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# Transport and Reputation

EU, Norway, and Logistical Operations in Barents region

Master's thesis in European Studies

Supervisor: Tobias Etzold

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Date: 18.05.2021

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## Acknowledgements

First of all, I would like to express my very great appreciation to my supervisor for this thesis, Tobias Eztold, for his valuable suggestions and feedback. At the beginning of the thesis planning, I could not make any progress as my topic was too broad. Thanks to my supervisor, Tobias Eztold, who gave me lots of suggestions to narrow down the topic. And also gives me constructive suggestions on theoretical framework, so I could decide my research direction. I really appreciate his patient guidance. Without his professional guidance, I could not finish the thesis on time.

Secondly, I would like to offer my special thanks to my boyfriend Jonas Wilmann Langaas, for all the support. He has always come up with good advice and provided lots of important sources related to Norwegian history and Nordic history for me. He always inspires me to work harder, and at the same time gives me opportunity to relax. During the thesis writing, we have many happy memories.

I would like to say thank you to my families who are always there for me, support me and believe in me. Without them, I would not be where I am today. And gives my special thanks to my mother for all the support and love she gives me.

Finally, I would like to thank my sweet pets, Mei berry and Pumpum. They cheer me up when I have been frustrated. I truly appreciate their company during this pandemic. And I would like to thank my best friend and 'sister', Gao Gao for 13 years' company. Beyond this, I appreciate all the good memories we share.



## Abstract

This study aims to investigate how the EU exerts its influence in the Barents Region through cooperation with Norway in the cross-border transport sector. To achieve sustainable development in Norway's northernmost territory, developing green, efficient and safe transport becomes the main objective of the Norwegian National Transport Plan and the Joint Barents Transport Plan, in which the importance of ports are emphasized. The importance of transportation has been addressed by discussing its roles in Geopolitics and sustainable development theories. Given the reputation of Norway as a Polar nation, its geopolitical weight and rich resources, Norway is an important strategic partner of the EU. At the same time, the EU managed to participate in the Barents transport cooperation by using its economic strength, regulatory power, financial support and rich knowledge gained from its experience of developing the TEN-T. Besides, the transport cooperation in the Barents region could strengthen the EU's ideas of the Single Market and Freedom Movements and may bring the EU reputation for being involved in the future projects in this region.

## List of abbreviations

Cross border cooperation (CBC)  
the Arctic Council (AC)  
the Barents Euro-Arctic Council (BEAC)  
the Barents Euro-Arctic Region (BEAR)  
the Barents Euro-Arctic transport Area (BEATA)  
the Barents Regional Council (BRC)  
the Barents Working Group on Transport and Logistics (BWGTL)  
the Connecting Europe Facility (CEF)  
the Cohesion Fund (CF)  
the European Commission (EC)  
the European Economic Area (EEA)  
the European Fund for Strategic Investment (EFSI)  
the European Investment Bank (EIB)  
the European Regional Development Fund (ERDF)  
the European Structural and Investment Funds (ESIFs)  
the emission trading system (ETS)  
the European Union (EU)  
the Joint Barents Transport Plan (JBTP)  
the Northern Dimension (ND)  
the Northern Dimension Partnership on Transport and Logistics (NDPTL)  
the Small- and medium sized ports (SMPs)  
the Trans-European Transport Network (TEN-T)

## 1. Introduction

### 1.1 Background of the research problem

With the climate change and constant development of the Arctic, the geostrategic weight of this region has been increasing significantly. Rich raw materials and shorter maritime transport routes signifies the economic potentials in this region. From the energy security, geopolitical complexity and economic sustainable development perspectives, the European Union (EU) considers the Arctic is crucial. The Arctic Council (AC) is the leading intergovernmental forum promoting cooperation, coordination and interaction among the Arctic states and Indigenous peoples on common Arctic issues, particularly on issues of sustainable development and environmental protection in the Arctic (Arctic Council official website). However, due to the seal products ban, its incoherent policies and the tense relationship with Russia, the application of the observation status in the AC had been rejected twice. The EU has not succeeded in becoming a member of the AC. Additionally, after Denmark's autonomous territories of the Faroe Islands and Greenland opted out of Denmark's EU membership in 1985, the EU and its member states do not have direct access to the Arctic Ocean. Thus the EU has been criticised on the basis that it lacks a direct sovereignty-based justification to exert influence in the Arctic region. As a result, the EU's activities in the Arctic are often criticized for lack of legitimacy. To some extent, this was balanced by the entry of Norway and Iceland into the European Economic Area (EEA) and Schengen Treaty in the 1990s (Balies and Ólafsson 2017, 40-62). The EU has also concluded many cooperation agreements with other Arctic actors with regard to relevant Arctic affairs. Additionally, by extension through Denmark, Sweden, Finland and the European Commission, the EU is a member of the Barents Euro-Arctic Council (BEAC), a group that promotes cooperation on a governmental and regional level in the Barents region. The Barents region includes the administrative regions Nordland, Troms and Finnmark in Norway, Västerbotten County, Norrbotten County in Sweden, Lapland region, Northern Ostrobothnia, Kainuu, North Karelia in Finland, and Murmansk Oblast, Arkhangelsk Oblast, Komi Republic, Republic of Karelia, Nenets Autonomous Okrug in Russia. As the BEAC deals with largely the same issues as the AC, the European Commission also gains information on local issues through the BEAC. Although the BEAC is limited in geographical extension compared to the AC, the EU has a more direct say in anything that concerns the Barents region, through the Barents Euro-Arctic Council than in the wider Arctic. This is why the study set the stage in the Barents Region, rather than the whole Arctic.

### 1.2 Thesis aim and research questions

When it comes to Arctic affairs, the EU and Norway participate in regional bodies and policies, such as the BEAC and the Northern Dimension (ND). In the Arctic, interests vary among the Arctic actors, resulting from different geographical locations. Thus, each actor highlights different priorities when it comes to developing its Northern territory. Norwegian interests are generally in line with the EU's, concerning the resources extraction, environmentally friendly solutions and highlighting the importance of science and knowledge. Emphasising the variant strategies of every Arctic actor will make the scope of this study too broad. The present thesis analyzes the interests between the EU and Norway in the Barents region, to put the current debate on the EU's role in the local transport affairs in perspective. To further narrow the research scope down, this study

focuses on one Barents state with access to the Arctic Ocean and also the EU's strategic partner, Norway. Norway's presence in the Barents region and even in the Arctic is not only geographical, but the country has a long history of legitimacy in the Arctic. This will be further elaborated upon by using theories on international reputations. Norway has worked proactively to get the EU more involved in the issue of Arctic governance (Wegge 2012, 6-29). Norwegian presence in the area is crucial for Europe in terms of managing resources and fostering a balanced and practical approach towards North-West Russia.

Because the EU lacks legitimacy in the Arctic, its member states fear to be excluded from possible maritime passage and the opportunities to access resources in the Arctic. Even though the EU's economic power is considered significant and its regulations have also had a big impact on its member states and EEA members, the EU has a limited degree to influence other Arctic actors' policy. Institutional capacity can be used by the EU to strengthen its presence in the High North and to some extent compensate for the lack of tools for direct influence in Barents affairs. Additionally, the EU has moved energy security to the top of its agenda, revealed by its ambitions to create a common EU Energy Policy. In order to secure its energy, gaining access to Arctic oil and gas has become the common interests of the EU'S member states. Also, compared to oil, gas is considered to be the most cost-effective and environmentally friendly energy alternative, making it a more desirable energy resource for the EU. The Barents Sea region is rich in natural gas deposits. Climate change is also one of the main concerns of the EU. Hence, the EU's interest in the Barents region is also driven by economic and energy-related considerations. To investigate to which degree that the EU can exert influence in Barents affairs through the regional bodies, it is necessary to set the stage in BEAC, in which the EU is also a member.

Given the unique environment of the Barents region, the economic sustainable development strategies for this region have been clearly stated in Barents states' national strategies. All of them identified the importance of building a connected and automated mobility without borders through the Barents region and confirmed it will help ensure sustainable transportation of the population living in this area. From this point of view, it will become a solid basis of developing tourism and other sectors, such as raw material extraction, fisheries and tourism, as it will provide better connection to the global market. The existing literature, news and government documentation covers mostly on the well functioning cooperation between 4 countries and what they will benefit from the close cooperation, while the EU's participation and the impacts of close cooperation in the Barents Region towards the EU are less mentioned.

After illustrate the importance of Norwegian perspective, EU's dilemma and interests in the Arctic affairs, the importance of Regional bodies as a channel to participate in Arctic affairs, and the essential role of transportation infrastructure in sustainable development, the research questions of this study are:

*How does the EU exert its influence in the Barents Region through cooperation with Norway in the cross-border transport sector?*

To answer this research question, it is necessary to divide it into three sub-questions and each chapter of this study will focus on one of these sub-questions:

1. *Why does the cooperation with Norway matter to the EU?*

2. *How does the advanced transport system matter to the Barents States and to the EU?*
3. *What can be considered as effective tools to exert EU's influence in the Barents Region and even in the Arctic in the process of participation in the transport construction in Northern Norway?*

Without observer status in the AC, the EU to some extent still managed to increase its influence in this region, owing to its various and distinct relationships with other Arctic stakeholders. In addition, the EU has been actively participating in meetings held by the AC and the BEAC. To be able to answer the research questions, it is necessary to analyse the EU and Norway's Arctic policies and transport policies in order to have a comprehensive understanding of their interests and objectives in the Barents. Then it is possible to examine if the EU's contributions through the BEAC fits the other Arctic actors' interests, especially Norway's objectives. Answering these research questions also helps understanding the EU's role in the Barents region. The study is therefore an analysis of the situation in the cooperation in the Barents region today, based on empirical data published in the recent years.

### 1.3 Structure of the study

To set the analytical scene, this introduction began with some general remarks on the EU's current situation in the Arctic and the EU's role in sub-regional institutions. The first Chapter illustrated the research questions and briefly presented the reasons for choosing this topic. The second Chapter is the theoretical framework of the thesis. First, it includes the importance of transportation in Geopolitics. And then discuss the role of transport in the sustainable development theory by illustrating its relationship with trade and investment in the cross-border context. Additionally, the advantages of maritime transport will be presented. The reputation's role in international politics and cooperation is highlighted in the second part of the theoretical framework. In the Chapter 3, the materials used in this study, methodology and case selection will be presented. The historical background of the establishment of the BEAC, especially the transport cooperation and a brief overview of the EU's rich experience and main objectives in developing its Trans-European Transport Network (TEN-T) will be discussed in Chapter 4. EU's cooperation and financing support in the transportation in Northern Norway will be discussed in Section 5 by presenting the importance of Norwegian ports and other transport modes. Also, the current challenges and possible solutions in improving transport will be pointed out, aiming at facilitating the understanding of the EU's efforts in this sector. After analysing the research questions through empirical data in Chapter 4, and 5, some discussion regarding the impacts of improved transport would bring to the EU and Norway will be presented in Chapter 6, in which the outcomes will be considered in the light of the theoretical basis. The last section presents the conclusion remarks of this study.

## 2. Theoretical framework:

Barents Euro-Arctic Cooperation focuses on promoting economic sustainable development. At the same time, the geopolitical weight of the Barents Euro-Arctic is

significant. Economic development in this region not only concerns the further development of this region and people living in this area, but also affects the development outside this region. To facilitate our understanding of the cooperation in the Barents region and how transportation infrastructure matters in this region, it is necessary to assess the theories of transportation in Geopolitics and Sustainable Development Studies. Additionally, to further analyse EU's interests in developing transport infrastructure in this region and facilitate the understanding of the EU's gain from it and the importance of investing in Norwegian transport, a theory of reputation in international politics and cooperation is also mentioned here.

