Nordic Business Position on the EU's Arctic Policy

At a time of geopolitical turmoil and escalating great power rivalry, the European Arctic is a region of growing strategic importance: from defence and security issues to European economic resilience. The Confederation of Norwegian Enterprise, Danish Industry, the Confederation of Finnish Industries, the Confederation of Swedish Enterprise, the Confederation of Icelandic Enterprise, and the Federation of Icelandic Industries therefore believe it is essential for the EU to update its Arctic Policy so it reflects today's realities and frames the Arctic as strategically import for geopolitical stability, sustainable growth and climate action.

The Arctic, defined by the Arctic Circle, is the vast circumpolar rim of United States, Canada, Greenland, Norway, Sweden, Finland and Russia. Unique and diverse socio-economic, environmental, geopolitical, and demographic characteristics apply to the different Arctic areas for which there is no one-size-fits-all approach. Roughly 1.6 million million people make out the Arctic population across Norway, Sweden, Finland, Iceland, and the Kingdom of Denmark, inhabiting a vast region across land and sea. This places them in proximity of Arctic states such as the United States and Russia, placing great strategic significance and pressure on the territory.

The EU is a critical force in safeguarding and promoting the territorial sovereignty of Arctic territories at a time when the rules based world order is under threat, geopolitical rivalry drives instability, and when hybrid threats grow in frequency and scale. Strategically positioned on the EU and NATO's northern and Eastern flank, Norway and Finland alone share more than a 1,500 km land border with Russia. Meanwhile, Greenland is regarded within the sphere of US interest and has been subject to American pressure of annexation. Greenland and Iceland both, are part of the strategic naval choke point, the GIUK gap, which is critical to NATO and European security. European Arctic territories are therefore of great strategic military and economic significance.

Regional economic activity as a driver of sustainable growth, permanent settlement and strategic autonomy

Promoting sustainable economic development that benefits Arctic residents, including indigenous people, is essential. At the core of regional settlements and livelihood, local businesses and industries create employment, drive value creation and sustain communities' function and welfare.

The region holds strong potential for both traditional industries and emerging green sectors. Enterprises safeguards critical infrastructure such as energy installations, data cables, power grids and transportation at sea and over land, essential for any economic activity and to maintain the Northern perimeter. Continued territorial integrity and stability in the European Arctic region translate into predictability for businesses and people. In turn, these are pre-requisites for a framework that allows for continued responsible resource management and emissions regulation.

The Arctic holds strategic assets vital to Europe's long-term prosperity, including sustainable food resources such as seafood, energy for the green and digital transitions, critical raw materials, and emerging sectors such as tourism, space, and data infrastructure[1]. Leveraging the region's resources, expertise, and geographic advantages can enhance Europe's economic resilience and security. Realising this potential also requires targeted investments, stronger partnerships and

[1] Please see Annex I for a more exhaustive overview of European Arctic industries and European value chain contributions.

enhanced EU capacity and expertise in Arctic matters. This will ensure the EU strategy treats the region as an equal and long-term partner in shared growth and stability. Engaging the business community in the region and across the EU will be crucial in making these ambitions a reality.

Arctic inhabitants and businesses underpins Europe's ability to stay economically strong and self-reliant in critical supply chains. Economic activity, infrastructure, permanent settlement and a strong civil society play an essential role in legitimising regional influence and territorial security, and is fundamental in enabling the EU as a regional player, as well as in enabling European Arctic states to uphold their territorial sovereignty, preparedness and societal resilience. Ensuring that the EU regulatory framework supports connectivity and resilience in the Arctic is important, and should take into account the structural role of transport connectivity as essential infrastructure for remote and Arctic economies. It should avoid unintended distortions that weaken connectivity, reduce competition, undermine security of supply, or erode the resilience of peripheral regions within the Internal Market.

