



Agnieszka Legutko<sup>1</sup>

## SIGNIFICANCE OF POLAR TOURISM FOR SVALBARD'S ECONOMY

### Abstract

The main aim of this paper is to recognize ongoing changes in the economy of Svalbard and to stress an impact of polar tourism for specific economic structure of the archipelago. Firstly, author briefly presents main periods in history of this area, although the main focus is put on current situation, so downturn of coal mining along with popularization of polar tourism, growing commercial activities around this industry and increasing number of visitors. Author points out the main issues with development of this branch of economy and possible long term effects. Thanks to combining quantitative methods, as well as direct observation and interviews with inhabitants during author's stay in Svalbard in summer 2015, the paper answers the research question how polar tourism influences Svalbard's economy.

### Key words

Svalbard, economy of Svalbard, polar tourism, tourism in Svalbard, coal industry in Svalbard.

### Introduction

Svalbard, the archipelago that is located approximately 1,000 km from the North Pole. 'Svalbard' itself means 'the land with the cold coast' or 'cold edge'. Around 60% of its territory is permanently covered with ice. Archipelago comprises of Spitsbergen with Bear Island all the islands situated between 10° and 35° longitude East of Greenwich and between 74° and 81° latitude North<sup>2</sup>. Longyearbyen is the biggest human settlement followed by Barentsburg and Ny-Ålesund. Smaller research stations are located in Hornsund, on Hopen and on Bjørnøya. Surprisingly, up until the 20<sup>th</sup> century Svalbard was considered *terra nullis* by most of the nations. Since 17<sup>th</sup> century, fields such as whaling, fishing, research, mining and tourism were

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<sup>1</sup> Ph.D. Student, Agnieszka Legutko, Cracow University of Economics.

<sup>2</sup> Full text can be found at [online:] <https://www.sysselmannen.no/en/Toppmeny/About-Svalbard/Laws-and-regulations/Svalbard-Treaty/>

developed on Svalbard by Norwegians, Russians, and Swedes and Dutch<sup>3</sup>, yet there was no one, set legislation or governance framework over this land. Most incentive reason that led to enforce the treaty over this territory was a boom in mining industry that resulted in extensive extraction and then land owning problems appeared.

During Versailles negotiations the Svalbard Treaty was signed on 9<sup>th</sup> February 1920; yet it came into effect with the Svalbard Act, on 14 August 1925. It granted Norway a full sovereignty over Svalbard and it is Norway that ratifies and enforces the legislation<sup>4</sup>. Simultaneously, it allows its signatories equal liberty of access in industrial, mining or commercial enterprises with restriction of no monopoly in any field. Nevertheless, Treaty does include some conditions restricting the enactment of Norwegian sovereignty, and authorities are required to see if legislation and administration respect conditions such as non-discrimination, taxation, military restrictions and environment conservation. For the last 20 years, due to various reasons discussed below, different actions leading to switch in economic structure was conducted. Just recently, major shift in economic activities in Svalbard is being observe along with – decreasing influence of coal mining while new branches such as tourism and research are becoming main revenue sources.

The objective of the following article is to recognize changes in Svalbard's economy and discuss an impact of tourism for specific economic structure of the archipelago. By combining quantitative methods, statistics and reports analysis as well as direct observation and interviews with inhabitants during author's stay in Svalbard in summer 2015, the paper answers the research question how does polar tourism influences Svalbard's economy. Author positively verifies 3 hypotheses: (1) along with decreasing employment in mining industry, role of other sectors such as tourism increases, (2) role of tourism in Svalbard and its impact on economy has developed significantly in the last twenty years, (3) growth in tourism sector resulted in minimizing employment gap created due to reducing shares of mining industry.

## Historic background

Recognizing patterns in the archipelago historic cycles, author decided to introduce division into four main periods of Svalbard's history. First one - hunting period, has its beginning with Barents' discovery of Spitsbergen in 1596. Along with this explore, news about wildlife abundance, in the region spread. Since 17<sup>th</sup> century whalers from Netherlands, Britain and other countries started their hunts around the archipelago. Commercial hunting ceased only due the fact that hunts turned out to be so intense that animal populations were severely reduced and that resulted in the lack of economic motivation. Next step was growing interest of resources on land. Russian trappers (wintered 1715-1850) followed by Norwegians (end of 18<sup>th</sup> century) hunted polar bears, reindeers and arctic foxes. Along with trappers and land exploration in Svalbard, the academic interest about the archipelago started. Scientific research in Svalbard started in 19<sup>th</sup> century opening period of exploration. Before, data was

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<sup>3</sup> J. Szupryczyński, *Druga wojna światowa na Svalbardzie*, „Przegląd Geograficzny” No 83, vol 4, 2011, p. 483-506

<sup>4</sup> Ibidem.

