CHAPTER 6

Mining in the European Arctic

Kim van Dam, Annette Scheepstra, Johan Gille, Adam Stępień and Timo Koivurova*

Abstract

The European Arctic has been recently experiencing an upsurge in mining activities. This is reflected in an on-going interest from the industry, regulators and the public. However, current and future prospects are highly sensitive to mineral price fluctuations. The EU is a major consumer and importer of Arctic raw materials. As the EU is concerned about the security of supply, it attempts to encourage domestic mineral extraction.

Both Arctic communities and industry call for enhanced information flows, as well as improved and more inclusive decision-making frameworks. The EU should clearly articulate its interests related to mining in the European Arctic. The EU could further enhance its support for the collection and sharing of mining data and knowledge.

The EU regulatory framework could better contribute to harmonising environmental, economic and social assessments, paying special attention to local social issues and indigenous rights. The EU, as a major global actor, can also influence international governance, standard-setting and co-operation to facilitate increased responsibility in mining activities, including through dialogue with mining industry.

1 Introduction

The European Arctic contains vast amounts of mineral resources. Recently, interest in mining activity in the Arctic has been intensifying against the background of fluctuating prices of minerals. Global and international forces largely determine trends in mining development and mining is often significant for national economies. Nevertheless, it is largely in local Arctic communities that the environmental, economic, social and cultural impacts are felt. In these communities, the extractive resource industry may be viewed as an

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opportunity for wealth creation but also as a threat to people's livelihoods, when mining activity interferes with other forms of land use such as reindeer herding.

Extracting minerals in the Arctic appears to be both challenging and expensive due to the extreme polar environment, remoteness and limited availability of (skilled) labour, although there are great differences between Arctic regions. Over the last 6–7 years, high market prices and improved technology had triggered interest and action by mining companies. The European Arctic is considered to be a region with political and economic stability, as well as high quality regulation. This makes the Arctic an attractive place to invest, although this is not without public debate in Arctic and non-Arctic states alike.

This chapter deals with the current increase in mining activity – with a focus on traditional metallic ores and rare earth elements – in the European Arctic, including Greenland and to a lesser extent Northwest Russia. It provides a general overview of mining and its impacts on the environment, economy and society. In addition, the implications for the European Union (EU) are discussed through the identification of EU interests regarding extraction of minerals and by assessing relevant EU policies (see Figure 6.1).

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1 The focus here is mainly on traditional metallic ores (base and precious) and rare earth elements (REEs). Industrial minerals and gemstone mines are generally excluded. The geographical coverage is the broad Arctic area as defined by the Arctic Human Development Report (2004). However, some examples and data from the Barents region are used. Some statistics refer to entire Nordic states.