Kautokeino and Kvalsund Compared: Rejection and Acceptance of Mining in Communities in Northern Norway

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Abstract: This paper analyzes the events and discourses that have led two ostensibly similar northern communities in Norway to come to diverging decisions regarding mining on their territories. Kautokeino and Kvalsund are similar in that they each have Indigenous interests to consider; they have undergone economic hardships that make resource extraction an attractive option for local development; and both have considerations of environmental concerns should mining take place. Despite these similarities, Kautokeino has rejected the mining of gold from their territories, while Kvalsund has approved the mining of copper on theirs. I examine why each community chose different paths to mine and not to mine, within a framework of discourse analysis that foregrounds the companies that have proposed to mine in these regions and their differing relationships to the local communities, Indigenous and non-Indigenous. I argue that the cultivation of good relations with community stakeholders, local, and national governments can lead the way to an acceptance of mining development. The paper is part of a special collection of brief discussion papers presented at the 2014 Walleye Seminar, held in Northern Saskatchewan, which explored consultation and engagement with northern communities and stakeholders in resource development.

Introduction

Though underdeveloped, mining in the Norwegian North has been going on for more than 100 years. This began with coal on Svalbard at the end of the nineteenth century, iron ore in the easternmost part of Finnmark in the early twentieth, and gold and copper followed in the latter half of the twentieth century in the Kvalsund and Kautokeino regions of Finnmark. There are several intertwining reasons for intensified investments in mining
in Norway: the EU’s focus on sourcing its minerals in its neighbourhood (COM 2008); the strong, yet erroneous, assumption of “peak oil” production; and the previous and current Norwegian governments’ High North policies and focus on economic development in the North. Concomitantly, climate change, a need to diversify resource extraction, and the high global prices for gold and copper (and, until recently, iron ore) have prompted the Norwegian state to map its minerals and metals riches in the High North, subsequently granting licences for exploration and extraction. In 2011, the Norwegian government granted NOK 100 million Norwegian crowns (CAD $16 million) to map the minerals and metals in Northern Norway. Norway’s neighbours, Russia, Sweden, and Finland, have much more of a knowledge base about where their mineral resources are and have developed, or are poised to develop them accordingly (“Jakten,” 2011; “Mineralkartlegging,” 2014). This is the background for mining companies to now seek licences to explore and extract minerals in Northern Norway.

This paper describes and analyzes two mining companies and their attempts to gain social licences to re-open and operate mines in two districts in Finnmark, Norway: Arctic Gold AB in Kautokeino and Nussir ASA’s copper in Kvalsund. Though ostensibly similar cases, the local Kautokeino Kommune (Municipality) rejected Arctic Gold’s proposal to conduct an environmental assessment to mine gold in the municipality in December 2013, while Nussir was given approval—to both the Kvalsund Kommune and the Ministry of Local Government and Modernization in March 2014—to begin mining so long as they meet the environmental demands for dumping tailings in the fjord. Using local and national government documents, media news reports, and the companies’ published information, I interrogate the framework and tenets of a social licence to operate, and I explore what may have accounted for the difference in these two cases.

Where: Kvalsund and Kautokeino

Kvalsund and Kautokeino are both situated in Finnmark, the “have-not” province of Norway. Northern, small, remote, economically struggling, environmentally sensitive, and significant Indigenous reindeer herding communities, characterize the similarities between the municipalities where Arctic Gold and Nussir have sought to operate. Also situated in these respective municipalities are mines that were once active in the 1970s, and into the 1980s and 1990s. The mining of copper was short-lived in Kvalsund with the mine operating from 1972–78. Gold mining in Kautokeino lasted until 1993 before the mines were closed. Thus, both municipalities have had histories of mining in their regions.
Situated on the northern coast of West Finnmark, Kvalsund Kommune currently has a population of just over 1,000 people. By road, it is only 33 km from Finnmark’s wealthiest municipality, Hammerfest, the centre of oil and gas production in Northern Norway. At present, Kvalsund’s economy rests mostly on the provision of government services, kindergartens, and schools, and is supplemented by aquaculture, small businesses, and a fledgling tourism industry (kvalsund.kommune.no, 2014). Kvalsund’s proximity to Hammerfest allows 30% or so of its residents to commute to work in the oil and gas industry there (Angell et al., 2012) and, therefore, only 2.5% of its residents are unemployed (Norwegian Bureau of Statistics, 2014).