collected by trappers and hunters or even tourists, yet there were no specific scientific expeditions. In 1827 archipelago was explored by an expedition led by geologist B.M. Keilhau<sup>5</sup>. Norwegians were the ones who started large scale geological and topographical activities yet during all of their expeditions, geological research was carried out. The whole 19th century and onwards many nations was involved in research: Russians, Norwegians, Germans, Austrians, or British. In 1920s Ny-Ålesund become starting point of Roald Amundsen's and Umberto Nobile's North Pole race. Beginning of 20<sup>th</sup> century brought a boom of commercial mining starting the third period of extracting. In 1906 John M. Longyear, American businessmen acquired mining rights from Norwegian company giving life to The Arctic Coal Company, establishing Longyear City<sup>6</sup> (*norw.* Longyearbyen). Ten years later, by decision of Norwegian government Company was bought and *Store Norske Spitsbergen Kulkopmani* took over mining industry in Longyearbyen, developing new mining sites and increasing the extraction. II World War was a turbulent times in the area. Whole population of Svalbard was evacuated either to USSR or UK in 1941, so right after German attack on Soviet Union whole. In 1943 Nazi Germans raided Svalbard<sup>7</sup>. After the war, Svalbard stopped being extremely isolated. Reconstruction of local community started in 1948. Even easier accessibility was granted with opening of civil airport in Longyearbyen since 1975. Three years later phone network via satellite was connected and in 1984 archipelago received direct TV broadcast from Norwegian state television. Due to various factors starting with lowering prices of coal on global market, followed by rising cost of extraction, since 1990s, fourth period of tourism and research can be observed. In 1993, University Center in Longyearbyen (UNIS) was established. In 2002 Svalbard Environment Protection Act was approved and enforced preservation of a virtually untouched environment in Svalbard with respect to continuous areas of wilderness, landscape, flora, fauna and cultural heritage that was absolutely necessary in the view of growing number of visitors and number of academic projects<sup>8</sup>. Due to the growing amount of incomers and development of commercial activities with tourism industry on the leading position, the Act was revised in 2012.

## Economic background

Population of Svalbard oscillates between 2,600 people with almost 60% of Norwegians and 40% Russians. Trend shows that definitely more people resident on Svalbard during summer mainly located in 2 settlements: Longyearbeyn (Norwegian) and Barentsburg (Russian). Every year, 30-40 permanent residents live in Ny-Ålesund and 8-10 Polish scientists in Hornsund. In the 1980 number of residents was the

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<sup>5</sup> Kristiansen J.E., *This is Svalbard*, Statistisk sentralbyrå 2014, [online:] <https://www.ssb.no/a/histat/svalbard/this-is-svalbard2014.pdf> (10.09.2017).

<sup>6</sup> Reymert P.K., *Ny-Ålesund – the world's northernmost mining town*, 2013, [online:] [https://www.sysselmannen.no/globalassets/sysselmannen-dokument/trykksaker/ny\\_aalesund\\_hefte\\_eng\\_oppslag.pdf](https://www.sysselmannen.no/globalassets/sysselmannen-dokument/trykksaker/ny_aalesund_hefte_eng_oppslag.pdf) (11.09.2017).

<sup>7</sup> J. Szupryczyński, op. cit.

<sup>8</sup> Svalbard Environment Protection Act, [online:] <https://www.regjeringen.no/en/dokumenter/svalbard-environmental-protection-act/id173945/> (12.09.2017).

highest with Russian prevalence<sup>9</sup> (fig.1). Situation started to change in late 1990s when Russian abandoned Pyramiden and growing number of residents, also foreign, settled down in Norwegian towns. At the beginning of the century there was over 900 people living Russian settlements and 1 704 Norwegians. At the first half of 2017 it was only 428 Russians, while 1 565 Norwegians and 580 citizens of other countries lived in Norwegian towns<sup>10</sup>.

Men have always been dominant in Svalbard population, mainly due to the jobs related to coal mining industry. Even today 64% of residents are men. Population of the archipelago is a young one – majority falls into 25-44 year old group with almost absolute absence of people over 70<sup>11</sup>. The reason is that Svalbard is seen as place to work not to settle down. Over 85% people are employed yet up to 25% works only seasonally. Svalbard, mainly Longyearbyen, is a popular destination for people who plan to earn more and pay lower taxes than in mainland. Over 50% are single person households, less than 15% consist of 4 or more people.

Since beginning of 20th century coal mining was a dominant economic activity. In 1906 when Store Norske started operations in Svalbard, number of inhabitants was 141 and in 10 years later it grew into 511. Population rose steadily. Up to 1955 the share of woman was stable at 6%<sup>12</sup>. Until 1980s Longyearbyen was a company town. Most of the Longyearbyen's residents were employed by Store Norske on shifts of a few years duration and Store Norske was responsible for providing all community services<sup>13</sup>. Company ran the only shop in the city and until the economic liberalization in the mid-1970s there was no money in circulation, just special tokens issued by Store Norske. 1980s brought slow normalization, especially after Norwegian state purchased Store Norske yet it was not followed by basic change in Longyearbyen society since a vast majority of residents were still employed by Store Norske. After economic liberalization, the question was asked whether mining had a future in Svalbard and if not what other economic activities could substitute mining<sup>14</sup>. Svalbard Næringsutvikling AS founded in 1988 is responsible for stimulating more varied economic activities on Svalbard which provide lasting, profitable year-round jobs<sup>15</sup>. After Norwegian Parliament Report no. 50 (1990-1991), emphasize on diversification of the sectors has become vital. For the first time Parliament advised to diversify commercial activity due to downturn in coal mining industry presenting propositions and solutions trying to prepare specific economy structure for a changes in a long term perspective. Authorities noticed beforehand that lowering prices of the coal and inevitable raise in the cost of its exploration will result in closing mines and later into

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<sup>9</sup> See at Kristiansen J.E., op. cit.