The EU as a key power in the Arctic

In order for the EU to be a relevant global actor, it must be a key player in its own neighbourhood - including in the Arctic. EU member states Denmark, Finland and Sweden, as well as the EEA/EFTA-states Norway and Iceland, constitue the backbone of the European Arctic and the critical enablers of the EU's Arctic strategy. The region matters not only to Arctic states. Other EU members like France, Germany, Italy and Poland are strenghtening their focus on regional issues, illustrating the growing importance of the Arctic in global policy and economy. It is a microcosm of the EU's threats and opportunities, from climate change mitigation and economic resilience, to military preparedness and sustainable societies facing demographic challenges.

As geopolitical interests in the region become more acute, from economic assets to security, the EU must play a role in contributing to stability, security, prosperity and growth.

Resilience and security underpinned by businesses and local population

Permanent settlement is a pillar of Nordic and European Arctic security and stability, and only possible through a competitive, dynamic and diverse business community. Businesses, from fisheries and tourism to the oil and gas industry, also play a key role by operating in the Arctic frontier, with geographical presence through onshore and offshore activities.

Security and preparedness contributions of local enterprise happen across various areas, from mitigating hybrid threats and environmental protection, to enabling military activity. Robust and locally adapted search and rescue capabilities includes helicopters and ocean-going vessels, representing considerable capabilities available for other uses, both civil, public and defence. Other capabilities include logistics bases along the coast that may play an important role in security and defence purposes. These businesses also foster clusters of skilled workers and innovation.

Against the backdrop of a complex geopolitical climate, the EU will play a key role in preserving regional stability and security. Along with environmental frameworks, these efforts must strengthen, rather than stifle, the industrial competitiveness of the Arctic, and Europe. The EU Arctic Policy should recognise the Arctic as part of the EU`s broader economy, security and defence environment, support the resilience of Member states and allies as well as the protection

of critical infrastructure and strengthen the EU`s ability to act independently in situations where international cooperation weakens or becomes politicised.

With Finland and Sweden now NATO members, all European Arctic nations are members of the same military alliance. Beyond fostering closer intelligence-sharing and operational cooperation, this represents a fundamental shift in strategic planning. Norway's role has evolved from a recipient nation to a vital transit corridor for military support destined for Finland, Sweden, and the Baltic States in the event of a conflict. This adds essential strategic depth for the region. Consequently, military mobility and connectivity in the European Arctic have become paramount to regional and European defence and security. Developing such cross-border connections is critical, as is ensuring that robust local communities and enterprises are in place to support and sustain these capabilities during crises—be it climate change, hybrid warfare, or conventional military confrontation.

Finally, the region is uniquely positioned for European space activities and capabilities, and Finland, Norway and Sweden hosts world leading space technologies and capabilities. This includes state of the art segment infrastructure, where Svalbard at 78°N hosts the most important satellite ground stations globally, while the regions also host leading European launch capabilities and has a prime strategic and geographical location for dual use missions. These businesses offer operational insight, communication and surveillance contributing to European climate resilience, maritime safety, security, and geopolitical stability.

Arctic businesses also constitute leading suppliers of space and research services that are key contributors to European space initiatives, including through participation in ESA and current EU programs such as Copernicus. This contribution will grow in importance as the EU is strengthening its satellite and space capabilities.

Our recommendations:

- *Recognise economic activity and local enterprises in the region as fundamental strategic enablers for regional and European security and in sustaining a permanent population.*
- *Develop connectivity, including sea routes, submarine data cables, and critical infrastructure, both between European Arctic territories and to European core transport network corridors. Both to support economic activity and to strengthen regional defence and security.*
- *Recognise the unique and diverse socio-economic, environmental, geopolitical, and demographic characteristics of the different Arctic areas. The region is a vast geographical area encompassing great variations and for which there is no one-size-fits-all approach.*
- *Align the EU's Arctic Strategy with security and energy security policy objectives such as security of supply, diversification and resilience. The strategy should reflect that energy produced in the Arctic by reliable partners will be important for the Union's energy security, and underline that this production must be conducted based on strict safety and environmental standards.*
- *Safeguard regional contributors to strategic European value chains by ensuring the Arctic Strategy is business friendly and facilitate sustainable economic development. This should include an acknowledgement of the important role of the Norwegian and Icelandic Arctic*

in an EEA single market perspective. Preventing the application of measures causing barriers within the single market, from safeguard measures to European Preference, is important as such barriers risk harming European industries and undermining common efforts to enhance economic security.