## 2.1 Theoretical Framework for Geopolitics and Sustainable Development on the role of transportation

### 2.1.1 Transportation in the Geopolitics theories

According to Sören Scholvin, geopolitics is the study of how physical and human geography influence politics and international relations. Geographical conditions, both human-made and natural, can either be considered a benefit or a hindrance for the economic and political development of the states, and thus geopolitics focus on what role geography plays in the world's current power structure. The term of geopolitics was first coined by Rudolf Kjellén, who defines it as "the science of states as life forms, based on demographic, economic, political, social and geographical factors" (Scholvin 2016, p.8). Another geopolitical theory,

the so-called *Heartland theory* was formulated at the beginning of the 20th century by Harold Mackinder. Mackinder's theory emphasizes the importance of the Heartland, namely the interior and northern part of Euro-Asia, and he believed the Heartland is the key determinant of dominating the world (Rosenberg, 2018). Although this theory is considered less convincing nowadays, it did point out the importance of rich natural resources and railroad transportation in geopolitics. This theory could be transferred to numerous cases and it also highlights the importance of developing transport in peripheral regions while also rich in resources like the Barent region.

In addition, changes in transport routes have historically been associated with significant shifts in the balance of economic and political power (Blunden 2012, 116). Railway is not the only important transportation in this. New sea routes have also been associated with radical shifts in the balance of power, as sea commerce tends to influence the wealth and strength of countries. In history, shipping has been one of the stepping stones to economic growth and prosperity among European countries. And to safeguard the economic growth by peaceful shipping, nations tend to attach attention to sea power, namely the navy (Blunden 2012, 118). Therefore, transport routes also link with military strength that may increase the geopolitical risks.

Transport geography has made significant progress since the 21st century. With the rising of environmental concerns, socioeconomic factors are no longer the only dimension that determine the geographies of the transport system. Additionally, another dimension, geopolitics is also crucial to determine the geographies of the transport system throughout history. With the backdrop of power competition in the 21st century, transport once again plays a significant role in it. Transport and geopolitics are closely linked to each other. Shaw and Sidaway claim that transport is at the heart of geopolitical thinking and practice, in turn, the importance of transport, such as ports and

canals, serves as part of the power competition between states in commanding world trade (Shaw and Sidaway, 2011). In Weiqiang Lin's work, Lin takes the example of the present tension relating to the Chinese "The Belt and Road Initiative" to illustrate that the logistical network nowadays is a re-invention of imperial geopolitics. Lin also recognizes states' strategy for transport is a means of amassing power, acquiring wealth and gaining a comparative advantage over others (Lin 2019, 2). Advanced transport systems on one hand signals the solid foundation of social and economic development. Cowen likens the 'corporate supply chain' of today to 'the military and colonial supply line' of old, arguing that the corporate supply chain is vital and vulnerable, thus it needs protection. They must be defended through combative action, aimed at deterring or repelling potential disruptors (Lin 2019, 5; Cowen 2014, 9). Cowen also recognizes that brute force in geopolitics plays an integral role in securing corridors and supply chains for the production of wealth (Cowen, 2014). On the other hand, transport systems, especially new initiatives that may change the previous trade routes, may also show the signs of instability, in particular in the multi-power world. In Geopolitical theory, geopolitical tensions occur with the rise and fall of the world's leading power. Generally, periods of single superpower world dominance have been times of relative geopolitical stability, while times of equal and competing great powers have been times of structurally high geopolitical instability. The transport projects hold the key to understand states' unspoken motives and strategies in affecting change in the world, and to comprehend the impact of these geopolitical strategies on transport's geographies (Ibid, 2). Thus, Raguramen points out that transport plays an important symbolic role in national identity and nation building (Raguramen 1997, 240). Knowles also makes the same conclusion that states have long made use of transport to project geopolitical power (Knowles, 2006). The geopolitical technique of rule-making figures is another important dimension in transport (Lin 2019, 4). Rules do not just impart a structure of regularity, but also activity construct 'expert' logics to normalize and legitimize particular policy action (Mitchell 2002, 12-14).

### 2.1.2 Transportation in sustainable development theories

In this section, first of all, the relationships among transport and economic sustainable transport will be presented, which is relevant to investment, trade and the price differences of transport modes. Then sea transport is specially mentioned and the definition of ports is given. Additionally, other factors that may affect the price of shipping will be mentioned as well. This part of the theoretical framework can be used to discuss the importance of transportation in the Barents context and foreshadow the important role of EU and EU funding in transportation construction. At the end of the section, another dimension of the role of cross-border transport, the public goods will be given.

Historically, transportation and infrastructure were viewed as key areas of investment (Pike, Rodríguez-Pose and Tomaney 2006, 13) and seen as close links with externalities in the form of economic growth and development (Ivanova 2003, 4). In the cross-border context, the transportation investments link to the development within and between states by increasing the connectivity and accessibility. And thus, transportation serves as an important role in helping converge the core and peripheral areas.

Transportation is shaped by humans and in turn it shapes humans' life by allowing for larger flows of people and goods. Transportation offers a better mobility of resources, goods and people and therefore stimulates the needs to develop infrastructure surrounding transportation systems, which will also promote greater activity (Ivanova 2003, 4). Increasing efficiency, such as reducing time and cost, also have an impact on productivity that could increase economic output (Holvad and Leleur 2015, 260-261). Thus, transportation has a significant impact on shaping economic activity and structure. In addition, better connections and infrastructure will attract business investments. Fujimura summarizes relationships among cross-border transport infrastructure, trade and investment, and development. The combination of cross-border and domestic transport infrastructure can reduce trade costs, leading to increased trade. Reduced trade costs are also likely to induce increased foreign direct investment (FDI), which will further increase regional trade. Thus, a mutual reinforcing effect among cross-border, trade, and FDI would be formed (Fujimura 2004, 3). To maximize the positive impacts of transportation on economic activities, before planning for a new transport system, identifying specific spatial, economic and demographic context surrounding transportation is crucial.

As developing local or domestic economies become increasingly integrated with the global economy, it is inevitable that governments prioritize integration work for achieving their objectives of economic and social sustainable development. Fujimura mentions that there is another dimension of transport affecting the economic development, the price of different modes of transport (Ibid). Radelet and Sachs find that access to the sea and distance to major markets have a strong impact on shipping costs, which in turn influence success in long-run economic growth. Furthermore, they indicate that overland transport costs tend to be considerably higher than sea freight costs for a given distance. This also implies the importance of cross-border road transport infrastructure for landlocked countries (Radelet and Sachs 1998). Similarly, Sachs, Mellinger and Gallup (2001) made the same conclusion and point out that sea trade is less costly than land- or air-based trade, economies near coastlines have a great advantage over hinterland economies (Sachs et al., 2001). Therefore, according to Schiff and Winters, the importance of the transport corridors lies in, firstly, the landlocked countries can export and import goods through them. Secondly, coastal countries can enhance their connection to the interior market (Schiff and Winters, 2002). This theory can be applied in the context of cross-border transport in the Barents region to facilitate the understanding of the significant role of Norwegian ports to both Norwegian economy and other Barents states.

When it comes to maritime transport, there are several important small- and medium sized ports located in Northern Norway, which are crucial to the cross-border transport in the Barents region. Small- and medium sized ports (SMPs) can be defined as ports with cargo throughput below 300 thousand tons a year. Holt points out that SMPs are more vulnerable than large sized ports. SMPs are disadvantaged due to less resources available to develop. SMPs also have been challenged by inadequate capacity and trade volume. However, they are usually located in strategic positions or are able to contribute to an important network, which provide advantageous conditions for SMPs to survive in the competitive market due to worldwide economic boom. Accordingly, SMPs can be more flexible with the change of markets and often have their own niche in the market and this is how they tend to avoid competing with larger ports (Holt, 2014). Moreover, in international shipments, before being delivered to its final destination, freight can be



transported through several countries, which is called international transit. By providing accessible transport and logistics services, simplifying customs procedures, the transit country can increase competitiveness (ERAI, 2020). Those theories can be applied to several important medium sized ports located in Northern Norway, such as Narvik, Bodø and Kirkenes. Defining those ports is important as this can underscore the importance of logistical operations for these ports, as well as their position in international trades.

With regard to transport costs, besides the price differences among different modes of transport, it would be increased by the bureaucratic and political costs of crossing borders, which implies the need for institutional arrangement of cross-border transport (Fujimura 2004, 6). Due to the geographical and climate barriers, demographic and administrative differences in the Barents region, there is a huge potential of investing in the transportation infrastructure. The motivations shaping cross-border transportation planning were more varied.

After summarizing the relationships among better connections, trade and investment, Fujimura also mentions the relationship of better transport infrastructure and public goods. Governments tend to put the highest priority to recovery of transport infrastructure during the reconstruction period, on both economic and non-economic grounds. The reason behind it is that transport would play a critical role for public goods. The public goods in a cross-border context includes peacekeeping, environmental protection, prevention of infectious diseases, and basic research and development (Fujimura 2004, 6).

## 2.2 Reputation in international politics and cooperation

This section aims to discuss how the reputation is built up and how reputation works in international politics. Although some scholars argue that reputation is subservient to real interest, the others believe reputations work within communities of practice through a process involving actor's entitlement claims, audiences' relational evaluation of such claims, and the actor's performance to secure entitlements in issue-specific interactions (Sundaram 2020, 657). Political actors are concerned with the reputation of their states in international politics. Political actors widely believe that reputation matters.

Passow et al. identify the six dimensions of national reputation, including emotional appeal (likeability, respectfulness, and trustworthiness), physical appeal (attractiveness of place and its infrastructure), financial appeal (favourable environment for investors, such as the level of industrial growth, taxation, and safety), leadership appeal (charismatic leadership and a clear vision), cultural appeal (socio-cultural diversity, history, entertainment), and social appeal (the perceived responsibility as a member of the global community and the manifest support for good causes) (2005, 313). Anholt also points out that if countries are increasingly expected to be responsible members of the global community, their emotional, leadership and social appeal will be essential for their ability to build and maintain a favourable reputation (Anholt 2010, 69-75). Reputations are beliefs about a trait or behavioral tendency of an actor based on past actions and used to predict behavior in the future (Dafoe, Renshon, and Huth 2014, 372). Mercer argues that reputations are predetermined based on how allies and adversaries will see past actions in a contextual situation (Mercer 1996, 44-73).

Reputation comes with claimed entitlements in the pursuit of a political project. Understanding reputation is a process based on community of practice perspective. First, gaining and losing reputation depends on social recognition, cultural norms, and community ideals in politics. Second, reputation is evaluated by others, usually multiple audiences (Sundaram 2020, 660). And thus, it is difficult to control. And the evaluation on whether the actor is entitled to participate in a certain political project is complex and contested. Third, the reputation of actors is a moral issue in both practical ethics and international politics ethics. Securing reputation requires presenting oneself as a moral agent, placing one's expectations within social practices, and situating oneself within the proprieties of ethical conduct with others (Hall 2010, 71). The meaning of reputation is determined by its use among members of communities and it is essential to legitimacy (Wiener 2018, 211). In addition, consistent negative evaluations of performances by communities could undermine status and other aspects of social capital like trust, self-esteem, and prestige. (Sundaram 2020, 666).