<sup>10</sup> Statistic Norway [online:] <https://www.ssb.no/en/> (12.09.2017).

<sup>11</sup> Ibidem.

<sup>12</sup> A. Grydehoj, *Informal diplomacy in Norway's Svalbard policy: the intersection of local community development and Arctic international relations*, "Global Change, Peace & Security", 2014, vol 26, No 1, p. 41-54

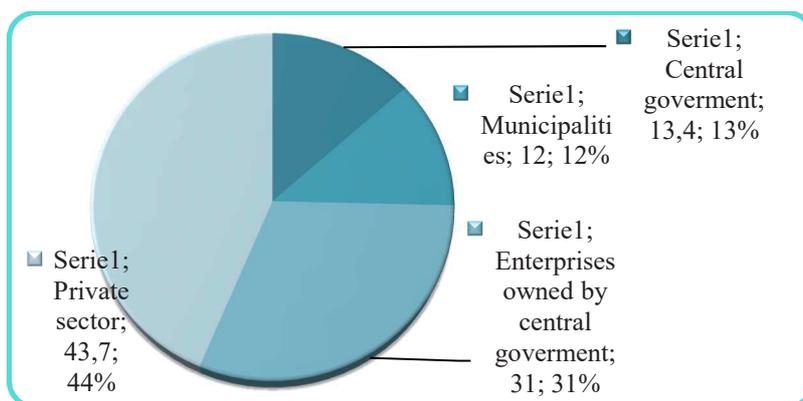
<sup>13</sup> J. E., Kristiansen, op. cit.

<sup>14</sup> Bjørnsen, H., Johansen, S., *Samfunns- og næringsanalyse for Svalbard 2014* [online:] <http://www.hioa.no/Om-HiOA/Senter-for-velferds-og-arbeidslivsforskning/NIBR/Prosjekter/Prosjekter-norsk/Samfunns-og-naeringsanalyse-for-Svalbard> (15.09.2017).

<sup>15</sup> Ministry of Justice, *Meld. St. 22 (2008-2009)* [online:] <https://www.regjeringen.no/en/dokumenter/meld.-st.-22-2008-2009/id554877/sec7> (15.09.2017).

job reduction in the dominant sector. Government decided to promote and subsidize other sectors, with using natural advantages of geographical location, to provide switch in the economy. One of the main objectives of Svalbard policy is to maintain sovereignty in the archipelago. One way to achieve it is to put a major focus on developing Longyearbyen as a town suited for families and keeping strong community.

Long term planned actions brought major shift in employment – in last decade there has been a substantial grow in research, tourism and private sector up to 44% in 2015 (figure 1)



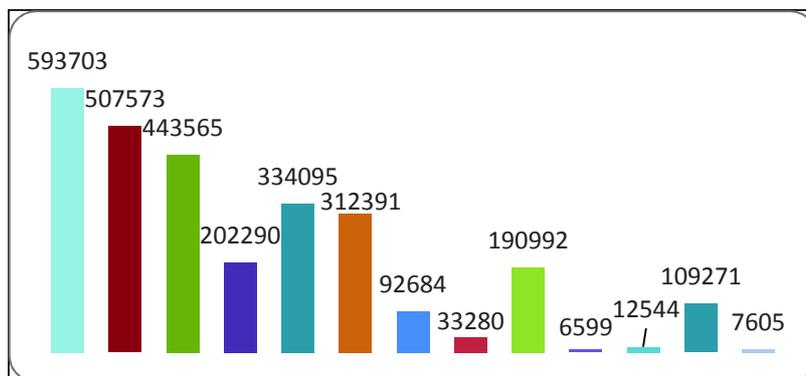
**Figure 1. Employment sectors in Svalbard 2015**

Source: Own elaboration based on Statistics Norway [www.ssb.no/en](http://www.ssb.no/en)

Most importantly early recognized challenges and targeted solutions brought benefits not only from economic perspectives but it resulted in well-being of whole community of Svalbard. Full time equivalent for employees shows employment levels in 2015 were maintained at high levels in spite of the downturn in coal mining and closing Svea with 1.0 per cent growth comparing to 2014<sup>16</sup>. The downsizing in the mining and extraction industries was offset by employment growth in tourism and cultural activities.