- *Contribute to regional dual-use and space infrastructure and connectivity, enabling cross-border trade, security and regional economic development to the benefit of the European Arctic region.*
- *Develop European Arctic know-how and intelligence as well as so-called dual use goods and services for local conditions, to foster world leading Arctic technologies and research*
- *Underline that environmental protection must be through sustainable use and not preservation so people can continue to harvest and use the plentiful natural resources necessary for livelihood and settlement.*
- *Propose permanent exemption related to the transit reporting requirements for enterprises in the European Arctic. This is necessary to facilitate Nordic trans-border crossings and to support local businesses in maintaining their contributions to European value chains.*
- *The new EU financial framework MFF should be used in active way to drive regional science, growth, and competitiveness. In addition to the CEF which will remain in the future, significant opportunities also exist in the Competitiveness Fund, for example. Additional funding to promote security and vitality is also promised for EU eastern borders, which extends into the Arctic regions*
    - *In light of current geopolitical shifts, these resources should be strategically allocated to secure access to critical raw materials, energy, and infrastructure projects, thereby empowering European stakeholders to seize Arctic opportunities and bolster the Union's overall security and resilience.*
- *Develop a short- and long-term EU strategy and practical road map for economic investments to Arctic regions in close collaboration with local communities, including the business community, who have unique, on-the-ground insight into the opportunities and needs of the European Arctic.*
    - *By working closely with relevant local stakeholders, the EU can ensure that investments and projects in energy, digitalisation, transport, and infrastructure are well-targeted and effective, supporting our shared goal of sustainable development to the benefit of local communities and all of Europe.*

Annex: Strategic Value Chain Contributions from the European Arctic

The Nordic Arctic is home to several strategic capabilities that are key to the EU's success, both in the region as well as to European autonomy and competitiveness at large.

Space and satellite ground stations

The region is uniquely positioned for European space activities and capabilities, and Finland, Norway and Sweden hosts world leading space technologies and capabilities.This includes state of the art segment infrastructure, where Svalbard at 78°N hosts the most important satellite ground stations globally, while the regions also hosts leading European launch capabilities and has a prime strategic and geographical location for dual use missions. These businesses offers operational insight, communication and surveillance contributing to European climate resilience, maritime safety, security, and geopolitical stability. Regional businesses are important suppliers of space and research services and contributors to European space initiatives through participation in ESA and current EU programs such as Copernicus. This contribution will grow in importance as the EU is strengthening its satellite and space capabilities.

Energy

Stable and reliable supplies of natural gas from the Arctic is both economically and strategically important to the EU. Current supply amounts from Norway alone, amounts to around one third of the EU's natural gas demand, and 30% of this volume originates from the Arctic, a share expected to rise to 50%. Operations take place in ice-free areas within strict environmental regulations and safety standards, a zero-discharge policy including extensive environmental monitoring programs. With one of the cleanest national energy mixes, a rapidly increasing share of renewable energy, abundant water resources and high-level technological readiness of the industry, Nordic forerunners are well positioned to benefit from European and global hydrogen opportunities.

Food and seafood

The EU is the most important market for Norwegian seafood, being the destination of nearly half the total seafood exports, out of which approximately half is coming from its Arctic region. Norway provided almost one third of total EU seafood imports in 2024.

Critical raw materials and industry

Critical rare earths and minerals production is an important industry in the region that provides reliable and sustainable European value chains with ores and industrial minerals production - critical enablers to the green transition spanning from ferro-alloys and silicon to steel and aluminium. Kiruna is the world's largest underground iron ore mine. Also, apatite is being mined with a high potential in the near future for rare earth materials. Norwegian Arctic copper and graphite projects have received support under the Critical Raw Materials Act, reflecting the mutually beneficial relationship between the EU and Arctic partners in this domain.

