

Finland's Journey towards the Forefront of Responsible Arctic Development - Recommendations

MERMAID consortium

Recommendations from the MERMAID project to support responsible development in the Arctic region, the maritime cluster and the tourism sector

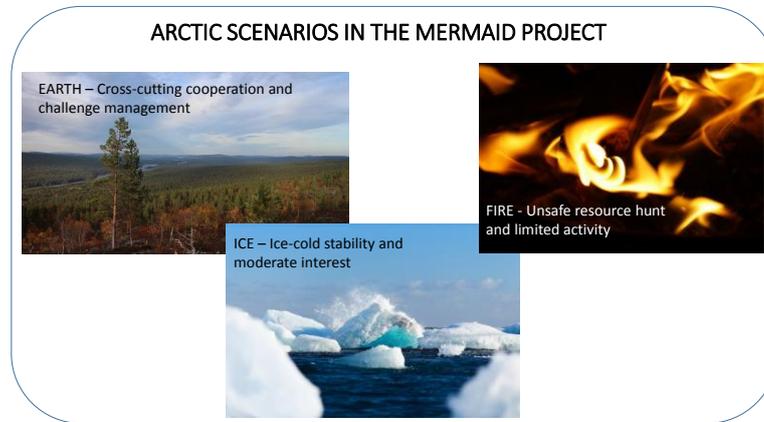
The on-going changes in the Arctic due to, for example, climate change and globalization, and the increasing general interest toward the region are creating opportunities, challenges and risks for Finland and its economy. Finland will start its two-year chairmanship of the Arctic Council in 2017, and the national implementation and renewal of its Arctic strategy are creating a direction for national priorities.

This Policy Brief presents recommendations and measures for Finland's journey towards responsible Arctic development, both on general issues and business and with specific emphasis on the maritime cluster and tourism sector. The recommendations outlined below aim to ensure that:

- **Finland takes a strong role in the international development of the Arctic and ensures that it benefits from development and change in the region.**
- **Increasing Arctic maritime activities create opportunities in ship building and generate wider possibilities for the entire maritime cluster.**
- **Tourism, based on the attractiveness of the Arctic nature and culture, creates employment and vitality for local communities, and also opens up possibilities for international operators.**

These recommendations and measures are based on three scenarios: EARTH, FIRE and ICE and are robust enough to work in each scenario.

SCENARIOS AND CRITICAL FACTORS FOR CHANGE



<i>Factor for Change</i>	“EARTH”	“ICE”	“FIRE”
Climate change and its impacts	Significant positive and negative impacts	Increased risks	Minor impacts
Geopolitical situation and ‘great power politics’	Close relationship between Russia and the West due to Russia’s democratic development or a balance in the power politics serving both sides Increasing interest toward the Arctic region creates occasional conflicts in power politics	Tension between Russia and the West → confrontation	Increased regionalisation of governance in Russia due to the loss of central power Limited mobility in the Arctic
International cooperation and agreements	Aims at increasing economic activities in the Arctic and focuses on management and mitigation of environmental problems	Central focus in power politics Agreements enable activities in the region but do not further any increase	Tight regulation of activities through international agreements
Infrastructure	Highly developed	Stays at the current level, maintains current activities Development of land and rail transport low degrading accessibility	Expands with small environmental impact Large investments frozen
Arctic know-how and development of Arctic technology	New solutions tested and developed globally and in many sectors Technology used in efficient natural resource exploitation	Know-how recognised, imported and exported Reactive development to challenges	The responsibility of regional stakeholders, no outside interest Proactive, focus on mitigating environmental stress
Global economy	In a stable condition	Asian economies weak African economies developed	Slow and unstable increase and unpredictable economic development
Global markets for fossil fuels	Low demand for oil due to strict climate policy	High-level of medium-term demand and prices	Low demand → low prices

RECOMMENDATIONS - GENERAL ISSUES

1. Create structures for the responsible development of the Arctic:

- **Maintain and improve the special status of the Arctic nationally and through the Arctic Council**
- **Increase the national priority of the protection and restoration of Arctic nature** with a focus on Arctic ecosystems and sustainable natural resource use.
- **Take climate change and climate agreements into account in all levels of decision-making regarding the Arctic.**
- **Improve the position of the Sami people by investigating the conditions for the implementation of international agreements and responsibilities and by engaging in a participatory discourse with the Sami**

Human actions in the Arctic have long-term consequences due to the sensitivity and long regeneration time of Arctic nature. Climate change is creating both opportunities and threats for the region. The Sami people, as an indigenous people in the Finnish constitution, have the right to maintain and develop their language and culture. Furthermore, the position of the Sami is also governed by international agreements.