### 3. Method and materials

This study will adopt descriptive methodology. Collecting data from experience would be relevant for the question on the EU's investment and cooperation in the Barents Region. I am going to rely on an empirical method by looking into the sources of Barents states and collecting data from the EU to analyse what they experienced. In this Chapter, this first section focuses on the case selection: It presents the reason why this study set the stage on the Barents Euro-Arctic Region rather than the wider Arctic. Then, among the Barents states, the reason for choosing Norway as the main focus to investigate the EU's efforts in the Barents cooperation will be given. In addition, several important ports in Northern Norway will be mainly emphasised. Last but not least, the reason behind selecting transport cooperation and the importance of transport will be provided in this section. Section 2 presents the material, such as existing studies and books, used in the case study, which are relevant to this study. Section 3 discusses the main time range of the transport cooperation in the Barents region, while plenty of historical background of BEAC and Norway's role in the Arctic will also be discussed. The last section mentions the limitations of this study and it gives an insight on the direction of future study in this field.

#### 3.1 Case Selection

This paper aims to investigate the role of the EU in Barents cooperation and thus gain an insight on how the EU can exert its influence in the European Arctic. Given the complex geopolitics in the Arctic, it is difficult to analyse all Arctic actors and their objectives in one thesis. Compared to the Arctic Council (AC), the Northern Dimension (ND) and other institutions, the Barents Euro-Arctic Council (BEAC) only focuses on the Northernmost region among Norway, Sweden, Finland and Russia. The BEAC is less complex in the sense of the geographical scope, but as opposed to the AC, they also include the European Commission.

Sweden and Finland are EU member states and Finland promotes the EU to participate in the Arctic affairs regardless. And as member states, they are eligible for EU funding. Although the dissolution of the Soviet Union played an important role in forming the

BEAC. For Russia, it sought economic help. And for other actors, they need to cooperate with Russia due to security concerns. Consequently, Russia plays a key role in the early stage of the cooperation under the BEAC. Plenty of literature already discussed Russia's goals and ambitions in this region. But in this study, the aim is studying the EU's efforts and role in the cooperation in the Barents region. Due to ongoing and previous EU sanctions against Russia, the relationship between two actors is rather tense and Russia refuses to cooperate with the EU at a high level. In addition, many articles already pointed out that Russia is 'less trustful' to other actors and Russia's priority is economic gains rather than environmental issues. Additionally, Russian strategy is oriented much more towards domestic politics. Furthermore, Russia is not part of the eligible area for the programmes, such as the Northern Periphery Programme and the Baltic Sea Programme. Thus, the Russian side has not taken part in these projects to the same extent as the Nordic countries. Therefore, to investigate whether the EU can exert its influence in the Arctic through regional cooperation with Russia is unrealistic. For this reason, investigating the EU's capability in this region from a non-member state but maintaining close relationships with the EU will be more convincing. Norway is a member of the European Economic Area (EEA) and also belongs to the Schengen Area. The borders between the EU and Norway almost non-exist. Hence, it is rather relevant to study from Norwegian's perspectives to investigate to which degree the EU engages itself in local issues of the Barents region and in the European High North, particularly studying the cooperation in the transport sector.

Additionally, the BEAC had become a successful example of regional cooperation. There are several success stories and projects under the BEAC, such as Visit Arctic Europe (focusing on tourism businesses), Barents Games (sports and cultural exchange), Arctic Skills (development of vocational skills in the north), and Joint Barents Transport Plan (common transport plan). In this study, I choose to focus on the common transport plan because transportation could be considered the base of attracting humans and investment from outside. Rich deposits of iron ore, base metals (copper, zinc, lead, tin and aluminium), industrial minerals, precious metals and special metals including rare earth metals (The Joint Barents Transport Plan 2013, 8) can meet the global demand. However, long distances were a major obstacle for further development in the Barents region. Although the North-South connections, such as railways and roads are well developed in general, the East-West connections are inferior to North-South connections, which increase the effects of isolating borders among Barents states. Whereas the political and security aspects were significant at the beginning, current collaboration is also based on culture and business cooperation, especially in the fields of tourism, energy and trade. Transportation is essential in developing those fields. Achieving the objective of economic sustainable development and boosting the local economy provide the reasons for Barents states why they would be interested in building logistical operations in the Arctic.

Unlike Finland and Sweden, Norway has direct access to the Arctic Sea, thus Norwegian ports play an important role in Arctic maritime transport. According to the theories of transportation in sustainable development, the importance and advantages of Norwegian ports in commercial activities in the Barents region is clear, which made Norway and Norwegian ports as a relevant and good case in this study. This thesis mainly focuses on the port of Narvik. The reason is that this is the only port that is prioritized by the trans-European transport network policy in Northern Norway.

In this study, the case selection considered not only the importance to the EU interests and security but also Norwegian's. The Barents cooperation and the EU contribution are also considered significant to the development of Norwegian fishery industry, tourism industry, oil and gas exploration, and people-to-people communication. Forest industry will not be touched upon in this study. Although there is a potential of growth in the forest industry with the development of transportation, the large areas of forest located in the eastern parts of the Barents are in Russia, Finland and Sweden. The forest industry is one of the main industries in the Barents Region and most of the forest-based products in Barents Region are exported in these 3 states, while in Northern Norway forestry is more limited due to the latitude, climate and weather conditions and of merely local importance, compared to other countries. Thus, given the case selection, from Norwegian perspectives, the forestry industry in Northern Norway is more local-oriented, it relies less on cross-border transport. And lack of future potential in developing this industry, thus the impacts of developing transport towards forestry industry would not be examined in this study as forest industry is not considered a main drive of developing transport in North Norway. Transport also considered less impact on developing the forest industry in Northern Norway as well. Northern Norway is more vital in the sense of fishing and mining.

### 3.2 Resources selection

This study is based on a broad range of sources: official documents and reports, official statements, academic journals and newspaper articles. The wide range of sources enables analysis of cooperation in the Barents region from different angles. It also helps to compare objectives, interests and actions of different actors. Sources are collected from Kolarctic, the working groups in BEAC ---Steering Committee for the Barents Euro-Arctic Transport Area (BEATA), reports from each Barents states, Joint Barents Transport Plan, Report of the BEAC Ad Hoc Working Group on Financial Mechanism Study etc.

The part of the thesis that covers the historical background of the Barents history and Barents cross-border cooperations based on the book "The Barents Region: A Transnational History of Subarctic Northern Europe. The chief-editor is Lars Elenius and the book is co-edited by Hallvard Tjelmeland, Maria Lähteenmäki, and Alexey Golubev. This book covers the history of this region from the year 800 to 2010, with the main focus on the modern history of Nordic co-operation, the Cold War and the creation of the Barents Region. Thus, plenty of historical information relevant to the geopolitical importance of the Barents region are gained from this book.

A series of books "Norsk Polarhistorie" edited by Einar-Arne Drivenes and Harald Dag Jølle provide the history of Norwegian explorations in the Arctic and Antarctic. Those are combined with the reputation theory in Chapter 5 to illustrate Norway's reputation as a Polar nation and facilitate the understanding of the EU's cooperation with Norway.

For the current transport cooperation, official documents and reports are the main sources. Additionally, as the transport cooperation and many transport projects in the Barents states are brought up recently, some of them are ongoing or still at the stage of debate. Less research and second resources are available. Thus, to gain an insight of people's opinion towards those new projects as well as people's priority and concerns of

developing local transport, the latest news and reports are selected as part of resources as well.

### 3.3 Time range

The part of the thesis about the transport cooperation in the BEAR will focus on recent 10 years only and will not touch upon the previous documentations and research. The reason for this is that the Joint Barents Transport Plan is a joint approach to look at the future need for transportation infrastructure in the Barents region. Each Barents state has prepared strategic studies on the need for transport infrastructure in the High North, which are mainly focused on national priorities, but also emphasize the need for a Barents approach in planning future transport solutions and interventions in this region. And the objectives of the Joint Barents Transport Plan must reflect the national priorities. The national objectives must be the basis for a joint objective for the Barents Region (Joint barents transport Plan 2013, 15). The common effort to develop a joint objective for the plan has revealed that although the national objectives are somewhat differently formulated, they are surprisingly similar in their key elements. All the Barents states have the ambition to develop an efficient transport system in the Barents Region with good internal connectivity between the Barents countries and with good external links to world markets (JBTP 2013,7). The JBTP had not been released until each Barents state announced their national transport policy and identified priorities of developing transport in their northwest territories. Therefore, the cooperation in the transport sector before the JBTP will not be covered in this study.

However, in Chapter 4 and Chapter 5.1.2, a large amount of historical facts will be presented. Presenting the historical background of this region from the mid-15th century to modern times aims to highlight the geopolitical weight of this region and the importance of transport in economic development and power shifting. Then the historical background of the establishment of the BEAC from the dissolution of the Soviet will be briefly summarized and how the EU developed its Trans-European transport network policy will be mentioned, aiming at providing enough background information for this study.

### 3.4 Limitations and Validity

This study is limited to investigating the EU's participation in Norwegian transport sector and cross-border projects that Northern Norway involved. Other cooperation and coordination with other Barents states is not covered in this study, and thus it does not cover the whole contribution of the EU in the Barents Region. This study contributes to understanding how the EU exert its influence in the European Arctic through the cooperation with Norway in the transport sector and trying to portray the EU's role in Norwegian transport construction. Therefore, it does not capture the whole EU's role in the Barents Region, as this study would not cover the cooperation between the EU and other Barents states or Arctic actors.

The cooperation in the Barents region has been considered successful so far. However, the Covid-19 pandemic brings unpredictable impacts on current Cross Border Cooperation projects. Due to the virus, lots of projects have been put on hold. The

current Norwegian Chair seeks to follow up recommendations from the draft Joint Barents Transport Plan (JBTP) for 2020-2021. In the Barents Working Groups Annual Report, it clearly notes that due to the pandemic, a large event on aviation had to be cancelled and all the remaining events and meetings for 2021 will be held on digital platforms (Annual Report BEATA, 2020). With the ongoing pandemic, Norway and Finland closed borders, which in turn resulted in issues for Swedish Transport Administration. Sweden pointed out that the closed border to Finland and Norway has been a big blow to the free movement between the Nordic countries and almost led to almost a complete halt for border crossing activity. Sea transports were affected, flight had diminished as in most other countries, road traffic volumes were down (BEATA Webinar Sweden Report, 2020). Most of the companies claimed effects due to less customers. It is also a proof of the importance of better transport. There is no available materials to examine to which degree it hinders the cooperation and collaboration across borders, thus the impacts of Covid-19 will not be examined in this study.

#### 4. Historical backgrounds of Barents cooperation and European transport

The Barents Euro-Arctic Region (BEAR) was established in 1993 and comprises the northernmost parts of four nations, partly within and partly outside the EU (Elenius et al., 2015, p18).

The contacts and trade across this region can be traced as early as 13 century. Not until The Second World War and the Cold War were social interaction, cultural change and trade ceased between Russia and Nordic countries, as the world was divided into two confronting political, military and ideological camps, with heavy military presence in this region. Despite Cold War tension, there were also signs of increased international cooperation in the Arctic. Notably, the Law of the Sea was established in the 1970s, a development that led to increased cooperation between Norway and USSR with regards to fish stocks and the delimitation in the Barents Sea (Hønneland & Rowe 2010). The end of the Cold War and the dissolution of the Soviet Union made contacts along the former East-West borderline possible. The end of the Cold War meant new opportunities for transnational cooperation and integration. Firstly, it made the enlargement of the EU possible, which promoted European economic and political integration, and weakened national identity in favour of new kinds of supra-national and transregional identities. Secondly, the dissolution of the Soviet Union led to greater Nordic co-operation with the former Soviet republics and the European part of the Russian Federation (Elenius, 2015, p. 418). However, the end of the Cold War did not change Northern Norway's geopolitical important position, as it remains important in both national and NATO strategic and military planning. One of Europe's most successful post-Cold war creations, the Barents Euro-Arctic Council (BEAC) was founded on a Norwegian initiative in 1993, which has counted the European Commission as a full member from the start (BEAC official website). The following characteristics makes the Barents region an highly interesting and relevant to this study: Long historical roots of cooperation while also can be seen as relatively recently established, huge economic potential with rich natural resources and at the same time rather fragile and unique environment, as well as not homogenetic members and politically and economically complex, but less complex compared to the other regional bodies in the Arctic.

