



# Information about the decision on an exploitation concession for Kallak K no 1

The decision to grant Jokkmokk Iron Mines AB an exploitation concession for Kallak K no 1 is accompanied by several extensive conditions that the company must comply with. On this page you can read more about these conditions, what a concession means, and how reindeer grazing land is affected by a mine.

## **What has the Government examined?**

The Government has examined the issue of an exploitation concession and weighed up the national interests involved (minerals and reindeer husbandry).

An exploitation concession should be granted if a deposit has been discovered that will probably produce an economic profit and if the location of the deposit does not make it inappropriate to grant the applicant the concession applied for. In this case, there have also been two conflicting national interests, meaning that under Chapter 3 and Chapter 4 of the Swedish Environmental Code, the Government must decide which national interest is most likely to promote the long-term management of land, water and the physical environment in general. In other words, an assessment is to be made of which land use in the area should be given priority.

A number of other issues relating to the planned activities remain to be examined within the framework of various permit processes before mining operations can be started at the site. This includes resolving environmental requirements and necessary infrastructure.

For Jokkmokk Iron Mines AB, several different permit processes remain before mining operations can be started at the site. Under the Swedish

Environmental Code, the company must apply for a permit from the Land and Environment Court. Following that, examinations under the Planning and Building Act, land allocation under the Minerals Act, and any other permits, for example under the Roads Act, must still be sought.

### **The Government's conditions for a potential mine**

The Government has set extensive and unique conditions that the company must comply with. They are intended to counteract as far as possible any negative impact on reindeer husbandry and to minimise any impact on the Laponia World Heritage Site. Compliance with these conditions is a prerequisite for the exploitation concession and for any future permits.

1. As regards precautions, protective measures and compensatory measures, the company must use the land in accordance with what is specified in the application, including annexes and supplements, as well as the other commitments made by the company in this matter, in addition to that which is specified in the decision.
2. Construction work resulting from use of the concession must be done during periods when it has the least possible negative impact on ongoing reindeer husbandry in the surrounding areas.
3. The concession area must use as little land as possible. As far as possible, impact on reindeer migration routes must be avoided. When using the concession, the company must otherwise ensure the least possible negative impact when migration routes and grazing areas adjacent to the concession are in use.
4. When using the concession, the additional costs to the Jåhkågasska Tjiellde reindeer herding community resulting from impacts on their ability to use reindeer migration routes and grazing areas must be reimbursed. Compensation will be determined and any disputes concerning compensation examined based on the provisions of the Minerals Act.
5. If, despite the measures to enable reindeer migration, the Jåhkågasska Tjiellde reindeer herding community needs to use a lorry to transport their reindeer past the concession area, the company must pay for such transport.
6. The company must set up protective fences, dykes or other installations to minimise the risk of accidents involving reindeer in the concession area. The installations must be designed to allow safe crossings for reindeer through or past the concession area.
7. Each year, the company must prepare a report of the consequences that use of the concession has for reindeer husbandry and present this to the

Chief Mining Inspector, the Sami Parliament and the Norrbotten County Administrative Board.

8. The company must regularly consult with the Jåhkågasska Tjiellde, Sirges and Tuorpon reindeer herding communities in order to assess the need for measures and resources to ensure compliance with conditions 1–7, and to otherwise prevent disruptions to reindeer husbandry. Such consultations must be conducted with a view of reaching agreement with the Sami reindeer herding communities and must be documented. The company must present an annual report of the consultations conducted to the Sami Parliament, the Norrbotten County Administrative Board and the Chief Mining Inspector. Following the consultations, the Chief Mining Inspector must determine whether there is any need to change the conditions under Chapter 6, Section 4 of the Minerals Act.
9. When using the concession, the company must engage in dialogue with the Swedish National Heritage Board and the Swedish Environmental Protection Agency to ensure that necessary account is taken of Laponia's status as a World Heritage Site.
10. When operations have been completed, the company must ensure that the concession area is restored so that the land can again be used for reindeer husbandry. A post-treatment plan must be drawn up in consultation with the relevant reindeer herding communities at an early stage of the mining operations and updated regularly.
11. The company must deposit a financial guarantee of SEK 1 000 000 with the Chief Mining Inspector. The guarantee must be deposited no later than when notifying commencement of mining operations under Section 57 of the Minerals Ordinance (1992:285).
12. Should the applicant intend to use the concession to apply for a permit under the Swedish Environmental Code for mining activities in the concession area, this application must include an in-depth impact assessment carried out in accordance with the principles of the IUCN World Heritage Advice Note on Environmental Assessment, and that has previously been sent to the World Heritage Centre of the United Nations Educational, Scientific and Cultural Organisation.