Just two years after John Longyear established Arctic Coal Company extraction was on the level of 1,500 tons per year; in 2007 it was over 4 million tons. After global crisis, industry started to drop with result of less than 2 million tons in 2010. Mining was still the biggest sector with revenues is 27% of total industry turnover in 2014, tourism hold 11%, research close to 1,5%. Situation has rapidly changed though after closing Svea site in 2015 - share of mining fell below 20%, yet tourism grown up to 12% and research over 3% (figure 2).

<sup>16</sup> See more at <https://www.ssb.no/en/virksomheter-foretak-og-regnskap/artikler-og-publikasjoner/3.8-per-cent-fewer-man-years-in-2016> (21.11.2017).



**Figure 2. Industry turnover in 2015 (NOK 1000)**

Source: Own elaboration based on Statistics Norway [online:] [www.ssb.no/en](http://www.ssb.no/en)

It can be clearly seen than for two decades switch in Svalbard economy from coal mining to new branches of industry is a fact. In last decade fast growth in tourism industry can be observed. Numerous factors that led to this situation are discussed below.

### Tourism in Svalbard

Tourism is one of the fastest growing industries worldwide with the biggest share of turnover and this branch of industry is perceived as an attractive source of income and employment. For specific circumstances that Arctic provides tourism is increasingly considered as being a tool for providing economic growth, employment and welfare in peripheries, but simultaneously there are concerns whether new tourism developments can avoid a cycle of failures that many other places have experienced<sup>17</sup>.

Tourism itself dates back on the middle of 19<sup>th</sup> century. First there were fishermen, hunters, scientists and mining pioneers who saw opportunities in the Arctic. They travelled North to this stunningly beautiful land and established their activities that form the basis for the exciting community that Longyearbyen is today<sup>18</sup>.

The exploration of polar areas gave publicity to Arctic and people became aware of Svalbard<sup>19</sup>. First commercial tourism activities dates at 1870s when steam cruise ships started to reach Svalbard on regular basis. Among many visitors that arrived on those cruises there was John Longyear has arrived on board of the SS Augusta Victoria in 1901. Although he was on holiday, he had a keen eye for the economic

<sup>17</sup> H. Amundsen, *Differing Discourses of Development in the Arctic: The Case of Nature-Based Tourism in Northern Norway*, "The Northern Review" No 35, 2012, p. 125–146.

<sup>18</sup> Svalbardposten, *The top of the world 2014/2015* [online] [http://www.noz.de/media/documents/eisbaeren\\_1418388766.pdf](http://www.noz.de/media/documents/eisbaeren_1418388766.pdf) (14.09.2017).

<sup>19</sup> A. Viken, (2006). *Ecotourism in Norway: Non-existence or Co-existence. Ecotourism in Scandinavia: Lessons in Theory and Practice* eds. S. Gössling, J. Hultman p. 38-52.

opportunities provided by natural resources<sup>20</sup>. 5 years later he returned to open first coal mining site and give a star to Arctic Coal Company.

First tourist cabin was built in 1896 as Hotellneset for 30 guests but it lasted only 2 seasons. It was a first period of popularity of land base tourism in Svalbard. Second wave of popularity happened in 1930s when another hotel was created in Ny-Ålesund along with regular shipping line from the northern Norway. After the II World War Norwegian government was rather hostile about land based tourism using the reason of environmental protection.

Nevertheless Longyearbyen was built around coal mining, and traditionally most workers on Svalbard have been men employed in the mining industry. Tourism was just a small part and rather unimportant from economical point of view for the community. Even after opening a civil airport in 1975 Storting reports no 38 (1974-1975) and no. 40 (1985-1986) showed that tourism was seen as a small scale industry with no bigger impact on economy of the area. The third wave that started at the end of 20th century was meticulously planned as a search for an economic alternative to dropping mining industry. In report no. 50 (1990-1991) major focus was put on restructuring of whole economy due to drastic downsizing of Store Norske. Governments started to subsidize new branches and in the period of 1990-1998 loans and grants of total 39 mln NOK were awarded to 32 companies, 26 mln NOK of which was allocated in tourism<sup>21</sup>.

As numerous examples shows even pumping grants into sectors and promoting certain branches not always brings benefits. The question that seems to be vital looking into successful expand of tourism in this area is why visitors want to come to the High North, to Svalbard. As Cohen claims the myth of the paradise on the hot island is overrated and in postmodern society, there is a need for some new paradise destination. The remote location, untouched by human influence with innocent wilderness is exactly what people look for. Adding adventurous and risky environment in the distant and hard to reach location allows creating a perfect spot to tempt visitors. Arctic offers that all, and Svalbard is a perfect place to experience amazing nature and wilderness combined with adventure in such environment. Svalbard is located on the edge of the world making it even a greater challenge.

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<sup>20</sup> Reymert, P., Longyearbyen from company town to modern town. 2013 [online:] [http://www.sysselmannen.no/Documents/Sysselmannen\\_dok/English/Brochures/GamleLongyearbyen\\_ENGEL SK.pdf](http://www.sysselmannen.no/Documents/Sysselmannen_dok/English/Brochures/GamleLongyearbyen_ENGEL SK.pdf) (14.09.2017).