This Chapter mainly gives the historical backgrounds of the Barents transport cooperation and the EU's trans-European transport network to facilitate the understanding of the background of this research.

#### 4.1 The elements of the Barents cooperation

In this section, the historical background of the establishment of the Barents Euro-Arctic Council (BEAC), its structure, members, as well as weaknesses and strengths in the economic development perspectives. The Barents Euro-Arctic Council was founded on a Norwegian initiative (the Kirkenes Declaration) in 1993 at the Conference of Foreign Ministers of Cooperation in the Barents Euro-Arctic Region. Denmark, Finland, Iceland, Sweden, Norway, Russia and the European Commission are its members. Its focus area is the Northernmost segment of Scandinavia. The BEAC has had a two layered organizational structure. The formal organization of the Barents Region is based on the intergovernmental BEAC and the interregional Barents Regional Council (BRC). The BEAC holds meetings at Foreign Ministers' level in the chairmanship country which rotates every second year between Norway, Finland, Russia and Sweden. In the BRC, representatives of the provincial authorities and of the indigenous peoples (the Sami, the Nenets and the Vepsian peoples) meet to discuss cross-border issues including the use of project planning, aiming at supporting and promoting cooperation and development in the Barents Region (Barents Euro-Arctic Region 2010). The BEAC was strengthened in 2008 by the establishment of a dedicated **secretariat** in Kirkenes. Though, it is still relatively small with very limited financial means and much depends on the energy and priorities of the Chairmanship (Barents Euro-Arctic cooperation official website).

The members of the BEAC are not homogeneous in nature or interests. This leads to both the weaknesses and strengths of the BEAC in supporting and promoting cooperation in the Barents Region. On one hand, the diversity brought all the members together, as unstable and economically weak while still a great military power posed a threat to its neighboring countries, the Nordic countries. Concerning social-economic stability, the BEAC was established in 1993. Diverse members hold the management of a given physical space through the BEAC and BRC, which ensured the stability of this region. On the other hand, different security issues and bilateral disputes caused by the diversity among members led to a rather 'weak' nature of the BEAC. Secondly, although the regional governance of the BRC appears to be 'more public', the lack of a large secretariat with minimal budgets makes it soft, low political regional bodies. Balies and Ólafsson identify the regional body like the BEAC cannot form a defence union due to their different strategic stance and political culture and a rather weak governance structure. And thus, it is often categorized as a 'softer' regional governance (Balies and Ólafsson 2017, 43).

However, the BEAC had successfully managed to ensure political long-term stability and reduce the tension between the border of Russia and NATO members after the Cold War. And nowadays, there are 16 working groups serving the Councils, responsible for different fields in the Barents region. The main field of activities includes local economic development, including the fostering of trade and investments; transport, visa matters and cooperative border management; energy cooperation; environment protection and climate policy; health issues, support for indigenous peoples; democratic development,

culture, education and science; and cooperation in civil emergency management (The Barents Cooperation 2021).

In Chapter 4, after presenting the main elements of the Barents cooperation, one of its main fields, transport construction in the Barents cooperation will be presented in the next section.

## 4.2 Geopolitical importance of this region and transport in this region

The Barents Region was defined in 1993. Historically, this region is considered highly important in geopolitics. In this section, combining the theories of transport in Geopolitics, the importance of transport in this region will be presented from old times to modern times, aiming at providing a historical background of the role of transport in this region and in the world stage. Also, it will identify a few important hubs and transport routes that play a significant role in regional and international context.

First of all, the geopolitical importance of this region will be presented. During the period from the mid-fifteenth to the beginning of the nineteenth centuries, as Elenius et al. point out, on one hand, the expansion of powers in this area with undefined state boundaries led to confrontations. On the other hand, the possibility of controlling the trade between Europe and Russia also led to conflicts (Elenius et al., 2015, p. 86). At this time, the local merchants had established trading centers at geographically strategic places in this region (Ibid, 2015, p. 85). Although these trading centres were of a rural kind, due to the large and sparsely populated nature of this region, the opening of the seaway from central Europe to the north was highly important. As a result, the struggle between Sweden, Denmark-Norway and Russia for power over the area intensified and these territorial conflicts were not resolved until the end of the sixteenth and the beginning of the seventeenth centuries (Ibid 2015, 144-145).

During the Second World War, the resources, such as Swedish iron ore, Finnish nickel mines and the long Norwegian coastline were of strategic importance. The rich resources and geopolitical importance of this region influenced the strategic position of Scandinavia (Ibid, 304). Hence, during the wartime, the nature resources and the strategic location makes this region strategically important in the Geopolitics, which also fits in the theories of geopolitics that were summarized in Chapter 2. In history, the Iron Ore Line, connecting Northern Norway and Northern Sweden, has strategic importance during the war, as Narvik has been connected with the Swedish iron ore field. Nazi Germany was dependent on Swedish iron ore supplies. Hence, there were several attempts to blow up the rail bridge and the docks in the port of Narvik, aiming to stop Germany's supply of iron ore (Berlina et al. 2015, 8). The mining industry is heavily dependent on transport. Thus, Narvik, as a transport hub with an advantageous geographical position connecting the natural resources, is a good example here to illustrate the importance of transport in Geopolitics theory. Additionally, strengthening the east-west communications and improving the transport infrastructure is crucial to cross-border regional development. Also, the route from northern seas to Murmuansk and Arkhangelsk played an important role in transporting supplies from the Allied forces of the Soviet Union when Germany attacked the Soviet Union (Elenius et al.2015, 304).



Given the history and diversity in this region, old stereotypes tend to describe the Barents Euro-Arctic Region as where 'East meets West' or 'Communism meets Democracy' (Elenius, 2015, p. 19). At the beginning of the twentieth century, the governments in Norway, Russia and Finland paid more attention to the area along the Arctic Ocean as well as to the Arctic area due to economic, geopolitical and military considerations (Ibid, 236). After the war period, modernisation of transport infrastructure was equally important for the northern areas. In northern Norway, the sea had traditionally provided the main means of connection with the rest of the country. After the Second World War, major transportation routes in Norway were transferred from the sea to the land through building of roads and bridges, and establishing ferry services, for better national and interregional interaction (Elenius, 2015, p 346). Similar development also occurred in Sweden and Finland, further transforming the economic and social landscapes in the Nordic countries. During the mid-1950s to the turn of the 1970s, large national infrastructure projects as a result of industrialisation and modernisation led the northern areas integrated into each nation. Additionally, the needs of breaking down the national and regional border among the Nordic countries was a response to the economic and political integration in Central Europe (Ibid, 365). Nowadays, the oil and gas resources, hard minerals and hydrocarbons are driving the development of both road, railways and maritime transport.

This section points out the geopolitical importance of transport in this region by providing some historical background of the development of transport. In the next section, the transport cooperation after the establishment of the Barents Euro-Arctic Council will be presented.

#### 4.3 Transport cooperation in the Barents Region

In the Barents region, the cross-border transportation planning inevitably has more barriers to consider, compared to the EU's territory. Besides the different administrative and judicial frameworks, the vulnerable climate and environmental conditions also added more difficulties in cross-border transportation. Thus, considering potential negative environmental impacts, sustainability is one of the main concerns in the transport planning process, as protecting the vulnerable environment and mitigating climate change also are the main objectives of Barents states (JBTP 2013; JBTP 2019).

Regional transport infrastructure and the importance of improving infrastructure are mentioned in the Kirkenes declaration. In order to expand cross-border cooperation in the Barents region, the Ministers of transport of Finland, Norway, Russia and Sweden established the Barents Euro-Arctic transport zone (BEATA) cooperation forum in May 1998. They identified that the transport network in the Barents region should become denser and provide a sufficient number of effective transport corridors to increase the competitiveness of trade and industry, as well as to ensure the attractiveness of the Barents region for living and business activities (JBTP 2013, 8). The New Kirkenes Declaration adopted in 2013 further emphasizes the need for improving transport networks in the Barents Region, in particular the future development of transport connecting east and west Europe (JBTP 2013, 17). In this section, first of all, the advantage of the Barents Region in developing economically will be presented. Then, the need of improving transport infrastructure in order to realise sustainability and accessibility and tackle the demographic issues will be discussed. Last but not least, the

current transport cooperation and challenges in improving transport infrastructure are identified.

The Barents Region has its own advantage and potential to realise sustainable development. First of all, this region is Europe's richest area concerning natural resources. Accordingly, the industrial structure of the Barents Region is dominated by petroleum and petroleum related industries, mining, metal manufacturing, seafood, tourism and forestry (JBTP 2013, 27). The Barents Region has sizable potential for economic development. Those industries call for a better transport connection across borders. Secondly, there are numerous and well-functioned ports in the Barents region. The important ports serve as a transport transit for shipping the production of natural resources directly to its main market, the European Union and support the development of tourism. For instance, the port of Narvik plays a key role for Swedish and Finnish mining.

Not only the rich natural resources, the demographic challenge in the Barents region is also a reason why transport is crucial to regional development. Young and highly-educated people are migrating mostly from peripheral towns to cities in the South. Lack of job opportunities in the Barents Region further worsen this circumstance. (Ministry for foreign affairs of Finland, 12). Interaction between citizens, businesses and other civil society actors in the Barents Region are hampered by inadequate transportation and infrastructure systems. (Ministry for foreign affairs of Finland, 16), thus this region needs to develop advanced transport infrastructure to attract more people to this region in order to tackle a series of demographic problems and promote sustainable development.

The Barents Euro-Arctic Transport Area and the Barents Working Group on Transport and Logistics (BWGTL) are under the aegis of BEAC (JBTP 2013, 17). The Steering Committee for the Barents Euro-Arctic Transport Area (BEATA) co-operation was established and guidelines for its work drawn up at a meeting in Copenhagen in May 1998 between the Ministers for Transport from Finland, Norway, Russia and Sweden and representatives from the European Commission. The main aim is to strengthen cooperation in order to create an efficient transport system in the Barents Region that integrates the different means of transport. The co-operation includes border crossing points, customs co-operation, maintenance and reconstruction as well as new projects to improve the infrastructure. The Steering Committee for BEATA is required to submit a report once a year to the BEAC and to the European Commission. The chairmanship of the Steering Committee rotates between the members on a two-year basis. The Finnish Ministry of Transport and Communication has established a permanent secretariat in Helsinki to assist the Steering Committee. During the Swedish Chairmanship at BEATA in 2017-2019, the Joint Barents Transport Plan Working Group, led by the Swedish Transport Authority, was established in order to update the Joint Barents Transport Plan (JBTP 2019). The updated JBTP was presented in autumn 2019, at the end of the Swedish Chairmanship. The Norwegian Chairmanship of BEATA has presented a proposal for the BEATA Work Programme 2020-2021 with emphasis on ITS and digitalization, Road Corridor development, Sustainability and Traffic Safety in good dialogue with the Northern Dimension Partnership on Transport and Logistics (NDPTL), the Regional Working Group on Transport and Logistics, and other relevant Barents Working Groups, including Tourism (Royal Norwegian Ministry of Transport 2019, 1).

