

Mineral and social regulations in the Far Northern regions: A comparative analysis

Richard GROVER, United Kingdom
Vasilisa PLATONOVA, Russian Federation
Mikhail SOLOVIEV, Russian Federation

The importance of natural resources of the Far Northern regions

- Pressure for development because of natural resources eg 20-25% of untapped world hydrocarbon resources
- Decreasing dynamic of existing hydrocarbon resource exploitation in Alaska and Western Siberia increases pressure for development in other areas eg Eastern Siberia
- High level of dependence on natural resources:
 - Russia fuel energy sector: 40% of budget income, 45% foreign earnings
 - Alaska: 59% of state revenue from oil, 16% non-oil taxes, rents and other charges, and 25% federal grants

Development issues in the Far Northern Regions

- Severe climate and difficult working conditions
- Limited infrastructure
- Vast distances minerals have to travel from place of extraction to place of consumption
- Low population densities so workforce tends to be imported – living conditions for workforce have to be provided
- High financial cost of undertaking development and associated infrastructure only justified by high price of natural resources
- Growing impact of anthropogenic disturbance on ecology – 15-20% of land area affected 1940-90; likely to grow to 50-80% by 2050

Interests of local populations in development

- Presence of indigenous peoples – demographic majority in many of areas of development
- Many of indigenous populations significantly or partly dependent on hunting, fishing, or reindeer herding so ecological impact of development has long-term economic consequences
- Impact of social change on communities
- High levels of central government fiscal transfer to region eg Nunavut 90% budget – limits degree of local autonomy

Potential costs and benefits of resource development

- Environmental and social costs of development for local population
- Most minerals extracted taken to other areas for processing – taxes on this paid to other areas
- Most workforce imported from other areas rather than creation of employment for local populations
- Limited life of natural resources but lengthy period for environment to recover from degradation
- Tax revenues on mineral companies paid to national budget or other regions
- ***Local populations could bear most of costs but derive few of the benefits – issue of equitable shares***

Property rights and mineral extraction

- ***Sub-surface rights*** – right to control extraction of the mineral resources and collect royalties for granting access
- ***Surface rights*** – right to control access to mineral resources - eg undertake prospecting, erect well-heads - and collect rents for granting entry
- ***Development rights*** eg permission to erect buildings, construct roads, change use from forestry land to oil wellhead. Landlord can charge for permits. Often development rights collectivised – public governments can extract planning gain or planning contributions in return for granting development consent

Indigenous people's land claims

- Customary rights can become permissive use rights on public land
- Government captures rising value from land rather than this being capital base for indigenous population
- Land claim settlement process in Alaska and Canada after 1970
- Ending of relocation in “the public interest”
- Russian Federation post 1999 federal laws guaranteeing rights over traditional lands of indigenous peoples in Far North

Role of public governments

- Role of public governments in granting development consents and extracting planning gain
- Taxation of real estate and taxes on companies and workers
- Linkage between government, land rights and local autonomy eg control of education and its role in protection of culture, promotion of local employment and businesses
- Areas with demographic majority of indigenous populations have public governments not ethnic governments ie all have equal rights but indigenous people form democratic majority

Comparative analysis of public governments

Greenland	Home rule from Denmark since 1978	Population 88% Inuit	Potential exploitation of oil, diamonds, hydro-electricity
Nunavut	Territory with similar powers to province in Canada	Population 85% Inuit but major Inuit populations live elsewhere in Canada	Potential for exploitation of gold, diamonds, platinum, lead, zinc, copper
Alaska	State within USA	Indigenous population a minority (18%), majority in local areas	Oil and gas and range of minerals being exploited
Khanty-Mancy and Sakha (Yakut) Regions	Federal areas within Russian Federation	Small minorities in K-M; but 46% of S (Y) are Yakut, 42% Russia	Exploitation of gold, diamonds, coal with oil and gas potential

Greenland

- Division of responsibilities between Home Rule government and Danish government.
- Home Rule government responsible for most services: Danish government responsible for defence and foreign affairs
- Dependence on fiscal transfers from Denmark
- Majority of population work for government (33%) or government enterprises (34%)
- Home Rule government controls most natural resources but not minerals – joint responsibilities but data controlled by Danish government – individual and parallel applications to both governments

Nunavut

- Inuit gave up land claims to secure public government for area which they have demographic majority but affirmative action programmes on behalf of local population
- Land area divided into:
 - Crown land (80%) with Inuit harvesting rights
 - Inuit-owned land with Inuit surface rights and Crown sub-surface rights – rents from access rights – collective ownership of surface rights
 - Inuit-owned land with Inuit surface and sub-surface rights (2%) – royalties from minerals + rents from access rights
- Inuit Impact and Benefits Agreements for major mining projects

Alaska

- 1971 Alaska Native Claims Settlement Act
- 12 native regional corporations (NRC) and 200 village and urban corporations – **for-profit business corporations** – 44 million acres transferred to them in fee simple – not reservation or trust lands
- Each native received 100 shares in NRC plus shares in village or urban areas – can be bequeathed or given to close relatives
- NRC own surface and sub-surface rights and developed businesses and investment portfolios – own 12% of land – can mortgage, sell or develop land
- 70% of net natural resource revenues of NRCs pooled and shared according to populations
- Public local governments with indigenous demographic majority as well as NRC eg North Slope: Arctic Slope Regional Corporation and North Slope Borough

Khanty-Mancy and Sakha (Yakut)

- Federal Government controls mineral exploitation and receives royalties
- Sakha (Yakut) secured share of gold and diamond revenues from Federal Government but Federal Government has not promoted development of its oil and gas reserves eg pipeline construction and key aspects of agreement between federal and regional governments lack concrete implementation mechanisms
- Khanty-Mancy federal and regional laws to protect traditional lands of indigenous peoples eg special protection zones, clan lands covering 24% region, reflection of interests of local population in companies' bids
- How real is local participation in development? eg public meetings about East Siberia-Pacific Ocean pipeline but small response to suggestions from these

Conclusions

- Potential problem that local populations bear consequences of development – environmental degradation and social stresses from development – but gain little from development – employment and contracts to outsiders
- Local populations can share in value added from mineral exploitation through property rights – rents and royalties from granting access – importance of surface as well as sub-surface rights
- Public governments can collect tax revenues and negotiate planning gain
- Powerful combination of property rights with public governments with indigenous population demographic majority
- Success of Alaska's native corporations is ownership of property in fee simple and being for-profit corporations