2. Create clear and supportive structures for Finnish businesses and for Finland to seize international Arctic opportunities:

- **Create clear "ground rules"** (laws and interpretations) **regarding the rights of the Sami and local communities** concerning land and water rights and the environment.
- **Utilize pre-commercial and challenge based procurements to encourage innovation and environmental protection.**
- **Implement agile and explorative projects together with local entrepreneurs.**
- **Start an examination on the common competition rules for Arctic infrastructure investment markets** and, for example, on an Arctic bidding competition system.

Unclear definitions of land and water rights and other environmental and societal changes are creating business risks in the Arctic. Pre-commercial procurements and public procurements to create innovative solutions enables risk sharing, attracts investments, boosts innovation and lays the ground for market-based development. Strong Finnish Arctic expertise has to find its position in competitive Arctic markets.

3. Ensure that Finland is at the forefront of Arctic research and know-how:

- **Target funding for Arctic Research.**
- **Make bold choices** in developing Arctic know-how.
- **Investigate different modes for Arctic digitalization** and its economic opportunities.
- **Develop expertise on the management of major accidents in international areas** by utilizing the experiences obtained
 - in the Gulf of Finland and through HELCOM on the co-management of cross-border emergencies
 - through the Barents Rescue cooperation agreement on developing the preparedness capability of Search-and-Rescue services

Plenty of high level Arctic research is undertaken in Finland, and if the international interest toward the Arctic region is growing as expected, the need for Arctic expertise will grow even further.

4. Increase and develop open international co-operation and knowledge sharing:

- **Make the Northern Dimension a priority** in Finland's next EU chairmanship.
- **Promote and lead joint projects with the EU** in the Arctic.
- **Recognize the different governance levels of Russia's regions and stakeholders and their interests and aim at finding new co-operation possibilities**, for instance in Arctic marine biotechnology.
- **Invest in co-operation with Russian indigenous peoples.**

The importance of international cooperation in the Arctic is of utmost importance. Russia is not only active at the federal level, but has many active levels of governance and stakeholders. On the rise in the Arctic are, for instance, local level commercial, scientific and arts initiatives.

RECOMMENDATIONS - MARITIME CLUSTER

1. Increase co-operation and create networks with the oil and gas industry, resource and mineral production sectors and the maritime cluster:

- Analyse **actor-networks and relationships**.
- Promote the **Arctic and Finnish Arctic know-how as part of the image and brand of Finland** within current networks.
- Use the **Arctic Offshore brochure** in international **marketing and networking**.
- Provide guidance to Finnish policy makers and politicians and **put effort into promoting Arctic projects at the EU level**.
- **Advertise Finnish Arctic know-how** on every level – Enhance **promotion and proactive actions**.

The goal is to obtain active trade relationships and successful responsible business. The efforts of the state in supporting companies in this context is important. The role of the EU is to ensure accessibility and support infrastructure, including telecommunication.

2. Develop Arctic maritime cluster know-how for the creation of new, innovative pilot products and procedures:

- **Coordinate the operations of Finnish actors in the Arctic**.
- **Increase and coordinate funding possibilities**, offer funding arrangements.
- **Offer preparation funding for companies:** for example funding from the European Regional Development Fund to prepare for projects funded from the European Fund for Strategic Investments.

The special expertise of Finland are oil spill control technologies, navigation, and active and international maritime education. Finland's strength is winter navigation; by volume it is the largest in the world. A centre of know-how will be founded in Finland and efforts will be placed on education export. Furthermore, Search-and-Rescue, environmental protection technologies, meteorology, weather and other measurements and ice management are important. The role of the government is to ensure the prerequisites for operations by influencing the laws and regulations regarding the Arctic.