<sup>21</sup> Ministry of Justice *St.meld. no 9 (1999-2000)* [online:] <https://www.regjeringen.no/no/dokumenter/stmeld-nr-9-1999-/id192642/> (14.09.2017).



**Figure 3 Map of Svalbard**

Source: Eardex.com

On the archipelago one can point out for biggest tourist sites. Longyearbyen is a capital city with almost 20 hotels, harbor and international civil airport. Isfjoren is the only fjord in whole Svalbard where heavy oil ships are allowed to operate. Due to this reason biggest cruise ships come to Longyearbyen so most of the tourist companies (over 20) and tourism related businesses are located in here. In the city of Longyear is administered by the city council. One can find various museums about Svalbard, North Pole expeditions and arctic, art galleries, craft boutiques but also university center, research facilities and Global Seed Vault just outside of the city. Second Norwegian site is Ny-Ålesund that is currently a main international research base on the archipelago, being the northernmost permanently inhabited place in Svalbard makes it popular among the tourists. It is managed by KingsBay AS.

Pyramiden is a Russian settlement established in 1910 and managing by Trust Arktikugol. Due to downturn in mining was abandoned in 1998 yet from 2007 is it being restored and used as a tourist attraction advertised as a ghost town. Barentsburg currently a biggest Russian town in Svalbard is also administered by Trust Arktikugol. Barentsburg invites tourist to experience life in mining community.

Comparison between the trends in selected industries show permanent drop in mining and employment, while for a few years tourism show growth, faster in recent years. In 2015 only 200 people were employed in mining that experienced severe drop mostly due to Svea closing<sup>22</sup>. On the other hand tourism reaches close to 1000 employees in 2015 so 5 times more than mining.

The number of enterprises engaged in accommodation and food service grew from 11 in 2008 to 18 in 2015. Increase in guest visiting Spitsbergen is tremendous. In 1998 when third wave of interest were starting it was 17,900 visitors with 46,000 guest

<sup>22</sup> See more: [online:] <http://www.ssb.no/en/sts> (12.12.2017).

nights<sup>23</sup>. In 2015 the number of tourists were almost 3 times higher - 50,000 people with 130,000 guest nights.

In 2013 80% of tourism came from Norway, second biggest group was Swedes In 2015 situations has slightly changed, visitors from Norway represents 65%, biggest growth shows Europeans outside from Scandinavia.

Arrivals by sea are divided on cruise liners and private yachts. Yearly 20-30 liners arrive to Svalbard every season as a part of its longer journey staying up to 2 days. The increase in number of passengers is visible from approximately 25 000 in 2011 to 41 000 in 2016. No estimates have been made of how many airline passengers are tourists, yet the strong increase in passenger flights is being observed. More than 82 000 passengers arrived via plane in 2015. Visitors flying to Svalbard often join few days' expedition cruises around archipelago and take part in many more activities than those arriving by sea.

Polar tourism market is not a monolith. It expands changes and develops in the directions that need of the visitors goes. As Snyder discusses one can recognize five market segments of polar tourism that define needs of visitors of the high latitudes:

- mass tourism - describes group that wants to experience sightseeing in pleasurable surrounding with comfortable accommodation and transport,
- sport fishing and hunting - this group is interested into pursuing unique species in the wilderness setting,
- nature - those tourists want to observe wildlife in its natural habitat,
- adventure - lead visitors to sense of personal achievements in the risky environment with perils of outdoor activities,
- culture and heritage - comprised of people who are into personal interactions with traditional and native people<sup>24</sup>.

Along with fast development of tourism branch, attractions are becoming more and more diversified to answer needs of visitors from all over the world. Each of those segments mentioned above propose various experiences but also need of resources like transport or accommodation. Not only experiences differ but also economic dimensions, visitors' origins and motivations, expectations and behaviors.

Offer for tourists is customized for many different target groups. Accommodations vary from 4-star hotels, hotels for backpackers and camping sites. One can find exclusive meals in hotel restaurants, cafes where locals like to sip a coffee, bars full of people in the weekends and grocery store offering everything from imported goods from mainland, Norwegian specialties and food specially meant for hikers. Similar variety can be seen among offers from tour operators. Possible activities vary due to the season. In summer there are guided hikes in the mountains, on glaciers and along where with and without camping, hikes with pack carrying dogs, fossil hunting, visit to Russian settlements, kayak trips, horseback riding etc. In the winter some of the most popular activities include guided snowmobile trips, ice

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<sup>23</sup> See exact diagram: [online:] [https://www.ssb.no/en/befolkning/artikler-og-publikasjoner/\\_attachment/294354?ts=15a12de02c0](https://www.ssb.no/en/befolkning/artikler-og-publikasjoner/_attachment/294354?ts=15a12de02c0) (14.09.2017).