### **Planned mining operations**

The planned mining operations concern the extraction of iron ore for a concession period of 25 years, with the possibility of an extension. It is estimated that mining operations can be conducted for about 14 years, but it is possible that additional mineable iron mineralisation may be found in the area. Under the provisions of the Minerals Act, a concession applicant does not need to indicate an activity's entire operational time. It is enough to

indicate that a deposit has been found that can probably produce an economic profit. It is up to a court to decide the duration of mining operations and the specific conditions, should an application for an environmental permit be submitted for the activity.

### **What is an exploitation concession?**

In general, an exploitation concession determines who has the right to extract the minerals located in the area, but it does not give a right to start operations – this requires a permit under the Swedish Environmental Code.

A concession decision must be accompanied by any conditions that are necessary to protect public interests. The conditions set in this matter are extensive and unique, and must be strictly complied with by the company. They are intended to counteract as far as possible any negative impact on reindeer husbandry and to minimise any impact on the Laponia World Heritage Site.

### **Great demand for steel in Sweden and the EU**

Sweden is presently a major and important mining nation, and Swedish mining and mineral industries are very significant for Sweden as a country, in regional and local perspectives and beyond Sweden's borders. This involves job opportunities, welfare and the extraction of minerals and metals that are important for a green transition.

Sweden accounts for 93 per cent of the EU's production of iron ore. Up to 92 per cent of iron and steel in Sweden, and 80 per cent in the EU, is recycled. But in spite of this, the EU's dependence on imported iron and steel amounts to as much as 72 per cent. Recycling is important but does not cover existing needs, which are expected to increase. There is great demand for steel, and it is expected that this demand will continue to increase. Sweden needs railways, housing, electric cars, wind power and trains. This requires steel, which requires iron ore.

### **The size of the area**

One condition set by the Government is that the concession area must use as little land as possible. As far as possible, impacts on reindeer migration routes must be avoided. When using the concession, the company must otherwise ensure the least possible negative impact when migration routes and grazing areas adjacent to the concession are in use.

According to the application, the size of the open-pit mine would be approximately 100 hectares, but when necessary installations are included, the area of activity covers some 1 300 hectares. The total size of the Jåhkågasska Tjiellde reindeer herding community's reindeer husbandry area is 720 300 hectares, of which 264 100 hectares are year-round land.

### **What is going on in this area today?**

Kallak is situated in an area that has not been designated a national park, nature reserve, Natura 2000 site or other national interest aside from reindeer husbandry.

The mining operations are intended to take place in an area typified by modern forestry. Most of the land is parish common land ('sockenallmänning') whose administrators, in a statement on the matter, asserted that the land mainly consists of young forest. The major landowner, Jokkmokk Sockenallmänning, takes a positive view of mining operations in the area. There are smaller property owners involved that take a negative view.

In addition, the area has been identified as a national interest for reindeer husbandry intended for reindeer grazing and migration routes, and touches on the same area as the national interest for minerals. There are no other national interests in the relevant area.

Overall, the area covered by the exploitation concession is not considered to be of high nature conservation value.