3. Establish an offshore and subsea training programme:

- Design and start a **practical and multi-sectorial training programme**.
- **Identify possible gaps in know-how and skills, complete previous surveys on know-how and skills if needed**.
- Select **key focus areas**, for example, **subsea robotics, wireless technologies and smart offshore**.

Several mechanical workshops in Finland are manufacturing metal structures for oil and gas field production facilities. The most significant opportunities for subsea products and services are in the international oil and gas industry, as it is moving the production to deeper depths and developing production facilities also for the sea floor. Future possibilities can be found also in renewable energy and the circular economy in sea surface constructions.

RECOMMENDATIONS - TOURISM SECTOR

1. Develop know-how of the Arctic tourism operators:

- **Strengthen the knowledge base regarding the markets-of-origin and competitors in Arctic tourism.**
- **Advance the prerequisites of tourism operators for operations and cooperation** through education and networking projects.
- **Advance security and safety know-how in the tourism sector** by undertaking security checks and safety surveys.
- **Strengthen the skills regarding the use of technology.**
- **Innovate and implement flexible funding and project mechanisms which support piloting** for companies and cooperation between companies and developers.
- **Support and develop research on Arctic tourism** through funding and business cooperation.

Arctic tourism operates in fragile natural and unique cultural environment, changing geopolitical circumstances and is sensitive to economic trends.

2. Use *Arctic is Cool* thinking in tourism:

- **Strengthen the consolidation of different businesses and stakeholder interests** in practical activities.
- **Participate in multi-sectoral campaigns on Arctic visibility** targeted for international markets.
- **Implement tourism marketing** targeted for international markets **through joint Arctic region marketing campaigns**
- **Develop specialised and year-round tourism products** multisectorally and through cross-border cooperation.
- **Strengthen the responsible development of tourism offerings.**

Experiences and know-how in everyday life in the Arctic must be utilized to increase the general visibility of the Arctic, to brand Finnish Arctic tourism and for responsible product development. Multi-sectoral co-operation joining different livelihoods and stakeholders and technological solutions hold the key to position the everyday Arctic as Cool.

3. Advance the physical and digital accessibility of the Arctic:

- **Maintain and develop accessibility infrastructure**
- **Advance the opening up of new flight routes** to the Arctic
- **Develop seamless tourism chains**
- **Ensure infrastructure operability for digital accessibility and streamline digital marketing and delivery channels.**
- **Explore future travel preferences in the Arctic and develop business models and enabling actors.**

The physical and digital accessibility of the Finnish Arctic, as part of the Arctic tourism region, is a condition for the creation of an attractive tourism image and ensuring the competitiveness of the sector.

4. Participate actively in international advocacy regarding the Arctic:

- **Strengthen the Nordic co-operation** in profiling the Arctic as a tourism destination.
- **Raise key viewpoints of the Arctic tourism sector** in EU Northern Dimension discussions.
- **Advance open and confidential international co-operation** in the development of Arctic tourism.
- **Advance public-private partnerships** in the development of Arctic tourism.

Tourism is an export sector, which needs to be actively promoted in international Arctic fora.

MERMAID PROJECT

The project *MERMAID - Identifying risks and opportunities for marine transport and tourism in the Arctic* was undertaken in 2015-2016 and funded by the Prime Minister's Office of Finland. The MERMAID consortium consisted of the Finnish Meteorological Institute, the Centre for Maritime Studies of the Brahea Centre at the University of Turku, the Multidimensional Tourism Institute of the Lapland University Consortium and the Aleksanteri Institute of the University of Helsinki.

DATA AND METHODS

The MERMAID project was undertaken through a series of expert workshops and interviews, and analysis of Russian Arctic energy policy through academic literature and Russian media. Based on this material, the project consortium formed the suggested measures and analysed the impacts, conditions for successful implementation and risks of the measures for the three scenarios presented in this policy brief. The methods used are dependent on the input of invited stakeholders, but all recommendations and analysis are the responsibility of the MERMAID consortium.



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