<sup>24</sup> J. Snyder, *Polar tourism markets* [in:] Snyder, J., Stonehouse, B., (ed.) *Prospect of Polar Tourism*, CABI London 2006.

caving in glaciers and dogsledding and skiing trips are also offered. (Ministry of Justice 2008)

Important factor is also a difficulty level from fossil hunting for beginners up to few day mountain trips and glaciers hiking for advanced. Both organized groups and individual travelers can find various activities suitable to their expectations, time, wealth and interest.

Tourism on Svalbard is seasonal; there are fewer visitors in the autumn and winter, and more in the spring and summer months. In a last few years a problem of seasonality of tourism has been recognized and many actions are being created towards convincing tourist to visit archipelago during winter months to decrease the gap of 25% people being employed seasonally. One way is to promote winter activities such as scooter guided tours or ice-caving, the other setting up festivals around a year such as Dark Season Blues Festival, Oktoberfest, Solfestuka and Polar Jazz.

### **Environmental concerns**

Since last decade of 20<sup>th</sup> century when Svalbard opened for tourism, ecological sustainability has been a concern<sup>25</sup>. At the beginning of 1990s early steps to protect fragile and unique area in Svalbard have been taken since diversification of industries has been proposed. In Report No. 39 (1990-1991) to Storting, the government proposed facilitating the development of tourism as one of the pillars for new commercial activities. Nevertheless, the role of controlling tourism and its scale, to avoid threatening the distinctive wilderness of the area is strongly emphasized. Growing number of tourism is a threat to flora and fauna of Svalbard as well as heritage sites around the archipelago<sup>26</sup>. In 1993 Norwegian Ministry of Justice published document Regulations Relating to Tourism and Other Travel in Svalbard which main purpose was to regulate tourism and travel in Svalbard, particularly in order to protect the archipelago's natural environment and historical remains, ensure compliance with other laws and regulations, provide for the safety of tourists and other travelers. Latter, United Nations Environmental Programme (UNEP) recognized potential issues and pointed out potential problems for the Arctic environment and local social issues connected to the growth of tourism in report about Polar Regions<sup>27</sup>. In 2002 Svalbard Environmental Protection Act came into effect. The main purpose of the Svalbard Environmental Protection Act is to safeguard virtually untouched areas in Svalbard within the limits of this framework, environmentally sound settlement, research and commercial activity is provided for<sup>28</sup>. The Act consists of regulations and principles in the areas of rea protection, species management, human artefacts, land-use plans, pollution, waste disposal, traffic and cabins. Due to growing number of tourists regulation of the Act has been revised in 2012. Since 2008 all government and parliamentary documents concerning Svalbard set goal to keep the

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<sup>25</sup> A. Viken, op. cit.

<sup>26</sup> D. Hagen, (ed.), *Managing visitor sites in Svalbard: from a precautionary approach towards knowledge-based management*, "Polar research" No 31(1), 2012.

<sup>27</sup> Ibidem.

<sup>28</sup> Svalbard Environmental Protection Act, op. cit.

conservation of the area's distinctive wilderness nature is emphasized. Nevertheless, many actions to keep this situation are taken. One is expanding an area that is under strict protection. Svalbard has seven national parks, six nature reserves, fifteen bird sanctuaries and one geological protection area<sup>29</sup>. Currently 65% of land area of the archipelago is protected<sup>30</sup>. Due to this, scale of environmental offences is really low. According to police statistics in 5 years range 2010-2015 it oscillated around 2% of all offences in Spitsbergen.

Tourism is known to bring various effects on economy but also social sphere and environmental areas. Author recognizes 3 main groups of challenges that are bound with tourism expand: (1) environment, (2) local community and (3) human factor so tourist themselves.

*Environmental.* Due to the climate changes, ice melting and longer period without ice on the Arctic some areas have become more accessible and Svalbard is for sure one of them. Rising temperatures brings many challenges that northern territories are not necessary ready for. Questions about frozen (before) wastes management and changing atmospheric conditions influence on infrastructure (house constructions, ice roads), higher risk of avalanches (as in Longyear in 2015) or floods are becoming vital. As Baldacchino points out more incomers means more waste that need to be taken care of and water concerning issues<sup>31</sup>. Pollution have becomes a greater problem as well as interrupting wild species in their natural habitat with noise, no distance keeping and littering. Snyder considers environmental effect of hunting tourism and ecological concerns of heavy oil ships operating in Isfjorden<sup>32</sup>. Along with more visitors air traffic grows not only due to higher need of transportation but also more supplies since population of employers of guides, tour operators, hotels and boutique staff grows. Hagen claims that impacts can be recognized not only on flora and fauna but also cultural heritage which is one of the area protected by Svalbard Environmental Protection Act<sup>33</sup>.

*Local community.* As Viken points out that tourists' stay is often too short to share the knowledge and use opportunity to teach visitors about importance of sustainability of High North<sup>34</sup>. Many tourists treat local inhabitants, who are not indigenous population, as a folk life museum showing no respect to the residents and their privacy. Trying to enter houses or taking pictures of inhabitants on the streets are only few reported disturbances<sup>35</sup>. Tourists tend not to follow the customs and local culture for example entering houses with shoes on or public places with rifles.