The Joint Barents Transport Plan is a joint approach to look at the future need for transport in the Barents Region and provides a guide for future transport planning in the Barents region on both national and regional level. This transport plan considers environmental impacts and the Barents states also have the ambition to develop an efficient transport system with less emissions. In the Declaration of the Transportation Ministerial Meeting of the Barents Euro-Arctic Council (2019), the instructive role of the Joint Barents Transport Plan is confirmed and the work of BEATA will be based on it in the coming years. JRC Technical Reports identifies the significance of investing in transport infrastructure to boost socio-economic development in the European Arctic as well. It states that the main sources of income in the European Arctic are large-scale resource-production industries for the international market, such as mineral extraction, extraction of oil and gas resources. Transportation infrastructure is expected to play an important role in future economic development in this region (Teräs et al. 2018). Numerous multilateral projects and quite a substantial amount of bilateral cooperation in the transport sector have taken place in the Barents Region. Some raw materials and manufactured products are traded between the Barents parts of the four countries. Norway's cities/hubs play an important role in transit flows. North Norway has a large production of industrial minerals and pre-requisites for the mining of zinc, nickel, lead, copper, gold and iron. In Kirkenes, Finnmark and Mo i Rana, Nordland, iron ore is extracted from large deposits. The production of minerals is mainly shipped directly from the ports or by a combination of trucks/ships. The port of Narvik will play a key role for Swedish and Finnish mining. (JBTP, 27).

Kaj Zimmwebauer (2013) points out that in order to improve regional consciousness and create a regional identity, more genuinely multilateral networks and bottom-up initiatives should be increasingly supported and funded. Budgets of the regional government are in deficit. Also, the large investments cannot be afforded by regional governments. Thus, the Barents Working Group on Transport and Logistics (BWGTL) also cooperates with the Northern NDPTL. Additionally, The European Regional Development Fund partly financed the numerous projects. While the EU is channeling funds to the region under several of the EU's regional schemes, it has recognized the need to both increase the funding level and make it more coordinated and effective. In return, BEAC provides a platform that the EU could potentially achieve goals that fit a wider regional strategy.

### 4.3 European Transport policy TEN-T

According to the EU official website, through the Trans-European Transport Network policy, the EU aims to build an effective, safe and environmentally friendly EU-wide transport infrastructure network, which creates the conditions for a competitive industry generating growth and jobs. It is also identified that traffic congestion, innovation, passenger rights and funding for infrastructure are best tackled at EU level (European transport policy official website). This section will firstly present the EU Transport Policy in historical perspective to illustrate that development of the European transport policy to a large extent provides experience for the current transport cooperation in the Barents Region. Then, several EU funding programmes and initiatives providing financial support to projects to implement the trans-European transport network (TEN-T) will be presented. Among them, these EU funding programmes relevant to the Barents transport will be mentioned.

TEN-T is one of the important European policies that the European Commission embarked on and has been one of the main objectives of the Treaty of Rome and of the Single European Market. The development of European transport policy could be divided into four phases. The period between 1957 and 1985; the period between 1985 and 1991; the period between 1992 and 2000; and the period since 2001 (Schmidt and Giorgi 2001).

The Treaty of Rome (1957) focused on the economic development of the original signatory state and brought up the idea of establishment of a Single Market to promote this objective. Transport was regarded as one of the necessary conditions for creating a Single Market and achieving 'four freedoms'(free movement of goods, capital, persons and freedom to establish and provide service). The Commission's first attempt in providing an integrated transport network policy was made in its 1973 Communication (CEC 1973, 8-10). To assist this policy, the European Regional Development Fund decided to support transport infrastructure development in lagging regions from 1975 onwards. Despite explicit commitment to remove barriers to increase competition and support the objective of free market, little progress in the European transport policy between 1957 and 1985 has been made. In this stage, member states showed little interest in following up, as the transport policies still remained at the national level. As the opening section of the 2001 White Paper "*European transport policy for 2010: time to decide*" states, "for a long time, the European Community was unable, or unwilling, to implement the common transport policy provided for by the Treaty of Rome." (CEC, 2001). As a result, the difficulties in harmonizing national transport policies of member states and institutional reforms led to a slow and limited progress in European transport integration.

Following a phase of little policy output, in the 80s, the common market and liberalisation became the overarching goal in the EU. The White Paper on the Completion of the Internal Market published in 1985 identified the restrictions on the provision of transport services as a serious barrier to trade. This is regarded as a turning point in the development of the Common Transport Policy. Thus, the vision of the Common Market began to be implemented in transport. Following the initiative, the Commission initiated many directives and regulations to achieve this objective. Among these, CD 440/90 and CR 3820/85 are focusing on development of the Community's railways and harmonisation of social legislation relating to road transport, respectively. Additionally, the Commission also initiated 3 liberalisation packages on air transport in this stage. Especially, with regard to the road sector. The EU began to play a leading role in both theoretical and practical development of the problem of international transport corridors.

From the 90s, the TEN-T programme presented a new vision of equal force to market liberalisation. In this stage, realising an environmentally sustainable transport system has been the least successful. Despite the successful upgrading of technical standards, the contribution of transport to environmental pollution did not decrease as at the same time there has been a significant increase in transport demand and flows as a result of the free movements. The Treaty of Maastricht 1992 not only included the concept of the Trans-European Network, but also reinforced the political, institutional and budgetary foundations for transport policy (CEC, 2001).The Trans-European Networks was included

in the Maastricht Treaty of 1992. Efficiency, safety and environmental protection are emphasised in this stage. In addition, the 1992 White Paper enlarged the set of objectives of the Common Transport Policy: sustainability and social cohesion. The development of TEN-T is intended to eliminate bottlenecks in transport across Europe and serve social and environmental goals and economic development. Thus, policy-making with regard to social cohesion and environmental sustainability has also been on the agenda since 1992, aiming at reducing economic disparities between regions and enhancing liberalism across European territory. In this stage, three principles of the TEN-T are competitiveness and a wider market, lower pricing of transport, as well as less environmental impact of this sector.

To implement TEN-T, concentrating on funding on projects, optimal allocation of resources, and consistent implementation of works and cooperation between member states. In this stage, the map of European territory has been changed dramatically. TEN-T has responded quickly to those changes. With the collapse of the Soviet Union, serious geographical changes took place in Europe. Consequently, these geographical changes affected the transport sector and the function of transport systems. Accordingly, the second Pan-European transport conference, held in 1994 on the island of Crete, Greece. The third pan-European transport conference was held in June 1997 in Helsinki. There were ten pan-European transport corridors formed during these two conferences and major investments were provided in the following years, which are of interest to the entire European continent, from the point of view of the development of transport infrastructure in Central and Eastern Europe.

The liberal market approach still remains today the core idea of European transport policy. The Euro-Arctic region of the Barents sea (BEAR) is one of the priority areas of the pan-European transport Areas from 1993. A number of areas that affect the European Union countries are recommended to be included in the Trans-European transport network (TEN-T). The need for cooperation on transport issues among Barents states was also raised at the third Pan-European Transport Conference of Helsinki in 1997. And the Barents Region was subsequently introduced into the EU transport co-operation as a Transport Area (Barents cooperation official website).

In September 2001, a new White Paper on transport policy was published, entitled *European Transport Policy for 2010: Time to decide* (EC, 2001), which is more comprehensive. From 2004, with a significant expansion of the EU, the TEN-T has adjusted accordingly. A new comprehensive plan was adopted in 2004 in order to establish a TEN-T by 2020. This new plan not only applies to the territory of the expanded EU, but also covers the candidate countries for EU membership, such as Norway (Baginova et al., n.d.). For instance, in the Luleå - Narvik Corridor, the road E10 is a main cross-border route among Northern Norway and Sweden. The E10 is included in both national road networks and the TEN-T (JBTP, 51).

There are several EU funding programmes and initiatives that make available financial support to projects of implementing the TEN-T, such as Connecting Europe Facility (CEF), European Fund for Strategic Investment (EFSI), Horizon 2020, as well as European Structural and Investment Funds (ESIFs) (TEN-T official website). The CEF provides financial support for strategic investment in transport and Horizon 2020 mainly provides funding for research. The ESIFs include the Cohesion Fund (CF) and the European Regional Development Fund (ERDF), aiming at promoting sustainable development by reducing social disparities in the EU (TEN-T official website).

## 4.5 Summary

The reason for the success of European transport policy can be traced to the consensus among the member states, a rather coherent transport policy conducted by the EU level, and quick adjustment with the enlargement of the EU. In this section, by presenting the historical background of the development of the European Transport Policy and its main goals, it is clear that participation in the transport cooperation is crucial for the EU to enhance its liberalism and the Single Market ideas. Baginova et al. recognize that extending the Trans-European networks beyond the EU borders to the Eastern direction is one of the priorities of the EU's transport policy. To achieve this objective, the EU had been actively cooperating with other countries and investing in transport corridors (Baginova, n.d.). Additionally, investing in the transport construction in the Barents Region is also in line with the EU's interests and gives the EU and its member states a potential opportunity to access Arctic resources, and Arctic maritime transport in the future. Furthermore, the objective of development of an economically friendly transport system is an important task for the EU.

Nowadays, Barents Region also makes the same conclusion on the importance of consensus, cooperation, and coordination among the Barents states and between different levels to develop the transport sector. Four Barents states, Norway, Sweden, Finland and Russia, have jointly prepared the Joint Barents Transport Plan. The Barents Euro-Arctic Pan-European Transport Area (BEATA) safeguards transport cooperation in the Barents region and between the Barents states. Liana Giorgi and Michael Schmidt point out that a framework of multi-level governance and the coordination between different levels are necessary to realise sustainable mobility. Additionally, the Commission has sought to take up this co-coordinating role via the financing of research and the diffusion of best-practice experience to relevant actors. It has also been keen to build alliances with local and regional actors, also partly in order to undermine the dominance of national governments in transport policy agenda-setting (Giorgi and Schmidt 2001, 7).

## 5. EU's participation in the transport construction in the Barents

In Chapter 5, first of all, the current difficulties in accessing financing to develop transport in the BEAR will be presented. Instead, the varied EU financing programmes plays an important role in this field. After introducing EU financing programmes, the challenges of accessing EU financing will be mentioned as well. In the second section of this Chapter, the reasons that Norway can equally access the EU financing programmes as the member state and the EU invests in transport construction in Northern Norway will be analyzed by combining the theories of transport in Geopolitics and sustainable development and the theory of national reputation.

### 5.1 Financing

AD Hoc Group is set up by the BEAC in order to conduct extensive study on the financing of Barents Cooperation, including assess the financial needs, existing financial sources and financing gaps and to explore the possibility of establishing a new financial

mechanism in the Barents Region (Ministry for Foreign Affairs of Finland, 8). According to the AD Hoc Expert Group, the regional governments' budgets are in deficit and it is difficult to afford large investments. In addition, the European Investment Bank identified that there is a huge financial gap between what needs financing and what is actually being financed (Ibid, 45). Another challenge in BEAC financing is identified as the lack of financing mechanism, and thus it relies on the national and EU programmes.

According to the BEAC official website, various financial mechanisms are available to support multilateral project cooperation in the Barents region. The most important funding sources are the national and regional budgets of the Barents countries, various EU Programmes and the Nordic Council of Ministers. In addition to this, international Financial Institutions offer financing for investment projects in the region (Barents Cooperation official website).

### 5.1.1 EU Financing in the Barents cooperation

There are many different sources of international funding, such as international capital markets and loans, grants and guarantees from international institutions and the EU. The cooperation projects of the Barents Working Groups have been financed either from national financing sources or from the Nordic or EU Programmes. The EU institutions have been initiating and funding many different research projects and investigations related to the Arctic affairs, such as Horizon 2020, INTERREG projects, the Connecting Europe Facility (CEF), and Cross Border Cooperation (CBC) projects etc. Among the EU funding programmes in transport infrastructure, there are several main available funding sources for Barents Cooperation Projects focusing on building effective, climate-proof and sustainable transport. They are Northern Dimension Partnership on Transport and Logistics (NDPTL), EU's ENI CBC Programmes in particular the Kolarctic CBC Programme, the Interreg Baltic Sea Region Programme, and European Investment Bank (EIB).

