



MiningWatch Canada

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“Looking Back and Moving Forward” Engineers Without Borders 5th Annual Conference, Ottawa

Canadian Mining Companies in the Developing World

*Presentation by Jamie Kneen, MiningWatch Canada
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I'd like to thank the organizers very much for the invitation to join you today, and I'd also like to congratulate them on a very impressive program.

By way of introduction, I'd like to briefly describe MiningWatch Canada. MiningWatch is a coalition of 20 environmental, Aboriginal, labour, and international organizations that started in 1999 as a way of sharing information and working to promote responsible mining. We work on mining in Canada but also on Canadian involvement in the mining sector world wide, both in terms of Canadian mining companies active in other countries and in terms of the Canadian government policies that support them with subsidies, tax breaks, and political favours. So I think we're well positioned to address the topic posted in the program: the best and worst practices of Canadian mining companies in the developing world.

I'd like to address some of the fundamental concepts and misconceptions around large-scale mining as a model of development and look at what needs to change – and what's being done about it. As Michael Edwards told us yesterday morning, the most important thing is to think about what questions we need to ask, and ask them, and to help create the conditions for people to be able to solve their own problems. I'll touch on ethics, economics, and the environment, and maybe even engineering.

I'd like to start with a big question: what are we doing to alleviate poverty? And perhaps even more important, what are we doing to change the conditions that create poverty? We can no longer fool ourselves that poverty is something that just happens to people, like some sort of original sin. No, even the poorest people have access to wealth – or could, if conditions were different. I'd recommend that everyone in this room read Walter Rodney's 1973 book "How Europe Underdeveloped Africa", which details how the colonial powers never stopped stripping Africa of her wealth – whether slaves, rubber, copper, or gold. We can increase our aid envelope to 0.7% of our GDP, or more, but developing countries will continue to be impoverished as long as they have to keep making payments on an obscene debt load – and as long as their resources are extracted and exported without any value added or any meaningful return.

Does mining really alleviate poverty in the developing world? There’s little evidence it does, and a lot of evidence that it actually creates poverty. The benefits of mining tend to be measured on a macro level – foreign exchange earnings, gross domestic product – rather than looking at any kind of measure of distribution of those benefits. The benefits of mining also tend to be measured in a vacuum – providing X many jobs without mentioning how many thousand farmers or small-scale miners are losing their livelihoods.

In fact, academics – and even mining journals – talk about the “Resource Curse”. It seems that extractive industries create poverty, not wealth; having rich deposits of minerals or oil does not make a poor country rich. Local elites may do well; investors and Bay Street brokers may do very well, but the workers and the people who lose their lands or water supplies don’t get much in return. Studies in countries as different as Peru and Ghana have shown that where there is more mining, and more foreign investment in mining, there is also more poverty. This can be measured at any level – countries or counties that don’t depend on mining have better economic growth.

A similar syndrome even afflicts wealthy countries. It’s called Dutch disease – dependence on one sector creates a vulnerable economy, and anyone from Canada’s hinterland can tell you about the instability of a boom-bust resource based economy, whether in mining or logging.

What happened to the idea of “sustainable development” – you know, meeting the needs of the present without sacrificing the future? The simple question – is mining sustainable – has a simple answer. No. Orebodies are finite and non-renewable. You dig it all up and use it and there’s no more. Pretty much the definition of non-sustainable. A more interesting question is, “what is the relationship between mining and sustainability?”

More progressive elements in the mining industry have been talking about mining’s “contribution to sustainability”, where benefits can be brought forward into more generalized and long term development, building a base for a sustainable economy while minimizing environmental destruction. Unfortunately this conflicts with the financial imperatives of the industry, which is capital intensive and vulnerable to commodity price fluctuations. So mining companies need to maximize their efficiency and productivity to pay off their construction costs and get their products to market as quickly as possible – while the market is good. Investors and financiers like the higher rate of return, so there is little incentive to make mining projects smaller or develop them more slowly.

But to minimize the environmental footprint, create more stable jobs and more transferable skills, and to contribute to long-term regional development, this is exactly what needs to happen. The environmental review panel that looked at Inco’s massive Voisey’s Bay project reached exactly that conclusion. They recommended that the project be developed over 40 years rather than the 15 that the company had been planning, to allow more local people to be trained into jobs at the mine and to **have** those jobs long enough to make a difference – and to allow the mine to be an anchor in a more diversified and sustainable regional economy rather than create yet another boom and bust.

But I said I was going to talk about best and worst practices, didn’t I?