*Human factor.* As governor's reports suggest many visitors come to Svalbard unprepared with no knowledge about power of wild nature. Clash with wilderness is

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<sup>29</sup> Henriksen F.E., Sjømæling E., This is Svalbard 2016. What the figures say [online:] <https://www.ssb.no/en/befolkning/artikler-og-publikasjoner/this-is-svalbard-2016?fane=om> (15.09.2017).

<sup>30</sup> See map [online:] [http://www.miljodirektoratet.no/Global/dokumenter/Publikasjoner/Brosjyrer/Eng\\_brosj\\_Svalbard\\_web\\_opp.pdf](http://www.miljodirektoratet.no/Global/dokumenter/Publikasjoner/Brosjyrer/Eng_brosj_Svalbard_web_opp.pdf) (12.09.2017).

<sup>31</sup> G. Baldacchino, *Extreme Tourism: Lessons from the World's Cold Water Islands (Advances in Tourism Research)* Routledge 2006.

<sup>32</sup> J. Snyder, *Economic role of Polar tourism* [in:] Snyder, J., Stonehouse, B., (ed.) *Prospect of Polar Tourism*, CABI London 2006.

<sup>33</sup> D. Hagen, op. cit.

<sup>34</sup> A. Viken, op. cit.

<sup>35</sup> Few years ago a sign *no pictures* has been introduced near kindergarten in Longyearbyen.

a danger to themselves and nature. Jolliffe and Farnsworth suggest that people are also unaware of harsh weather conditions and difficulty of trips<sup>36</sup>. Operators have no way to check if someone condition is enough to take part into hiking g trip or longer excursion.

Along with issues discussed, one can observe positive phenomena for community. Everyday life improvements such as better mapping of the areas, renovating towns and improving infrastructure has been motivated by the increase in tourism but also has been possible thanks to money that visitors spend in Svalbard. More tourists give a lift for economy, generate more competition thus it provides more options that make traveling to Svalbard more affordable. The more people come and clash with the nature, the higher hope for more awareness of Arctic issues in the world and better cooperation in this matter<sup>37</sup>.

### **Policy towards Svalbard future**

Constant emphasizing of Norwegian sovereignty in the area results in permanent monitoring of situation in Svalbard by authorities and issuing reports and strategies to point out fields that need to be developed. In Storting report no 22 from 2008 objectives were set to:

- enforce consistent and firm Norwegian sovereignty,
- correct adherence to the Svalbard Treaty and verify compliance with the Treaty,
- maintain calm and stability,
- preserve the areas of unique natural wilderness,
- maintain of Norwegian communities in the archipelago.

Moreover, Report recognizes variety of areas where changes are needed mainly: creating Svalbard and the High North Strategy, increasing need of regulation, climate changes and need of environment preservation, new opportunities in Svalbard tourism activities as well as scientific research and challenges occurring due to changes in coal mining industry.

In spring 2016 government of Norway has issued a communication about Svalbard as a *White Paper on Svalbard*. Main goal presented in the White Paper is by strengthening research, tourism and the general businesses the government will develop Svalbard further. The role of knowledge is emphasized as it is a crucial power for restructuring existing and development of new industries. Pressure should be put on further expand of Svalbard as a platform of international research with a key role of Norway, not only facilitator. Government is to deepen an overall comprehensive strategy involving all stakeholders using the benefits of new technologies and improving logistics in order to strengthen volume and quality of research. Role of natural environment preservation is stressed especially with increasing number of visitors that creates new challenges. More and more actions are being introduced and planned after rising interest of the High North in international arena. Due to the

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<sup>36</sup> L. Jolliffe, R. Farnsworth, *Seasonality issues*, "International Journal of Contemporary Hospitality Management" No 15(6), 2003, p. 312-316.

<sup>37</sup> *Arctic Climate Impact Assessment Impacts of a Warming Arctic, synthesis report*, Cambridge University Press 2004 [online:] <http://www.acia.uaf.edu/pages/overview.html> (20.09.2017).

growing political activities and need of stronger focus, pace of action accelerates and the planned 10 year time lapses on issuing Storting reports on Svalbard are being changed. In the newest Report no 32 (2015–2016) government confirms that the overall objectives presented in report of 2008-2009 and expanded in White Paper in 2016 for Svalbard policy are firm. As Store Norske has reduced its crew, it is important for the government to make facilitate community of Longyearbyen to be a place attractive not for workers but also for whole families. Continuous focus new branches are being stressed and development of tourism, research and higher education as well as other varied business activities are advised. A consistent and firm strong local community is a guarantee of Norwegian sovereignty. Big part of the report was devoted for environmental preservation considering growing number of incomers, new challenges created both by tourists and academic development.