Kautokeino is situated inland in Inner Finnmark, 130 km south of Alta, with a population of 2,923 (2013 statistics) for the entire Kommune, and has the largest concentration of reindeer herders in Norway (Turi and Keskitalo, 2014). The Kommune also has one of the highest unemployment rates in Norway ranging between 6% and 10% over the last few years, and currently at 6.4% unemployed (Norwegian Bureau of Statistics, 2014). The average unemployment rate for the country is 3.3% (Eurostat, 2014). Reindeer herding is the largest occupation in Kautokeino Kommune.

Nussir and Arctic Gold

Established in 2005, Nussir ASA is a Norwegian company and has been notably personified by its Chief Executive Officer (CEO), Øystein Rushfeldt. He, more than any other person in the company, has been Nussir’s strongest champion and person on the ground, liaising with the Sami Parliament, Kvalsund Kommune, environmentalists, researchers, and, not least, the local community. Using the foundation and location of the old copper mine in Repparfjord, Nussir claims that they are sitting on one of the largest copper ores in the world. Nussir ASA is clearly speculating on the high price for copper that is driven by growing industrial and civilian needs in Asia and Africa. According to its website, Nussir ASA (2014) is “a dynamic mining company aimed to take on the challenges brought forth by the steeply growing demand for copper and other metals in the international market.”

Promises of jobs ranging from 150 to 600 positions, with wealth being invested in the Kommune to levels comparable to those in neighbouring Hammerfest, have led Kvalsund Kommune to support the project, though with the proviso to first satisfy the needs of reindeer herders and also the environmental concerns of the local community and, latterly, the national population. Suffering from both population and economic decline since the restructuring of the Norwegian fisheries industry, Kvalsund Kommune
welcomes the development of the new mine and the possibilities for growth and expected economic revenue.

Since 2005, Rushfeldt has been tirelessly courting the Sami Parliament and people of the Kvalsund Kommune. Passionate about his mission to mine copper, Rushfeldt has engaged with the Sami Parliament, indeed signing an agreement with them as early as 2010 (Sameting 2010), and also communicating with the local reindeer herders to gain their trust and to inform them about his project. Savvy about the need to gain social licence in the community, Nussir’s website declares that:

… with its sustainable mining initiative, [Nussir] is committed not only to the viable harnessing of the rich deposits in the mine but also to the minimal intrusion in our host community’s way of life. We take our social responsibility seriously and this is done by engaging local folks in regular fora, prioritizing the human resources in the region and by respecting the nature around it. Because of these, the local authorities and residents in the area are in unison as they welcome the Nussir Project. (Nussir ASA, 2014)

Over the last six years, Rushfeldt has been ubiquitous in the media, at conference circuits, and even in the Norwegian government’s own web pages, indicating that Nussir has succeeded in its public relations campaign. Specifically, he approached the Sami Parliament early on, created relationships with Sami reindeer herders in the region by going on the land with them, and has won the national government and even the media over to his side. In effect, Nussir’s strategy was to cover all of the bases for possible support for the mine.

Arctic Gold AB is a Swedish mining company that claims, on its website, that their main project is the “Bidjovagge gold and copper ore field in northern Norway” (Arctic Gold, 2014: 1). Over a ten year period, Arctic Gold worked to obtain a licence from the Norwegian state to explore and develop Bidjovagge and was successful in 2011. Since 2012, Arctic Gold AB has been attempting to obtain permission from the local community, through the Kautokeino Kommune Council, to begin an environmental assessment in a lead up to eventually mine for gold and also copper in the area. They, too, promised jobs and more local wealth through taxes and investments. These promises were also welcomed by the Mayor of Kautokeino, Klemet Erland Haetta, the municipality board, and others, citing the need to improve the general economy, and the housing and transport infrastructure of the kommune.
Relying mostly on business and political interests already supportive of the mine in Kautokeino in order to convince the Kautokeino Kommune Council to allow an environmental assessment, Arctic Gold AB has been turned down twice by the Council, despite having obtained support from Mayor Hætta and the Kommune’s executive board. While Arctic Gold has also been given approval by the national government, satisfying the local community has been a major challenge. Clearly, the setbacks since 2012 have dealt a financial blow to Arctic Gold AB. Within hours of Kautokeino Kommune’s rejection of the proposal, its stock price fell by 68.7% (Vuolab and Gaup, 2013).