### **How is the reindeer grazing land affected?**

It is mainly the Jåhkågasska Tjiellde reindeer herding community that is directly affected as a result of the loss of grazing land and migration routes. But other nearby reindeer herding communities would also be affected to varying degrees by the mining operations. The Government has set extensive and unique conditions to counteract as far as possible any negative impact on reindeer husbandry. But the fact that the exploitation concession application has been granted does not mean that a mine will now open – a permit under the Swedish Environmental Code must be applied for from the Land and Environment Court. The additional costs to the Jåhkågasska Tjiellde reindeer herding community resulting from impacts on their ability to use reindeer migration routes and grazing areas must be reimbursed by the company. If, despite the measures to enable reindeer migration, the reindeer

herding community needs to use a lorry to transport their reindeer, the company must also pay for such transport.

### **How is Laponia affected?**

At its closest point, the relevant area is some 35 kilometres south-west of Laponia. The mines in Malmberget and Aitik are closer to Laponia.

In the Government's assessment, the World Heritage Site will not be directly affected by this decision. However, the mining operations may have an indirect effect on Laponia in that reindeer husbandry at Kallak will be affected. Reindeer husbandry is one of several values that makes Laponia a World Heritage Site. If reindeer that are on their way to Laponia are prevented from getting there due to obstacles at Kallak, this may also have an indirect effect on reindeer husbandry in Laponia.

The decision is accompanied by a number of conditions intended to reduce the problems caused when moving reindeer past the concession area and which could have an indirect impact on the World Heritage Site if the reindeer do not reach Laponia. There are also conditions concerning consultations with the Sami reindeer herding communities and with the government agencies that administer World Heritage Sites. These aim to minimise the problems that could have an indirect effect on the World Heritage Site and ensure that necessary account is taken of Laponia's status as a World Heritage Site.

Should the applicant intend to use the concession to apply for a permit under the Swedish Environmental Code for mining activities in the concession area, this application must include an in-depth impact assessment carried out in accordance with the principles of the IUCN World Heritage Advice Note on Environmental Assessment that has previously been sent to the World Heritage Centre of the United Nations Educational, Scientific and Cultural Organisation.

### **What happens now?**

The exploitation concession is just one step on the way to opening a mine. A number of other issues relating to the planned activities remain to be examined within the framework of various permit processes before mining operations can be started at the site. This includes resolving environmental requirements and necessary infrastructure. The environmental assessment, including emissions, transport, etc. will be considered by the Land and

Environment Court following an application for mining activities under the Swedish Environmental Code. Accordingly, these issues are not included in the examination of an exploitation concession.

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# Impact of Russian invasion on Swedish companies and foreign trade

In light of Russia's invasion of Ukraine and the following sanctions, the Government is now strengthening preparedness for the Swedish business sector and foreign trade through close dialogue with relevant actors. The economic effects on Sweden are currently limited, but the situation concerning increased energy and oil prices, as well as the turbulent capital market, may deteriorate. There may be quite extensive and serious consequences for the world economy, which is why the Government is closely monitoring developments and is prepared to act depending on how events unfold.

The Russian invasion has led to the most serious security situation since the Second World War and is creating great uncertainty. This is illustrated by reactions in financial markets and by the fact that the price of raw materials such as oil and gas has risen, which affects the Swedish economy. The relevant Swedish government agencies are working hard to support Swedish companies by gathering information on how the sanctions against Russia may affect these companies. This can then be used to help them to navigate and make strategic assessments in this very complex situation.

“We must be prepared for both the short-term and the long-term effects of the developments we are currently seeing. Sweden has very strong public finances and so good opportunities to act if and when necessary – depending on how the situation develops. Let me emphasise that the Government greatly appreciates the work and the major efforts that companies with a



presence in Ukraine are making for their staff on the ground. I am proud to be part of a Government that, together with the EU and a host of other countries, stands up for democracy and for the right of each country to determine its own future,” says Minister for Business, Industry and Innovation Karl-Petter Thorwaldsson.

As part of the efforts to strengthen Sweden’s preparedness, the Government is now establishing closer dialogue with the business sector, trade unions and relevant government agencies to obtain an overview of the situation.