## **Conclusion**

After Barents discovery of Spitsbergen many nations operated in the archipelago on different purposes starting with whaling, hunting through exploring and research. Svalbard was not claimed by any country up until 20<sup>th</sup> century. Along with boom on commercial mining discussion about division of this land has begun. The special status of the archipelago was settled in Svalbard Treaty in 1920. Mining was a leading, even monopolistic industry in those lands for almost a century. Population was steadily growing and since liberalization begun in 1970s, Longyearbyen was changed from company town and full dependency of Store Norske. The question what can substitute mining that started to face economic challenges was asked. Lowering prices of coal as well as rising cost of extraction, has led Norwegian government to stimulate other sectors. Main pressure was put into diversification of economic activities that was seen as essential for firm position of Norway in the archipelago and keeping impartibly sovereignty. Thanks to decisions that has been considered over 2 decades ago by Norwegian authorities and implemented them consequently the positive results can be observe. One important part of the Svalbard Policy the past period has been transition of and development of modern society, in Longyearbyen. The restructuring of the economy, including bot the development of new basic economic sectors and the increase activities is an important part of this policy. Ongoing switch that can be observed change the whole structure of Svalbard economy. Adapting long term programme of changes aimed into specific area that the High North is, required solutions not only in economical ground but also in the social and environmental sphere. Even though that Svalbard was traditionally seen as a place to work and male population was dominant, lately Norwegian government promotes the role of family life to cease high population turnover.

Introduction of diversification was based on 3 main pillars: keeping mining with awareness of its downturn, expanding tourism and private sectors and use high research potential. Svalbard's natural advantages were crucial in successful growth in fields of tourism, research and flourish of private sector. Motivation of experiencing a nature and wildlife in remote areas of the world as well as experiencing unique surroundings attracts more and more visitors. Archipelago offers variety of activities in different levels of advanced for winter and summer fulfilling needs of 5 tourism

segments mentioned. Over 50,000 people visited Svalbard in 2015 and the numbers grows. Lately, a lot of effort is put to escape a seasonality trap and keep level of visitors stable for winter season as well.

Special environmental laws such as Environmental Protection Act has been implemented to ensure that fragile and unique environment of Svalbard will be preserved. Over 60% of archipelago is a protected area. Not commonly debated advantage of tourism is rise of awareness about Arctic environment and climate changes in Polar Regions as well as gaining wide global audience thanks to international tours taken in this area.

It was a challenge to find such solution that on one hand will allow economy to flourish after mining industry started to face severe difficulties, on the other to keep the specific structure of local communities that, as Norwegian governments states, are incredibly important to keep sovereignty of the archipelago. Newly developed economic activities plays important role in sovereignty of the archipelago and grant substitute employment in other industries than mining helping to minimize employment gap that started to grow with closing mines. Tourism activities has taken over and plays a huge role in support of local community not only in giving jobs but also developing the surrounding and improving services for citizens based in Spitsbergen and most importantly strengthens the sense of community.

Overcoming problems together has strengthened community bounds and ensuring that nature is protected raised awareness in the international discourse. The growth in Arctic tourism is a fact but more and more fitting policies and implemented solutions allow keeping balance between economic interest and sustainable growth respecting nature. Author positively verifies hypothesis that along with decreasing employment in mining industry role of other sectors such as tourism increases, role of tourism in Svalbard and its impact on economy has developed significantly in the last twenty years and growth in tourism sector resulted in minimizing employment gap created due to reducing shares of mining industry.

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### Streszczenie

Głównym celem artykułu jest rozpoznanie zmian zachodzących w gospodarce Svalbardu i podkreślenie wpływu turystyki polarnej na specyficzną strukturę gospodarczą Archipelagu. Na początku, autorka krótko przedstawia główne okresy w historii tego obszaru, choć główny nacisk kładzie na obecną sytuację, czyli spadek wydobywania węgla wraz z popularyzacją turystyki polarnej, rosnącą działalnością handlową w tej branży i rosnącą liczbą odwiedzających. Autorka wskazuje na główne problemy związane z rozwojem tej gałęzi gospodarki i możliwymi długoterminowymi skutkami. Dzięki połączeniu metod ilościowych, a także bezpośredniej obserwacji i wywiadów z mieszkańcami podczas pobytu autorki na Svalbardzie latem 2015 r.,

artykuł odpowiada na pytanie badawcze, w jaki sposób turystyka polarna wpływa na gospodarkę Svalbardu.

### **Znaczenie turystyki polarnej dla gospodarki Svalbardu**

#### **Słowa kluczowe**

Svalbard, gospodarka Svalbardu, turystyka polarna, turystyka na Svalbardzie, przemysł wydobywczy na Svalbardzie.

**Agnieszka Joanna Legutko** (1990) is a PhD student at Cracow University of Economics in the Faculty of Economics and International Relations. As part of the research for her master thesis *In the heat of the Arctic - climate change in the High North and its impact on the economy, politics and indigenous societies*, she participated in Erasmus exchange in Háskólinn á Bifröst (2011), Iceland and conducted academic research in Iceland (2013). She was granted a scholarship in for International Summer School in Oslo University (2017) and Grant for Young Researchers in Cracow University of Economics (2017). Her main research areas includes the ongoing changes in the Arctic, especially Svalbard, NGO sector in Nordic countries, Scandinavian welfare state and multilateral diplomacy.