The BEAC also closely cooperates with other regional bodies, for instance the Northern Dimension. The Northern Dimension Partnership on Transport and Logistics (NDPTL) also aims to improve the major transport connections in the ND region, accelerate the implementation of transport and logistics infrastructure projects and contribute to the removal of non-infrastructure-related bottlenecks. The NDPTL Support Fund was established in 2012. And the NDPTL has established support funds to pool contributions from donors, who in this context are the EU, Finland, Norway and Germany for project financing (Ibid). Norway also participates in the NDPTL. (JBTP 2013, 18)

The ERDF aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. The ERDF focuses its investments on several key priority areas, for instance, innovation and research, the digital agenda, support for small and medium-size enterprises (SMEs) and the low-carbon economy. In the transport sector, these multilateral projects include, but are not limited to Baltic Bird and bothnian green Logistic Corridor (JBTP, pp. 17-20).

The EIB is active in all EU Member States and outside of the EU in countries eligible for EIB financing under the EU's External Lending Mandate. Regarding grant size and co-financing rate, EIB finances up to 50% of project investment costs.

The Interreg programmes are under the European territorial Cooperation (ETC) is a bottom-up approach, aiming at reducing the importance of national borders and promoting European integration through joint policy making between regional governments. Fitjar, Leknes and Thygesen confirm the Interreg programme can affect subsequent policy making in the field of regional development policy in Norwegian county councils. The EU provides regions with a fresh source of funding outside national budgets, making regional governments less dependent on the national government to pursue new policy agendas and realise policy entrepreneurship (Fitjar et al., 2013, pp. 381-388). *The Development of Logistics in The North Calotte Region* was under Interreg IVA North project, aiming at improving conditions for transportation by developing concrete infrastructural and logistical solutions for east-west transport. The Ofoton Line connecting Sweden and Narvik, Norway is one of the focuses in this project (Berlina et al. 2015, p 30).

Multilateral cooperation has to a large extent taken place through EU programmes such as the Northern Periphery Programme, the Baltic Sea Programme and the Kolarctic ENPI (JBTP, 17). For Barents regions, the most common financing sources were the Kolarctic, the Karelia and the Interreg EU Programmes and Northern Dimension Partnerships (Ibid, 44). Among them, the most important source for project financing has been the Kolarctic Cross-Border Cooperation Programme (Ibid, 5).

Although the EU programmes are perceived as an important source of financing, the level of competition among applicants is high and the application procedure is considered complex (Ibid, 6). And the Working Groups expressed their wishes of more flexible financing instruments and less bureaucratic application processes (Ibid, 44). There is a strong need for facilitating more efficient use of programme funding.

### 5.1.2 Norway's reputation and investment

The reputation theory could help us facilitate the understanding of why Norway is an important strategic partner of the EU in the Arctic and illustrate the reasons why Norway attracts EU investments. In this section, by applying the reputation theory, how Norway established itself as a polar nation and as a leading power of maritime nations will be presented. And thus, this can be regarded as one of the reasons why the EU invests in the construction of ports in Northern Norway as well as prioritizing the transport infrastructure that connects those prioritized ports.

Norwegian legitimacy in the Arctic is partly due to exploration and resource exploitation. Firstly, there are many famous explorers, for instance Fridtjof Nansen who was the first person to cross Greenland on skii, Roald Amundsen who explored the Northwest Passage and Antarctica. Their successful experiences of exploration give Norwegian a general perception in history that Norwegians are better in handling polar climate than others. Roald Amundsen and Fridtjord Nansen are portrayed as 'national heroes'(Store Norske Leksikon, n.d). Nansen was not only an explorer, but also one of the most famous Norwegian diplomats and scientists. Also, Norwegian scientists, such as geologist Adolf Hoel, also played an important part in this. Hoel had participated in the expedition to Svalbard in 1909 and 1910. And during this period, he also participated in surveying the soil for coal deposits, on behalf of *Det norske Kullkompagni Ltd* (the Norwegian Coal Company) (Drivenes and Jølle 2004, 183-184). Hoel also emphasised the political aspect



of Norwegian scientific activity in the Arctic. And it was through the organization *Norges Svalbard- og Ishavsundersøkelser*, (NSIU) that he presented a project combining politics and science. With increased Norwegian activity in the fields of geology and oceanology, Hoel hoped for a political mobilisation that would establish Norway as a polar nation (Ibid, 206). Thus, Norway, a rather small and weak country compared to the Great Powers, easily established itself as a leading polar nation long ago. Norway's history of successful Polar exploration has contributed to formulation of nationhood and sense of pride. Additionally, these things were largely done in the name of science, especially Nansen's oceanological research, which to some extent, strengthened Norway as a polar and maritime nation.

Secondly, it seems that Norway faced less trouble operating in the Arctic, compared to other countries. With the introduction of steam engines in fishing ships, Norwegian ships could easily keep hunting and fishing in the Arctic. While other countries, like Denmark, faced a lot more trouble, with lots of expeditions failing miserably, even resulting in the death of several fishermen and hunters. Also, British also failed in the competition with Norwegian explorers. As the *Norsk Polarhistorie I* states, "The British expeditions vanished in the North-West Passage, and it was later revealed through interviews with the local Inuit population that the Expedition members had all lost their lives, due to hypothermia and hunger" (Ibid, 28-29).

Norway came on to the Polar research stage later than the Great Powers. But through the successful expeditions mentioned above, Norway established itself as a responsible and experienced polar nation, and Norwegian Polar scientists became leading in this field as well (Drivenes and Jølle, 2004, p.164). Given the historical reputation in exploring the Arctic, Norway appears to have the most credibility in the Arctic. Those could be considered as the cultural appeal of the Norwegian reputation. From the legitimacy perspective, Norway is not only a member of the AC, but also as one of the five Arctic Ocean coastal states signatories to the Ilulissat Declaration, in which, the coastal states claimed sovereignty, sovereign rights and jurisdiction over large parts of the Arctic Ocean and they were in a unique position to address possibilities and challenges in the Arctic (The Ilulissat Declaration, 2008). In modern society, Norway insists on exploring the Arctic and ocean on the basis of research, science and knowledge. As an ocean nation, Norway is the leading power in maritime research and technology. In addition, Norway holds a maritime area six times the size of Norway's land mass (Rottem 2013, 244). With sovereignty over the Arctic archipelago Svalbard, and ocean zones extending into the Arctic Ocean, Norway's statehood as an Arctic nation is undisputed. Due to developments in the Law of the Sea, Norway is a significant maritime state with jurisdiction over large maritime areas and Norway has significant economic interests in these maritime areas. Thus, claiming status as an 'Arctic state' may not be controversial based on formal geographical and legal definitions. With a clear vision of developing Northern Norway and exploring the Arctic, Norway leadership and cultural dimensions to establish itself as a polar state.

Rich in energy resources, oil and natural gas, Norway is Western Europe's largest oil producer and exporter. Raw materials extraction and refinement are closely linked to the development of transportation. Those points are also in line with the EU's interests in the perspectives of safeguarding the EU's energy security and engaging in the Arctic Sea transport potential. In sum, the Arctic is both Norway's 'source of future wealth' and its 'claim to historical greatness' (Emmerson, 2010, p 7). With the rich resources and

advanced technology and good relationship with the EU, Norway is a favourable environment for investment from the EU, which could be regarded as the financial appeal and physical appeal of national reputation.

Regarding the Arctic affairs, even though there are some disputes between Norway and the EU, in general, two actors are rather "like-minded". *The Norwegian Government's High North Strategy* was issued in 2007 by the Norwegian Ministry of Foreign Affairs, listing five main objectives. Among them, continuing building good relations with Russia and benefiting from the Barents Sea energy resources in a sustainable manner are in line with the EU objectives. And providing a suitable framework for further development of petroleum activities in the Barents Sea, seeking to boost and foster local and regional business development and further developing people-to-people cooperation also are Norway's main political priority areas among its seven main political areas that are like-minded with the EU. The likeability could be regarded as an emotional appeal of Norway's reputation.

In sum, given the history of Norway as a polar and maritime nation. Nowadays Norway's goals are focusing more on regional cooperation, which is in line with the EU's goal in the Barents Region. According to the reputation theory, Norway has a good reputation to attract EU funding. Meanwhile, Norway's funding for the BEAC is also significant. Norway is not part of the EU and thus is not included in the EU transportation planning. While member states can receive funding from the programme Connecting Europe Facility (CEF), Norway has to largely rely on national funding to develop its transportation (JBTP 2013). According to Paavo Lipponen, Norway is maintaining a huge, both on- and off-shore, investment activity in its Arctic region. Norway is investing 56 million euro in infrastructure projects in the North, including roads, railways, ports, airports by 2023 (Paavo Lipponen 2015). To strengthen the transport connection between the EU and Barents States, the Norwegian ports are crucial as transit traffic. In the next section, the importance of Narvik and a few important port cities located in Northern Norway will be discussed.

### 5.1.3 Narvik and other important port cities

Norway is said to hold a strategic position, not only in the sense of military, but also when it comes to transportation and resource logistics. Nowadays, the ports of Norway play a significant role in several corridors in the Barents region. This section firstly introduced several important medium-sized ports in Northern Norway. Then combining with the Joint Barents Transport Plan, the role of the port of Narvik will be emphasised.

For the EU, the Norwegian ports are crucial to transport raw materials produced from not only Norway, but also from North Finland, Sweden and even from Russia. All ports in Norway are owned by the municipality. Those port authorities predict increased traffic in the future and thus plan on expanding the port's infrastructure. Since these ports are owned by the municipality, the local population also gains a significant part of the success: They are free to use it, it provides workplaces, and may even attract more investments in the future, creating a rich local economy. According to the Ministry of Transport and Communication, there is a trend of centralizing the flow of goods in Norway and therefore the Ministry of Transport and Communication identified several important ports. Those ports are prioritized for funding. Bodø, Tromsø, Kirkenes, and

Narvik are important Norwegian ports in the Barents Region Corridors and international Corridors. Bodø is important with respect to domestic container traffic of consumer goods and also is the second most important tourist destination. Tromsø is the largest cruise port in Northern Norway, playing a key role in developing tourism and it is also one of the largest fishing ports in Norway. Bodø and Tromsø are prioritized ports by Norwegian authorities. Kirkenes is not only famous for its strategic location, but also plays an important role in exporting iron ore to the EU (JBTP, pp.62-63). Among them, the port of Narvik is identified as a strategically important node in the EU TEN-T.

In North Sweden the mining industry was the prime motivation behind the railway building, which connected the Gulf of Bothnia with the Atlantic coast in Norway (Elenius, 2015, p.234). Historically, with the development of Kiruna mines in Sweden, the Swedish government decided to transport their huge amount of iron ore through Narvik in the early 1880s. As an ice-free, deep-water harbor all year around and close proximity to the Kiruna mine, Narvik had developed an important maritime transport location. The Swedish mining company that owns and runs the mine is Luossavaara-Kiirunavaara Aktiebolag (LKAB).

Nowadays, Narvik is a bulk port and the main embarkation and disembarkation port for the mining company LKAB. Narvik is by far the largest port in northern Norway and the port has grown enormously in recent years and has significant potential for growth. (Ibid, p.63) Today Narvik already has one of the largest port in Norway as well as access to numerous transportation hubs, such as Evenes Airport, Ofotbanen railway, maritime transport and road transport. The railway and the E10 road connects Kiruna in Sweden with Narvik, while the E6 connects southern and northern Norway and crosses through Narvik. Additionally, the port of Narvik is ice-free and a deep sea port.