Given current geopolitical developments as well as the specific opportunities and challenges in the Arctic, we invite the EU to strengthen its overall commitment to security and sustainable economic development, particularly regarding strategically important mining, energy, and infrastructure projects. The EU is a key partner in securing access to critical raw materials in the region. Therefore, sufficient funds must be allocated in EU programmes for relevant projects.

We welcome the Commission's decision to double its financial support to Greenland in the coming budget period, with the extraction of critical minerals as a key priority. We also appreciate that the Commission has selected the graphite mine in Amitsoq as a strategic mining project under the Critical Raw Materials Act. There is still a long way to go before the project is realised, and it is crucial that EU support for the project is given the highest priority. In addition to project financing, the EU can also play an important role in providing facilities and supporting project development and implementation, not least by offering and nourishing relevant skills, talent development, education and training. Finland is a leading European supplier of critical raw materials, crucial for the green transition and digital

industry, with major deposits of cobalt, nickel, lithium, copper, and rare earth elements. Leveraging the mineral-rich Fennoscandian Shield, Finland is the EU's only producer of cobalt and chromium, while actively developing its battery mineral value chain

Research, science and dual-use technology

Norway's two Arctic universities are research hubs in domains such as space and climate physics, medicine, marine and polar biology. In Finland Arctic Centre, University of Lapland, is a national and international hub of information and centre of excellence that conducts multidisciplinary research in changes in the Arctic region.Internationalisation and partnerships with other Arctic universities, adds to the unique scientific value of these institutions. They are important for understanding and monitoring Arctic climate and ecosystem change. The City of Oulu is an important hub for electronics and communications knowhow with the University of Oulu and a strong industrial and R&D base serving the whole region. In Sweden, the Swedish Polar Research Secretariat organise and support research expeditions to the polar regions, manage research infrastructure and helps create favourable conditions for polar research. The EU is an important partner, providing funding for a range of Arctic research and innovation projects. Tromsø is e.g. holding the FRAM High North Research Centre for Climate and Environment with 21 research entities connected.

Security, preparedness and resilience

The stability of the Arctic matters for European security. As EU-member states Denmark, Finland and Sweden are now Nato-members, and Norway and Iceland are both NATO and EEA/EFTA states, common security interests now combine relevant European Arctic insights with a formalised military cooperation. From the perspective of military mobility and economic reliance, it is essential to recognise the importance of the Arctic and Eastern border regions as well as Arctic Sea regions and maritime routes for the security of Europe.

Increased defence investment in the EU and the Arctic's rising strategic importance with regards to regional defence planning, place particular importance on infrastructure projects. Such investments should also prioritise improving the operating conditions of industries that support military operations in the Arctic. This may include, for example, targeted support for the establishment of logistics and maintenance service providers, as well as high-technology companies, along key logistical corridors. To this end, the EU must play a proactive role in facilitating connectivity, infrastructure and other pre-requisites for military activity by effect of its regulatory and financial capacity.

Logistics and transport infrastructure

In the current challenging geopolitical situation, it is important to secure EU Arctic regions including Finland and Sweden. Functional and well-maintained transport and infrastructure for critical and civil purposes is paramount. Furthermore, critical energy and data networks must support the connectivity of all regions of the EU.

The region faces notable demographic and economic challenges. While it is relatively well-populated and developed compared to other Arctic regions, local and Indigenous communities continue to depend on investments, industrial development, and improved infrastructure for their livelihoods. Supporting business creation and engagement is therefore essential for job retention, sustainable growth, and the EU's broader geopolitical and resource security objectives.

By working closely with relevant local stakeholders, the EU can ensure that investments and projects in energy, digitalisation, transport, and infrastructure are well-targeted and effective, supporting our shared goal of sustainable development to the benefit of local Arctic communities, nations, and all of Europe.