In reality, “best practice” is limited as a general approach to making the mining industry more responsible for its actions. In practice, we have to choose between unattainable or impractical ideals – best-case scenarios with little relation to reality and little hope of becoming reality – and “realistic” compromises that leave lots of room for improvement. “Best Available Technology” usually comes with a disclaimer: “Economically Achievable” (BATEA) or “Not Entailing Excessive Cost” (BATNEEC). In fact, what many companies aim for is something called “CATNAP”: “Cheapest Available Technology

Narrowly Avoiding Prosecution”. [I’m not really kidding: just like we manufacture chemicals here that are banned for use in Canada and sell them to developing countries, mining companies sometimes ship equipment that is obsolete and may be unsafe and even illegal here to use in other countries, like India or Zambia.]

The real problem with a “best practice” approach is the risk inherent in certifying any set of standards without sufficient technical certainty. It’s all too easy to end up signing off on something that turns out to be a disaster. People used to take radium, arsenic, mercury – all kinds of really nasty things – as medicine. They were standard treatments. In the same way, people used to think that if you dumped barrels of waste in the ocean, or in a landfill, that it would somehow disappear...

We do have things like the “Framework for Responsible Mining”, which goes into considerable technical detail on all aspects of mining operations, and there are many other guides and codes ranging from the OECD Guidelines for Multinational Enterprises and the UN Norms through to the Cyanide Code – some very general, others much more focused and prescriptive, promulgated by different groups or institutions. They serve as useful reference points.

Overall it’s much more useful to have an active discussion of positive options. The Mining Association of Canada’s “Communities of Interest” process is one forum where this discussion is taking place. It needs to be a genuine, constructive, and creative discussion. Other initiatives – sometimes from the industry and sometimes from NGOs – can be disingenuous, oriented more towards public relations than real change. Sir Robert Wilson, head of Rio Tinto, set the tone for the 2002 Mines, Minerals, and Sustainable Development conference in Toronto when he acknowledged that the environmental and social cost of closing and rehabilitating old and abandoned mines around the world is likely in the trillions of dollars – and that there was no way mining companies could deal with it.

There are real best practices, of course, but if they are to really be the best they need to be dynamic, continually re-evaluated and renewed. The real best practice is an idea – an ideal of accountability, fairness, and continuous improvement that we have to struggle to formulate and implement. There are some important ideas that some elements of the mining industry have taken up with varying results: things like arms-length community foundations to hold and share profits (as at Voisey’s Bay), independent environmental and socio-economic monitoring bodies (as at the Ekati diamond mine), and requiring the free prior informed consent of affected communities – and especially indigenous peoples – before proceeding with any development.

What about worst practices? Well, as a watchdog organisation we hear a lot about those. Obviously if people are content with their situations they won’t necessarily call us. On the other hand, there’s a lot going on that we don’t find out about just because we don’t have the staff and resources to investigate, or because in places like Burma or China you’re simply not allowed to investigate. Overall, though – and this goes back to my earlier point about trying to certify any operation as A-OK – it seems that if you look closely enough at anything you’ll find problems with it. And sometimes they’re extreme. Westray Coal got the John T. Ryan mine safety award one month before it killed 26 men in its Nova Scotia mine.

I’ve got a whole series of cases I’d like to mention. They illustrate worst cases, but it’s important to recognise that they show us more than how bad things can be when they go wrong, or give us more work to do fixing things up. They also show the way towards solutions, as we work with the affected communities to resolve them.

- In Chile, Barrick Gold continues pushing its Pascua Lama project despite widespread and serious opposition. The project is contentious because of the environmental destruction it will bring and the

dangers it poses to the water supply in both Chile and Argentina. It sits right on the continental divide high in the Andes, in a desert area where glaciers provide water for irrigation, supporting 70,000 farmers on the Chilean side alone. Building the mine will require moving 2 small glaciers, and people downstream are concerned about the loss of their precious water supply as well as the potential for spills and leaks from the cyanide heap-leach operation.