The port of Narvik and many other ports in Northern Norway are connected to international transport corridors. Barents Observer reported in 2014 that the ports in Northern Norway have become increasingly competitive with the Russian arctic sea ports. Narvik is also involved in several important Corridors identified by the Regional Working Groups on Transport and Logistics (Barents Observer, 2014). In those Corridors, the port of Narvik and other Norwegian small and medium ports function as important transit traffic, which are crucial for the economy and growth of the Barents Region and connect industrial areas, cities and markets. For instance, Luleå - Narvik Corridor consists of road, rail and port, which connects the Baltic Sea and the Norwegian Sea. Thus, it serves an important function as transit traffic (JBTP 2013, 49-50).

In addition, the port of Narvik, Kirkenes, Tromsø, and Bodø in Northern Norway are connected by the Northern Maritime Corridor. The Northern Maritime Corridor is connected to the Northeast Passage and Northwest Passage in the north (JBTP 2013, 57-58). The Northern Sea Route (NSR) that runs within Russia's exclusive economic zone is a defined route within the Northeast Passage. Accordingly, this route is rather important to the EU in the future maritime transport in the Arctic. Given transportation in the geopolitics theory, the development of the NSR for routine intercontinental transit would signal a dramatic change in the geopolitical environment. The major trading powers of Europe and Asia are actively preparing their strategies and capabilities of the possible opening of the NSR (Blunden, 2012, p. 115), which also signals that they are fully aware of the geopolitical importance and economic interests behind it.

## 5.2 Challenges in improving transport in North Norway and the BEAR

The last section presented several important ports located in Northern Norway, in particular Narvik. After discussing the importance of Norwegian strategic location and its crucial role in connecting the Barents region with the global market, particularly the EU market. In this section, the main challenges of developing cross-border transport in Northern Norway will be summarized.

First of all, the Road E10 as part of the Luleå - Narvik Corridor is in combination with a rather narrow road. And in general, compared to the road in Sweden and Finland, the road in Norway is narrow due to the terrain, which leads to a series of difficulties in cross-border transport. For instance, a narrow road is more dangerous and requires changing lorry across the border. The same with one of the important roads, E8. The road E8 is crucial in developing the fishery and tourism industry. However, the narrow roads, poor horizontal and vertical curvature on certain stretches adds more difficulties to drivers (JBTP 2013, 84).

Secondly, there is a lack of efficient connections to the main port of Northern Norway and there is a need for developing an efficient logistic system in the Barents region. For instance, the rail connecting the port of Narvik, the Ofoten line, although connects the Narvik with Kiruna, Sweden, serves as a east-west connection, runs at a rather low frequency and lacks connections to the Norwegian rail network (Berlina et. al. 2015, 8). And there is no railway network connecting Narvik to the North or South Norway, only the E6 road serves this. The poor development of infrastructure in the Kiruna-Narvik border area was identified as an important barrier for cooperation, affecting economic, social and institutional cooperation.

According to the prediction of Norwegian port authorities, they forecast a huge increase in cargo flows in the Norwegian ports due to the development of mining and seafood industries in the Barents Region. However, the port capacity appears to be insufficient. For instance, Narvik's port capacity is very limited after a new mining company in 2013 exports its products from Narvik (JBTP 2013, 51-52). Thus, there is a need for infrastructure investments on Norwegian ports, such as Narvik, in order to increase the freight volumes.

Moreover, besides the road and railway network, air transport also plays an important role in cross-border cooperation. However, due to low demand for cross-border flights, the air-traffic flow between east and west in the Barents region is rather low. The low density of population led to the low east-west flows. And the low east-west flows in turn resulted in financial and operational challenges for the airline companies to operate the air service (JBTP, 99).

Furthermore, although in the Joint Barents Transport Plan all the Barents states agree on the importance of developing efficient and environmentally friendly cross-border transport to support the economic sustainable development of this region, there is a question on developing infrastructure due to the large expenditures and environmental concerns. Taking the example of Nordlandsbanen, the Nordland Line, is a railway line between Trondheim and Bodø. There had been rather heated debate on expanding the railroad from Bodø to Tromsø. The debate is intense because people in Northern Norway

feel that the county is rich in resources, and thus should have access to a railroad for transportation. Also, for having tourists coming in, developing infrastructure in particular bringing the railway in the north into the national transport system is necessary. While, those people who oppose it tend to be more skeptical, firstly, due to the massive investment required to prolong the railway line. And they hold the opinion that the government should prioritize ferries, roads, and public transportation before this railway, as these transport infrastructure will benefit the people living in the north of Norway more directly. Additionally, whether the railway construction would bring negative impacts on reindeer herders in Nordland is also one of the reasons that the opposition party holds (Bye 2021). Although the example of the Nordland line may be a matter for domestic debate, the similar concerns and debates occur in other cross-border railway projects in the Barents as well. The road-railway project of the so-called "missing link" in the EU's south-North traffic network from Rovaniemi, Finland to Kirkenes, Norway also faces the similar dilemma. This Arctic railway would connect to the Northeast Passage and the Barents region and provide a new corridor. It is a 2-3 billion euro project with significant potential to bring more job opportunities to this region. However, the opposite party concerns this project is too expensive and may affect the traditional lifestyle of Indigenous people. Additionally, the railway transport is less favourable compared to sea transport (House of Lapland, 3), as sea transport is a more cost-effective option.

### 5.3 Possible solutions to support transport development

After the discussion of the challenges identified in Northern Norway in the cross-border context, a few possible solutions for supporting transport development in the BEAR will be summarized. This section will mainly focus on the EU's role in resolving the main challenges and thus pave the way for portraying the EU's role in the Barents cooperation from technological and financial support aspects.

#### 5.3.1 Technological developments

To meet demands of increasing cargo volumes, improved infrastructures and smart logistics solutions are the foremost tasks. This part of the thesis is based on the Barents ITS report (2020) to gain an insight on the current digital transport system, aiming at tackling the challenges mentioned in the last section.

The Joint Barents Transport Plan (JBTP) serves as a framework for cooperation on transport issues in the Barents Region. Its primary focus is the development of an efficient, interconnected transport system, with good external connections to the world markets. Besides the needs of improving infrastructure, digitalisation and connectivity are specially mentioned in the transport plan, as a means of achieving sustainable development goals among the Barents states. Intelligent Transport System (ITS) provides real-time information to transportation system operators and road users. This enables them to make better decisions to avoid the dangerous situation. Besides, ITS can reduce congestion by providing traffic information for the users. And thus, ITS can achieve the goals of smoothing traffic flows and reducing emission. In sum, the ITS is expected to increase safety, achieve green transport and increase logistics capacity (Barents ITS report, 2020).

The narrow road is identified as a main challenge of the Northern Norway transport sector. The narrow road and unfavourable weather conditions increase the difficulties to transport goods. To tackle this issue, a digital system can help heavy traffic on local roads to avoid potentially dangerous situations (Ibid, 10).

Norway has been actively adopting the ITS. According to the Barents ITS report, the road E8 between Finland and Norway currently serves as an open test arena for future transport management (Ibid). In addition, for safe navigation, developing satellite-based infrastructure in the Arctic is crucial, as it could provide better communication. This is particularly important in search and rescue operations and safe navigation (Atle Staalesen 2014)

### 5.3.2 EU financial support

As mentioned in Section 5.2, the air-traffic flow is rather low in the Barents region, in particular the east-west flights. Due to the lack of customers, the airline companies are difficult in operating the air service. Channeling more financial sources is the main task of tackling this challenge. In addition to the governmental subsidies, the aid from the EU is also crucial. According to the JBTP, the European Commission has published a draft of new EU guidelines on state aid to airports and airlines (JBTP 2013, 102-103).

## 6. The importance of developing transport in the Barents region

Chapter 5 answered the first sub- research question of this study, *“Why does the cooperation with Norway matter to the EU?”*, by pointing out Norway’s reputation and the importance of Norwegian ports in the Barents Corridors. Then listing the current challenges in developing the transport sector and possible solutions partly answered the third sub-question, *“What can be considered as effective tools to exert EU’s influence in the Barents Region and even in the Arctic in the process of participation in the transport construction in Northern Norway?”*. Chapter 6 intends to answer the second sub-research question, *“How does the advanced transport system matter to the Barents States and to the EU?”*. The first section of this chapter will focus on the importance of advanced transport to the main object of this study, Norway. And the second section will focus on the EU’s gains from investing and participating in transport construction in the Barents region, in order to answer the second sub- research question and present a whole picture of EU’s tools to exert its influence in the Barents region.

### 6.1 The importance of advanced transport to Norway

Transportation offers a better mobility of resources, goods and people (Ivanova 2003). Cross-border transport stimulates trading activity and the cheaper sea transport would reduce transport costs, thus attracting more investment (Fujimura 2004, 3). In the Barents region, the significant resources and creating job opportunities could be considered the main motivations for states to plan transport systems together (JBTP, 2013). For Norway, the establishment of an even more efficient transport system is crucial for securing the exporting of natural resources. In this section, the empirical

evidence with regard to the importance of transport is collected from fishery, metal industry, oil and gas industry, as well as torium, respectively.

## Fishery

Fisheries have historically been a dominant industry in Northern Norway. Large quantities of fish and shellfish are produced in the Barents Region, both wild-caught and farmed. The production mainly takes place in Norway. Fish is mainly exported by ship, lorry, and train, depending on the fish species and market. For instance, the export of fresh salmon from Northern Norway to the markets in Europe is by lorry and rail (JBTP 2013, 29-30). The potential for value creation within the marine sector in Norway may reach EUR 73 billion in 2050 (The Report of DKNVS and NTVA; BEATA working group annual report 2020). Exports of fish and seafood made up an important part of the regional commercial trade. Hence, increasing the capacity of cross-border transport and ports' capacity are important to the further development of fisheries. In 2017, Norway brought 50,000 tonnes of salmon to Finland. Also, Norway exported 320,000 tonnes of salmon to the Baltic countries, Poland and Russia, partly through Finland. The amount was even higher before the trade sanctions imposed on Russia (House of Lapland). Norway also exports large quantities of cod to Southern Europe. The reason for this is that cod is an important part of Catholic diet during a certain festival, and with a large catholic population in Spain, France, Italy, and Portugal. Norway opens new markets there.

## Metals industry

The metals industry is one of Norway's largest export industries. Norway produces large amounts of aluminium, iron, steel, magnesium, nickel and zinc. Among those, aluminum makes up the largest part of Norwegian metals industry and exports 80 to 90 percent of its output. The company, Norsk Hydro, is the main producer of aluminium in Norway. Besides, Norway is also one of the world's largest producers of ferrosilicon. (Ministry of Trade, Industry and Fisheries, 2001). Transport is not merely important for the developing metals industry of Norway, but also for other Barents states. The port of Narvik has traditionally been an industrial town with railway connections to Swedish iron ore. LKAB as a mining company is a good example of regional cooperation between Sweden and Norway. And it is also a good example to illustrate how transport construction affects the mining industry in the Barents region. In addition, governmental and regional bodies are not the only stakeholders in developing transport actors, but also the local companies. LKAB's ore is transported by train along the Ore Railway and the Ofoten Rail, to the shipping ports in Luleå and Narvik. According to the statistics given by LKAB, two-thirds of the seaborne transport is shipped out from Narvik while one-third is shipped out from the port of Luleå to the customers. LKAB is one of the largest freight carriers in Sweden. The port construction is crucial for LKAB's competitiveness on the global market. To secure its transport, LKAB has invested in storage capacity in the port of Narvik (LKAB, 2017).

