefiting from innovative technologies (IT, data and services, industrial design etc). The Commission will coordinate financing for the Arctic, support potential investors to maximize financing of the Northern territories and undertake special efforts for creating conditions for innovation and efficient business access to the common market. The EU already supports the transnational access to R&D infrastructure in the Arctic (research stations and vessels, satellite observation) and open access to information resources.

International cooperation

The EU intends to continue active participation in forums and organizations of the Northern and Arctic regions: Arctic Council, Council of Barents/Euroarctic region and Northern dimension. The EU plans to cooperate with all Arctic partners, including Canada, Russia and USA, as well as non-European observing members of the Arctic Council that demonstrate growing interest to the region: China, India, Japan, South Korea and Singapore, – on R&D and other aspects of common interest.

The Arctic policy and the problems of the Arctic will remain an important element of close cooperation with Iceland and Norway. The EU supports Greenland in solving the island's key problems, including sustainable diversification of economy, consolidation of its administrative potential, and development of education as a factor of sustainable growth.

Conclusions

1. The EU intends to increase constructive involvement in the Arctic affairs, amount and number of research projects, as well as its economic competitive advantages by leading development of energy saving technologies and environmentally balanced use of resources. The EU has the necessary resources, research and technology potential for these goals.
2. Many EU members have strategies or policies for exploration of the Northern territories. The EU will focus on improving investment climate, business environment, especially for youth, women and native peoples in the region, border cooperation, as well as cooperation and mobility in academic and research spheres. Science and innovation will play the key role in realizing 17 goals of sustainable development, listed in the Agenda for sustainable development for 2030, adopted in September 2015 by UN summit⁵.
3. The Northern regions of EU have demographic problems and are in great need of labor force. The EU will develop cooperation on immigration and economic integration of migrants for efficient use of Arctic natural resources in the absence of qualified specialists in one sectors, and lack of jobs in the other, aggravated by ongoing reduction of population due to migration to central regions.
4. The EU will expand investment and innovative economic activity (ecological tourism, renewable energy resources), promote cooperation of private and public sectors, attract new sources of financing to maximize involvement of private sector, European structural and investment funds for diversification of economic activities in the region.

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This publication can be downloaded at: <http://en.instituteofeurope.ru/publications/analytics>

⁵ Transformation of our world: Sustainable development agenda for 2030. <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N15/291/92/PDF/N1529192.pdf?OpenElement>