- In Peru, Manhattan Minerals was forced to abandon its Tambogrande copper-gold project in 2003. Again, this project would have jeopardised the water supply for about 30,000 irrigation farmers – in fact, Tambogrande is the only example I know of of a World Bank project that didn’t create some form of havoc, but rather created a stable and relatively prosperous local economy. After a municipal referendum that overwhelmingly rejected mining in favour of agriculture (by 93%), the Peruvian government was forced to find a way to cancel Manhattan’s concession.
- In southern Colombia in the late 1990s, while paramilitaries massacred peasants and small-scale gold miners and union leaders were assassinated, the Canadian government helped re-write mining laws to eliminate the national miners union and make it possible for Canadian companies to secure properties once small-scale miners were eliminated. These same communities are under pressure today from some of the same interests.
- In Tanzania, at Barrick Gold’s Bulyanulu gold mine, the company acknowledges that 250,000 people – small scale miners and their families – were forcibly and illegally relocated in August 1996. What the company denies, although there is serious evidence and the allegations have never been investigated, is that as many as 52 small-scale miners were buried alive when they refused to leave their pits. Even today, though the mine is successful, the local economy has been destroyed, and there has never been an investigation into what happened.
- In the Democratic Republic of Congo, a UN panel found 8 Canadian companies in breach of the OECD *Guidelines for Multinational Enterprises* in 2002. In October 2004 the Congolese Army used trucks and equipment borrowed from Anvil Mining to rape, torture, and kill dozens of people. Anvil did not even complain, and in fact claims it wasn’t aware of what happened. For years Anvil has been involved in a dangerous conflict zone without even putting safeguard policies in place. It still doesn’t see that there might be some question about paying and feeding police and soldiers directly, relying on the World Bank to provide guidance when the Bank itself has refused to respect the conditions prescribed by its own Extractive Industries Review.
- In Ghana, Bogoso Gold Limited, partly owned by Golden Star, has caused the death of five rivers in Dumase and most of the communities in the area have no source of drinking water. The most recent cyanide spill – from a new tailings dam – was on October 23rd, 2004 into the Aprepre river. Townspeople and farmers continue to protest in the face of serious repression. On June 22nd, 2005, military and police opened fire on demonstrators in Prestea and Himan.
- Also in Ghana, the Bonte gold mine, once the sixth-largest producer in the country, owned by Akrokeri-Ashanti Gold Mines Inc., was able to liquidate in July 2004:
 - Without following the due processes for mine decommissioning
 - Without notice to the workers
 - Without paying up to date wages to workers and compensation to farmers whose land has been acquired about 15 years ago for mining
 - Leaving a debt of about US\$18 million owed to various state institutions and private companies
- Again in Ghana, at Tarkwa, Goldfields Ghana Limited, partly owned by IAMGOLD, started harassing nearby villagers in 1997. The company wanted to relocate without adequate compensation

for lost land and crop yields. Many people refused to leave their land, and were targeted by the company’s military task force, which destroyed roads, houses, local markets, schools, and farms. Aside from cyanide spills, mining in Tarkwa has displaced 30,000 people between 1990-1998. Two-thirds of the land in Tarkwa has been sold off to multinationals with minimal compensation to local people. Pollution from the mining projects in Tarkwa has led to the spread of malaria, tuberculosis, silicosis, acute conjunctivitis, and skin diseases. And on December 13th, 1999, nine people were shot and wounded during demonstrations against massive layoffs at the Tarkwa mine.

I could continue.

It’s important to remember that these problems are current, not just in the past, and that it’s not just a question of a few bad apples, as the Canadian government would have us believe – if these are bad apples, we’ve got bushels of them. But even if they’re just “bad apples”, we need to know how they got in there. We need to figure out how to clean them out. And we need to figure out how to prevent these things from happening again. The bottom line is that rather than trying to set out an unattainable – or too easily attainable – set of best practices, we need an enforceable set of minimal standards of behaviour. We need a clear set of rules that mining companies and communities can refer to and that are legally enforceable. There is a real consensus among NGOs that we need more than voluntary standards, and in fact in the last Parliament the all-party Standing Committee on Foreign Affairs and International Trade agreed and asked the government to move this idea forward.

I haven’t forgotten that I was going to talk about the rôle of Engineers Without Borders and its partners. I wouldn’t presume to tell you what you should be doing, but I think there are some important openings. One is in finding, building, and promoting appropriate technology for small scale miners. Sometimes the obstacles are technical, sometimes legal, and sometimes logistical or organisational, but the lives of hundreds of thousands of artisanal miners around the world can easily be improved with better mills, retorts for capturing mercury from gold amalgamation, simple safety equipment, and so on. Another is in reclamation of old mine sites and tailings dumps to make them safe – and possibly profitable if there’s still economic value in them. And finally, we need engineers too. NGOs and community groups in Canada and around the world desperately need access to independent technical advice, whether in reclamation and remediation or in reviewing environmental impact statements, tailings dam designs, water management plans, closure plans – you name it. It is difficult to find anyone willing to risk his or her future in the industry by criticising these plans and models or by working for the “opposition”, and even harder to do so at a price community groups can afford. Engineers need to eat too.

Ultimately the most important thing is to keep asking those questions, and this is something you can do wherever you are and whatever you’re working on.

Thank you.