## Oil and gas industry

The Norwegian Sea, the Barents Sea, the Kara Sea and the Timan-Pechora province in Nenets and Komi are areas of rich oil and gas resources. Russia and Norway are both major exporters of oil and gas and are planning for an increase in the petroleum industry in the Barents Region (JBTP, p.8). After Norway and Russia concluded 40 years of negotiations on the dividing line in the Barents Sea in 2010, the Norwegian continental shelf was increased significantly. And since the spring of 2011, the southeast Barents Sea has been opened for petroleum activities. The Norwegian Petroleum Directorate has mapped the potential for oil and gas in this area. More than 300 million standard cubic meters of oil equivalents are expected. According to the Minister of Petroleum and Energy, Ola Borten Moe, an opening of the Barents Sea provides further opportunities for Northern Norway, especially for Finnmark, as the company attracts more jobs for this region (Olje- og energidepartementet 2013).

## Tourism

Tourism in the Barents region is mainly nature-based. Protecting the unique and fragile environment in the Barents Region is the basis of sustainable development of the tourism industry. Also, an effective transport system and improved infrastructure provide better accessibility for tourists. Improved accessibility and efficient transportation infrastructure are two key preconditions for the development of tourism in the Barents Region (JBTP 2013, 35-36). In order to meet the needs of reserving the natural resources and improving accessibility from Europe or Asia to this region, green transport is the best solution. In addition, the adoption of digital technology, ITS system, also provides green, safer, and more punctual transport service for tourists. An advanced transport system also offers more transport options. The example of Road E8 is a good example here. The Road E8 adopted ITS system as a test arena, which provides the green, safe and smooth traffic. The E8 is important for cargo and private transport in the "The Northern Lights Route". This is one of the Corridors in the Barents region identified by the JBTP. This corridor is important in tourism, as it connects Haparanda and Tromsø where the tourists can visit Norwegian tourist attractions. Due to the lack of railway, the road is given an added importance in developing tourism (JBTP 2013, 84).

The economy of the Barents region is mainly based on the resources extraction industry and lack of diversity. Developing a tourism industry is a means of attracting more investment and business to this region, which would benefit the development of the infrastructure in this area and bring more benefits to the local people, namely the public goods mentioned in the theoretical framework. Tourism can create more job opportunities and promote people-to-people connection.

### 6.2 The importance of a better transport connection in the Barents region to the EU

In section 6.2.1, combining the theories of transport in geopolitics, the interests of the EU will be analyzed from the perspective of peacekeeping, increasing competitiveness, economic development, as well as securing energy and resources. In section 6.2.2, the theory of reputation in international politics and cooperation will be used to analyze how



the EU may exert its influence in the Barents region through the cross-border transport cooperation.

### 6.2.1 EU's objectives and interests

The ultimate objective of TEN-T is to close gaps, remove bottlenecks and eliminate technical barriers that exist between the transport networks of EU Member States, strengthening the social, economic and territorial cohesion of the Union and contributing to the creation of a single European transport area (TEN-T official website). Although Norway is a member of the Schengen Area and has a long tradition of Nordic cooperation, Northern Norway still represents an external border of the European Union.

Many EU member states outside the Arctic region have an active Arctic policy. Southern European member states have northworthy energy, marine technology and fishing interests in the North (Paavo 2015). Europe consumes 20% of the world's ore and minerals, but produces only 3-4%. Paavo states that by investing in Northern mining and logistics the EU could largely eliminate this gap (Paavo 2015). In 2011 the European Commission followed up with a strategy to deal with the lack of stability in the markets for raw materials (JBTP, 26). Russia and Norway are major suppliers of energy in the form of gas and oil to the European Union. The Norwegian Sea and the Barents Sea are rich in petroleum resources. The oil and gas exports from the Barents Region are expected to increase in the following years. Thus, developing better transport is a means of safeguarding the member states' energy security. In addition, according to the theories of transport in sustainable development, a better transport connection will attract more investment, promote competitiveness and create innovation. Thus, investing in logistics would benefit the European companies in this region (Barlina et al. 2015, 51).

The EU aims to increase the competitiveness of maritime transport and reduce environmental impact in the near future. The TEN-T aims to facilitate a coherent and efficient transport system in the EU. It is divided into two networks, the Core Network and the Comprehensive network. The Core Network includes the most vital ports for transport within the EU. In Norway, the ports of Oslo and Narvik are the only two ports that are classified as Core network ports (Narvik Havn KF official website). The EU aims to increase the competitiveness of maritime transport and reduce environmental impact in the years to come. The opportunities of participating in future Arctic maritime transport is crucial for the EU and its member states, as the new sea routes may be associated with dramatically power shifting in the sense of geopolitics and influence national wealth. There is a necessity for the EU to secure corridors and supply chains. This is not merely important in the sense of economic growth, but also in the sense of keeping the balancing of powers, which is crucial for the EU to maintain a peaceful external environment.

Investing in transport infrastructure in Northern Norway also can be analyzed from the perspective of gaining more public goods. With regard to neighbouring countries, the EU pursues the objective of achieving community not exclusively through membership to its institutions, but alternatively through shared values, common ideals and common goals

(Scott 2005, 436). The cross-border transport not only brings trade and investment, but also public goods with non-economic grounds. A northern dimension directed towards the Baltic and Barents Sea Regions has been included in one of the European enlargement objectives. According to Günther Verheugen, 'the creation of a "wider" Europe means the creation of a common economic and social space where all countries can potentially have access to the internal market. Additionally, it means opening up and cooperating more intensively in a very broad range of EU internal policies, from transport to the environment, from justice and home affairs to security and defence'(Verheugen 2003).

### 6.2.2 The potential impacts on the EU's reputation in participating the local affairs in the Barents region

In this section, the EU's gains from participation in the regional cooperation in the Transport sector will be analysed on the basis of reputation theory in international politics.

The EU has a history of keeping peace in Western Europe since 1945. And in 2012, the EU was awarded the Nobel Peace Prize as the EU had also strengthened democracy in Southern Europe, the enlargement to central and eastern European countries, as well as contributed to reconciliation in the Balkans (The Nobel Prize website). Also, the EU also achieved remarkable outcomes in democratisation and protecting human rights. Those make the EU a valuable partner for cooperation. However, the credibility in keeping peace as well as democracy and democratisation cannot be transferred to other issues relating to the Barents region. The reputation theory can be applied in both Norway and the EU. In fact, the reputation can be divided into many different categories. The EU has a reputation as a reliable economic actor, while the EU lacks the clear vision and leadership dimension of reputation. The difficulty of influencing the decision-making in the Barents or Arctic affairs mostly resulted from the lack of leadership appeal.

However, the EU had rich experience in promoting cross-border transportation, as the EU has been putting efforts towards an integrated single market within the Union through its cohesion policy. As Dafoe, Renshon and Huth argue, reputation is based on past actions and used to predict future behavior (Dafoe, Renshon and Huth 2014, 372). Although the EU lacks the reputation as an Arctic actor, given the experience and research capabilities in planning common transport policy and integrating external and internal borders, the EU has a great reputation in this field. The successful experience of the EU in trans-European transport network policy brings the EU reputation to engage in cross-border cooperation in the Barents region.

Besides, the financial tools mentioned in Chapter 5 could be an effective tool for the EU to involve in local affairs in the Barents region. The tool of regulation is also a tool of the EU exerting its influence. According to Mitchell (2002, 12-14), rules do not just impart regularity, but also construct 'expert' logics to normalize and legitimize policy action. In the Barents region, as Finland and Sweden are EU member states, and Norway is the EEA member, the power of EU's regulations are significant. Accordingly, the EU easily exerts its influence by playing its 'soft-power' role through its regulatory strength. Moreover, developing green transport is the main objective of both Norway and the EU in cross-border transport. In order to deal with the negative impacts caused by rapid

climate change, the EU has adopted a series of Arctic-related regulations to protect the fragile Arctic environment. Both Norway and the EU aim to develop green transport to reduce greenhouse gas emission from the transport sector. Norway has adopted the targets outlined by the EC regarding sectors outside the emission trading system (ETS)(Green transport in the Barents region 2020, 3).

The value of the BEAC, is that it offers the EU a direct way of involvement into Arctic management. In governance terms, the BEAC and the AC are overlapped in many issues in the European Arctic. Two regional bodies may learn from each other about valuable solutions in building consensus (Balies and Ólafsson 2017). According to Balies and Ólafsson, the BEAC serves as a “practical, low-key and low-risk channel” for the EU to work with other European Arctic actors, and exert the EU’s influence in order to shape the future development of the European Arctic. Additionally, the BEAC is regarded as a ‘weak’ body as it lacks financial instruments and only has a rather small secretariat, in which the EU can exert its influence by using its financial appeal. Given the de-securitized and de-politicized mode of the BEAC (Balies and Ólafsson 2017), the so-called leadership appeal is less important in such a platform.

The BEAC provides a platform to find solutions on the challenges being faced in the Arctic region. The challenges mentioned in Chapter 5 showed the importance of gaining comprehensive knowledge and information in this region. Attending the varied Arctic meetings and actively engaging with Arctic actors and strategic partners are crucial for the EU to become more aware of their concerns and develop the EU’s legitimacy in this region.

Despite the economic gains, the EU also benefits from the Joint research in planning transport, as it will focus not only on geographical and technical issues, but also conduct research in socio-economic and demographic issues, in particular indigenous people’s welfare. European Arctic is the home of the Indigenous people. Exploring the Arctic, to some extent, will bring significant impact on the traditional livelihood of Indigenous people. Thus, planning the transport in the Barents Region needs to consider the indigenous people’s welfare and livelihood. Through the Joint research in planning transport, the EU would gain experience in balancing the needs for exploration and the requirement of conservation.

## 7. Conclusion remarks

In light of the current attention being paid to the High North, and the expected growth in key industries in the Barents Region, the Barents Euro-Arctic Transport Area steering committee took the initiative for a Joint Barents Transport Plan. In this plan, current

barriers and challenges, possible solutions as well as the impacts of developing cross-border transport have been identified in the Barents Region. Investigating how the EU exerts its influence through transport cooperation is the main objective of this study. To narrow down the scope of research, this study only carried out the research in Northern Norway. Investing in the transport infrastructure strengthens the commercial activities between the EU and Northernmost Europe. Financial tools as always can be considered a means of the EU to exert its influence in this context, as the EU is a significant economic power. This is not merely a means of securing the EU's energy and accessing the raw material discovered in the Barents Region, but also could be considered a means of strengthening the ideas of Single market and free movements. As Norway has been adopting a series of EU regulations in the transport sector, the EU is able to use its power of regulation to exert its influence.

The port of Narvik is included in the TEN-T, as the development of those ports is also in line with the EU's interest. This could be considered as an enlargement of the trans-European transport network. Also, those Norwegian ports will play important roles in the Arctic maritime transport in the future. Investing in the Norwegian transport construction is in line with the EU's long-term interests of developing maritime transport in the Arctic. At the same time, the strategic geopolitical position of Norway, its rich energy resources, and the reputation of 'polar nation' make itself an irreplaceable strategic partner of the EU regarding the Barents affairs. The low profile that the EU shows in the BEAC may be a way of establishing an equal and responsible Arctic actor that may be more easily accepted by other Arctic actors. Compared to other local affairs, the EU has rich experience in planning common transport policy, removing bottlenecks and achieving regional integration. Therefore, it is possible for the EU to gain a reputation of having capacity to deal with the Barents affair by sharing knowledge and pooling resources to the transport sector.

In sum, participation in the transport construction in the Barents Region fits EU's ambitions of both the EU Arctic Policy and the trans-European Transport Network policy. Investing and participation in the transport construction under the BEAC is considered less ambitious and low-profile. What the EU is able to gain from it are not merely the energy resources and raw materials discovered in this region, but also the reputation that the EU presses for.

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