Policies Governing Land and Mining Development in Norway: Social Licence to Operate (SLO) and Sustainability

Though a new scholarly field, much has been written and theorized about the concepts of social licence, corporate social responsibility, free and informed consent, and their linkages to possibilities of sustainability. Indeed, the prevailing debates and literature lead us to believe that without the SLO, the possibilities for sustainability are low. Obtaining a social licence to operate is often much more important to obtain than a business licence to operate in order to avoid delays in the development project, protests from local stakeholders and environmentalists, negative public relations vis-à-vis the local community, a bad reputation internationally, and so on. It should be of paramount concern, then, for mining companies to broker SLO in the community in which they intend to mine, but arguably this is only the first step to how, if they are to be developed, mining operations in contested territories should be governed, organized, and managed.

Questions of sustainability are embedded in the SLO, as the goal is to be able to operate in the given community without protest or problems for as long as the mining operation is profitable. Thus, for companies, sustainability means being able to operate profitably for a long period without hindrance. Meanwhile, for communities, sustainability means economic, social, and political success for the local communities to thrive for future generations. For SLO to last, it is clear that the relationship between the local community and the mining company must be ongoing and have the flexibility to change over time depending on the needs of the polity and not least the community as it develops because of mining. This clear symbiotic relationship, I argue, must already be forged as the SLO is being created and must be nurtured over time. As Prno and Slocombe (2012) write, “maintaining a positive corporate reputation; understanding local culture, language and history; educating
local stakeholders about the project; and ensuring open communication among all stakeholders” (347) are key.

Why are there such great differences between the success of Nussir in getting approval at all levels of government, and the failure of Arctic Gold, despite some very similar circumstances with regards to mining in Northern Norway? I attempt to frame the answer to this question within the discussions on SLO and sustainability by focusing on three (though certainly more can be identified) key overlapping areas that define social licence to operate: i) local governance (deliberative processes); ii) collaboration and inclusion; iii) perceived understanding of the local community stakeholders and its culture (trust and transparency).

i) Local Governance (Deliberative Processes)
An SLO is but a foundation for such a symbiotic relationship; however, an SLO between communities and mining companies can be strengthened by engaging local governments and fully realizing that “local communities have emerged as particularly important governance actors” (Prno and Slocombe, 2012). This may only be the beginning in many communities wary of the environmental challenges and social ills attendant with many mining projects internationally. Assumptions that local communities will embrace mining merely for the economic benefit are no longer acceptable, and do not give credit to local communities who are knowledgeable about, and perhaps have experienced, what it is to be a mining or industry town or region.

While the CEO of Nussir has been strategic in forging connections with the Sami Parliament (Sametinget 2010) and creating personal relationships with reindeer herders and other Sami stakeholders in Kvalsund in order to gain their trust, we see in the government’s approval to mine in Kvalsund Kommune that there were, and still are, a multiplicity of stakeholders who must be satisfied. The Ministry of Local Government and Modernization identified such in its letter of approval for the mine:

The Government and Modernization Ministry approves the plan for Nussir and Ulveryggen. The Ministry has attached decisive importance to the exploitation of mineral resources in the area and to the expected positive local ripple effects. It is assumed that the developer in consultation with the reindeer industry will address mitigation measures to lay the foundation for the continuation of the reindeer herding area. This must happen before the measure is implemented. (Ministry, 2014)
The letter of approval from the ministry emphasized that while Nussir had been allowed to mine, and also to temporarily dump its tailings in Repparfjord, it would still be obligated to satisfy and respect the traditional land use for reindeer herding economies in the Kommune.

The negotiations between Nussir and the two reindeer herding districts in the municipality are ongoing and contentious, but representatives for the reindeer herders have indicated that they are willing to find solutions as long as Nussir finds ways of mitigating the damage caused by the mining operations. It is important to note that copper mining in Kvalsund will take place underground. Most of the impact will be the roads and the attendant infrastructure necessary for mining. The mining that Arctic Gold proposed would have been open-pit surface mining, which arguably would have been more environmentally damaging.