“We hope for a speedy end and a withdrawal, but we must prepare for a protracted conflict that will test us as a country and as citizens, and that will test our business sector. We are not yet able to get a full overview of the effects of the crisis. That is why the Government – and I, as Minister for Foreign Trade and Nordic Affairs – see dialogue with the business sector, trade unions and other countries as crucial – we exchange information, pool our strength and work towards a common goal. We are stronger together,” says Ms Hallberg.

### **Sweden’s trade with Ukraine**

Some 90 Swedish companies are active in Ukraine and are now being hit very hard by the war. As a result of the invasion, many of the businesses have ceased their activities. The Government is closely monitoring developments and is regularly in direct contact with Swedish companies operating in Ukraine.

Swedish trade with Ukraine is limited and amounts to less than one per cent of Sweden’s exports and imports. The current assessment is that disruptions will not have a significant impact on society but that individual companies may be affected in the form of restrictions on input products or reduced sales. In general, the impact on Swedish industry is expected to be more indirect rather than direct, i.e. value chains via other countries.

### **Sweden’s trade with Russia**

Russia is no longer an active trading partner of Sweden or of the EU. To date, four massive sanctions packages against Russia have been introduced by the EU and Sweden’s partners. Some 500 Swedish companies are active in Russia, including around 20 large companies and 13 400 employees in Swedish groups in the country (figures from 2019).

Trade with Russia has accounted for 1.3 per cent of Swedish exports. Sweden's dependence on Russian imports is also low. One of the reasons for this is that Sweden's energy sources are largely domestic. Sweden also has the EU's lowest dependence on natural gas and so on Russian energy imports. But Swedish companies and consumers may still be affected by increased energy prices and other indirect trade effects.

Regarding the need for companies to find new supplier routes and trading partners, the Government can provide assistance through Business Sweden and Swedish government agencies. Business Sweden is now redirecting its operations to support Swedish companies to leave Russia. The Nordic Council of Ministers has also decided to suspend all cooperation with Russia and Belarus.

### **New remit to Swedish Defence Research Agency**

The Government has now tasked the Swedish Defence Research Agency (FOI) with identifying Russian investments and economic interests in Sweden. The aim is to obtain a clear picture of Russian economic interests in Sweden. This can help to ensure that there is better compliance with the sanctions system, that law enforcement authorities can obtain information for further action and that the relevant companies are made aware of the sanctions.

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# The Swedish Government leads the way on climate-smart, circular procurement

As one of the focuses of this year's budget, the Swedish Government is tasking the National Agency for Public Procurement with devising ways of strengthening and developing public procurement to promote the climate transition and the shift to a circular economy.

There are substantial opportunities for using public procurement as a strategic tool in the transition to a circular, fossil-free economy. Public procurement spending totals almost SEK 800 billion a year. Working to make public procurement circular, non-toxic and fossil-free will make a genuine difference in reducing carbon emissions and the unsustainable use of resources.

The assignment is consistent with the circular economy strategy and is also based on a proposal from the innovation partnership programme Climate neutral industry. The proposal states that the Government should be leading the way, and that government agencies therefore need to procure products and services that are less toxic, and more circular, fossil-free and sustainable.

- In Sweden, public procurement accounts for almost SEK 800 billion a year. It has been proposed, including by the Government's innovation partnership programme, that the Government and government agencies should be at the forefront of circular, non-toxic and climate-smart procurement. Leading the way on the climate transition also provides an opportunity to further contribute to the business sector's transition and create future jobs, says Minister for Business, Industry and Innovation Karl-Petter Thorwaldsson.

- Climate change poses enormous challenges for Sweden, along with the rest of the world. But it also presents a huge opportunity for us to create green jobs and new investments. Cooperation between the various actors in society

is crucial here. The Government should be at the forefront, encouraging demand for climate-neutral, circular products and services. It's a way of pursuing our own green industrial revolution and accelerating the pace of the green transition, comments Minister for Climate and the Environment, Annika Strandhäll.

- The Government, municipalities and regions have an important role to play in the green transition. By imposing clear requirements for climate-neutral, circular products and services in their procurement processes, the public sector can lead the way and help create the green jobs of the future, says Minister for Public Administration Ida Karkiainen.

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