

Discontinuing coal activities at Svea and Lunckefjell

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The Government is proposing a discontinuation of coal operations at Svea and Lunckefjell, and will allocate NOK 141 million for clean-up in the mines in 2018.

- Following a comprehensive assessment, the Government has determined that discontinuation and clean-up of coal activities at Svea and Lunckefjell is now the right solution, says Minister of Trade and Industry Monica Mæland (Conservative Party).

Production at Svea and Lunckefjell was temporarily suspended in 2016 and operations were halted for a period of up to three years. This was based on an assessment that there was no longer a financial basis for continued operations. There were about 45 employees at Svea and Lunckefjell in 2016.

- The market outlook for coal is still challenging. It would not be possible to restart operations without injecting a considerable amount of capital from the State, and the risk of loss would be substantial. We have also emphasised that keeping operations suspended was not a viable option. The company is also clear on this point itself, says the Minister of Trade and Industry. In its proposed National Budget for 2018, the Government is proposing an allocation of NOK 141 million to start clean-up efforts at Svea and Lunckefjell. The total cost of the clean-up will depend on various factors, including the requirements set by environmental authorities. There are no plans to facilitate other activity at Svea once the clean-up is complete. This would not prevent making certain remaining so-called "cold" buildings available for tourism or research purposes, as has been done with abandoned buildings elsewhere on Svalbard.

- There will be considerable activity at Svea and Lunckefjell during the clean-up period, which will give the Longyearbyen community additional time to adjust, says Mæland.

The Government is also proposing an allocation of NOK 43 million in 2018 to cover pension commitments in the mining company in the Store Norske group.

The Government has outlined the framework for Store Norske's activities moving forward in its report to the Storting. The primary activity will be operation of Gruve 7 (Mine 7) in Longyearbyen. Activities will take place within the framework of the overarching objectives of the Svalbard policy.

- Store Norske will continue to play an important role, e.g. through operation of Gruve 7, as well as the clean-up of Svea and Lunckefjell, says Mæland.