Arctic Gold’s approach to the local government and local stake- and rights-holders was somewhat different from that of Nussir’s. Aiming at the heart of local governance, the representative of the company, Lars-Åke Claesson, seems to have left most of the communications and public relations for his company to the mayor of Kautokeino, Klemet Erland Hætta. My survey of media and news reports about the planned gold mine in Kautokeino suggests that Arctic Gold mostly stayed in the background allowing local politicians in support of the mine to tout it to the local community. Indeed, there were many in the municipality who supported it, but, perhaps arrogantly, neither Mayor Hætta nor Arctic Gold’s Claesson saw fit to meaningfully address the strong voices against the mine. At least in media reports, they neglected to address the deep concerns of the community about its potential impact on reindeer grazing lands, on the landscape, on berry-picking grounds, and on lakes and rivers in Kautokeino Municipality. Hætta focused on the short view that the potential revenue and jobs that the mine development could bring to his constituents, with, at least in the minds of other political representatives in the municipality, little regard for future generations of Sami (Larsson 2013).

ii) Collaboration and Inclusion
The CEO of Nussir, on the other hand, understood how important collaboration and community inclusion would be in the political and social culture of the High North in Norway, both for Indigenous and non-Indigenous communities. In the months and years to obtain approval for the mine to reopen, Rushfeldt attended many High North conferences relevant for his cause. Moreover, as he tells it himself, he was very comfortable camping out and participating in the reindeer herding with his new-found
Sami friends. In other words, Rushfeldt attempted to get the support and trust of all stakeholders in the North and in Oslo.

Gone are the days when mine owners and managers come into a town to start, restart, or operate a mine without engaging with the local community first (Voutier et al., 2008). Most communities in which extractive industries take place, especially those with Indigenous populations, demand dialogue and discussion with how a mining company behaves within its well-set political, social, economic, traditional, and cultural space. These demands are what we have been calling the social licence to operate. As Owen and Kemp (2013) argue: “While the term ‘social’ appears to be inclusive, often times it inadvertently occludes a focus on diversity and difference of opinion, experience and impact, simply by aggregating diverse voices into the one combined permitting instrument” (5). Even with the case of Nussir, we see the challenges of satisfying the multiplicity of demands and viewpoints expressed by both those who live in the Kommune and those who do not. International companies such as Nussir and Arctic Gold must also answer to international interests regarding their operations. Questions of land and human rights, as well as environmental protection, go beyond the territories on which the mining takes place.

iii) Perceived Understanding of the Local Community Stakeholders and its Culture (Trust)

Transparency in business dealings is perhaps better developed in the Nordic context; therefore, the level of transparency for both Nussir and Arctic Gold are rather high and a reading of their web pages indicates such transparency. Nevertheless, when compared, Nussir’s level of transparency seems exemplary. In an SLO, transparency goes a long way to establishing trust within the community, but in many others it is because of laws and legislation governing how development should take place that social corporate responsibility may be ensured. Two such policies that have greatly influenced how mining activities are undertaken in Norway are the Finnmark Act, adopted in 2005, and the Planning and Building Act with the addition of environmental assessment requirements in 2005. While important, a thoroughgoing analysis of these Acts is beyond the scope of this paper.

As has been argued above, the contrast with how the two mining companies of Arctic Gold and Nussir have warranted a level of understanding of the locale in which the mining would take place. Arctic Gold was satisfied with engaging the mayor of Kautokeino to smooth the way for the environmental impact assessment to be approved by the municipality council, while Nussir was very proactive in engaging all stakeholders and
For a company that just started in 2005, Nussir ASA has established a great deal of trust from both the national and local stakeholders in Norway. Short of funds and backers for the first few years of its existence, Nussir has a great deal of governmental support to mine and market copper from Kvalsund despite the possibility of dumping tailings into the sensitive salmon- and cod-spawning waters in Repparfjord, and potentially disturbing reindeer pastures. Adeptly using Norway’s liberal laws on dumping wastes in its coastal waters, and various studies to prove that dumping tailings in the fjord does it no harm (Akvaplan niva, 2014), Nussir has successfully obtained provisional approval from the Ministry of Local Government and Modernization so long as they satisfy concerns from local stake- and rights holders, and the Ministry of Environment. Nussir, however, has also had to reassure environmentalists from the region and in the entire country that the mining operations will not permanently dump the tailings in the fjord, but rather deposit them there temporarily. The obvious assumption is that Nussir will eventually clean up its wastes from the mining processes, as stipulated by the environmental impact assessment, but it is not yet clear how. Protests from environmentalists, stake- and rights holders in the Kvalsund region, in North Norway, and the Sami Parliament itself may prompt a second review of whether mine tailings deposited in Repparfjord will have a detrimental environmental impact (Klo and Mortensen, 2014). At the very least, Norway’s Ministry of the Environment must still approve the proposed dumping.

