ECONOMY AND ECOLOGY 07.05.2024 | Lisa Pelling

The price of progress?

Mining essential resources for the green transition may be key to our pursuit of a sustainable future — but not at the expense of local communities

'What's in it for us?' — Since it became known that the Australian mining company Talga planned to open a coal mine in Nunasvaara in the Arctic region of Sweden, that is the question people in neighbouring Vittangi have been asking themselves. The potentially gigantic open-pit mine is located on the shores of the mighty Torneo River, upstream from the village. In these breathtaking mountain landscapes, some 170 kilometres north of the Arctic Circle, Talga wants to mine 100 000 tonnes of graphite ore every year for the coming 25.

The graphite Talga will mine is an essential resource for the green transition, the company argues: its unique layered structure makes it an attractive material for lithium-ion batteries, needed in electric cars and other vehicles and for green energy-storage systems. The planet will benefit. But will Vittangi?

Locally, the company promises to employ around 60 people. Apart from that, there is not much in it for the surrounding community — other than, of course, the dust, the noise, the potential pollution of land and water, and the interruption of ancient reindeer trails.
Despite promises by Talga that it will adopt 'international best practices in land restoration', when the company leaves in a quarter of a century, Vittangi fears it will be left with gravel piles, slag heaps and a scarred landscape.

Where the money (doesn't) go

Sweden might be an extreme case, with minimal taxation of the mining industry, leaving communities with little else but modest employment opportunities to gain from the exploitation of minerals locally — regardless of how these minerals are used. Swedish corporate taxes are low and mining companies are charged a comparatively low royalty of 0.2 per cent on the value of the ore mined. Broken down, 0.15 per cent goes to

the landowner and 0.05 per cent to the central state; nothing is transferred to the municipality.

So the deal looks like this: mining companies pay almost nothing for what they extract; in return, they are expected to create local income via jobs on site. The ore extracted from mines or open pits will be gone from the Swedish crust forever — finite and depletable resources for which the companies pay pennies. That is regardless of whether a state mining company, such as Sweden's LKAB, picks up the underground wealth or a private corporation such as the Australian Talga.

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The mining companies are expected to pay for the riches they extract through the wages of the employees. Back in the days, when mining was labour-intensive, this was a great deal. Today, the model no longer works.

One reason is mechanisation and automation. In the huge LKAB iron mine in the Kiirunavaara mountain just north of Vittangi, sledgehammers and shovels have long ago been replaced by gigantic mechanic loaders. The largest have a capacity of 25 000 kilogrammes and can scoop up nine cubic metres in one go. Remote controls are used to operate them and one operator can run several machines at the same time. The mountain has been scraped and hollowed out beyond recognition — and so has the labour content of the mining industry. The few remaining jobs are for sure much safer and a lot better paid, but also less local. Machines have replaced workers and the machines do not pay local taxes.

That is not the only problem. Many of those who do work in the mining industry pay no local income tax. No one had heard of 'fly in, fly out' when the town of Kiruna was founded in 1898 but today, according to its mayor, Mats Taaveniku, a couple of thousand people commute to Kiruna by air every week. They pay taxes elsewhere, literally flying away with the profits from the mining. It is the same with LKAB's engineers, administrators and managers. The head office is located in the coastal city of Luleå and some of the most well-paid officials have their offices in the World Trade Centre in Stockholm.

A just transition?

The mine is incredibly rich – it contains what is believed to be one of the world's largest iron ore deposits – but the municipality has debts amounting to more than €200 million. The chair of the municipal board has drawn an obvious conclusion: it is not reasonable for Kiruna to

deliver welfare to the rest of Sweden and the world while it cannot afford basic services for its inhabitants. So, when earlier this year Talga pressed the municipality to comply with the formalities necessary for it to start mining in Nunasvaara, the mayor lost his patience — and put the entire planning process on hold.

It was the right thing to do. This is not only because the fossil graphite Talga will mine might be a detour in the green transition — the forestry company Stora Enso is developing an alternative material based on raw materials from the forest. Precisely because Talga's business is portrayed as part of that transition, it is decisive that its business benefits the local community.

Across Europe, local communities are finding their ways to a just transition. In the Finnish region of Pohjois-Pohjanmaa, municipalities charge a property tax from wind-power companies and have negotiated 'village voucher' schemes, making sure a percentage of the companies' profits are invested locally. The German region Rhein-Hunsrück-Kreis, west of Frankfurt am Main, has gone from beggarly poor to booming rich through an inspiring model including the lease of local land to wind farms. On the Danish island of Bornholm, an innovative GreenLab industrial park has replaced workplaces lost in the financial crisis in 2008 with sustainable jobs.

Elon Musk's electric Teslas might be great for the green transition, but that is no excuse not to respect workers' rights or to refuse to sign a collective-bargaining agreement. And if a just transition alone can be sustainable when it comes to Tesla, that must apply to Talga too.

This is a joint publication by Social Europe *and* IPS Journal

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Lisa Pelling
Uppsala

Dr Lisa Pelling is a political scientist and head of the Stockholm-based think tank Arena Idé. She regularly contributes to the daily digital

newspaper Dagens Arena and has a background as a political adviser and speechwriter at the Swedish foreign ministry.