For Arctic Gold, there was an evident lack of understanding of the necessary flexibility of obtaining and maintaining an SLO. In the weeks prior to the second vote in the Kautokeino Kommune Council, Arctic Gold’s representative, Lars-Åke Claesson, made pronouncements such as that a one-time payout of NOK 20 million was the last offer to Kautokeino Kommune that the company would put on the table (Gaup, 2013; Altaposten, 2013). And, on 15 December 2013, the day before the vote, he went on to say that if the council did not approve this time around, Arctic Gold would give up on Norway: “A no would mean that the law Norway has in this area [mining] is not working. One needs to find out the facts before you say yes or no to a mining project. This decision is just about making a planning program, so we know what we will investigate.” Arguably, Claesson’s tone did not sit well with the Kautokeino town council and the community. Though the vote was
close at ten against and nine for the environmental assessment, what was evident was that the strongest voices came from the young representatives on the council. Susanne Vars Buljo, representing the youth voice in her community, argued forcefully that she did not need an exploratory study to know the potential harm that could come from mining. Her speech at the council vote was clearly a reference to Claesson’s argument that one needs to find out the facts before approving or rejecting a mining project. Also strong in their opposition to mining were those representing reindeer herders. They argued that opening up mining would also open the door to overriding Sami rights (Larsen, 2013).

Arctic Gold’s surprise and disappointment in the negative vote even just for an environmental assessment is telling. They relied heavily on their relationship to the Mayor of Kautokeino Kommune and business interests who were already convinced by the mine project, and assumed that this would be enough. I could not find any evidence that the CEO of Arctic Gold or any of its management representatives created relationships with the Kommune outside of the official channels, nor could I find evidence that they were aware of the serious opposition against Mayor Hætta’s position to approve the Arctic Gold mine. A protest video negatively depicting Hætta’s sentiments on mining and how his approval of the mine would lead to dirty land and dirty water was launched anonymously on YouTube days before the vote (Larsen, 2013).

Conclusion

In this paper, I have illustrated the contrasting strategies between two mining companies wishing to operate mines in Northern Norway. In the foregoing analysis of the companies’ websites, the media, and to a lesser extent government documents, it is clear that the relative success of Nussir ASA over Arctic Gold AB rested on three interdependent factors: flexibility in gaining the social licence to operate, inclusivity in community relations and engagement, and the appearance of transparency. Balancing the needs of the company to develop for profit and the interest of its shareholders with the needs of local stake- and rights holders has the potential to lead to the sustainability of communities, to benefiting from the profits of mining, and to non-conflictual relations with industry. For communities that may be experiencing economic challenges and the pervasive threat of out-migration, resource extraction can offer a positive advantage for remote and northern communities, whether in Norway or in other parts of the Arctic and Subarctic regions. However, positive advantages for communities must be fairly and transparently negotiated between communities and industry developers.
For small, remote, and northern communities, whether in Norway, Canada, or elsewhere, local governments must have the support and competence necessary to obtain a fair compensation and to ensure the best possible environmental protection measures from mining companies such as we have discussed here.

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Notes

1. AB and ASA are respectively the Swedish and Norwegian acronyms for “public stock company.”

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Sametinget, Intensjonsavtale om forhandling for søknad om driftskonsesjon for gruvedrift ved Nussir og Ulveryggen/Gumppenjunni i Kvalsund kommune. (“Agreement in principle regarding negotiations on application for license to operate a mine at Nussir and Ulveryggen/Gumppenjunni in Kvalsund Municipality”) Signed by Egil Olli, President of the Sami Parliament and Øystein Rushfeldt, CEO Nussir ASA. Kirkenes, 1 September 2010. (The agreement appears in three languages, Norwegian, Sami, and English.)