

Viewpoint

# The emperors new clothes: Sustainable mining?★

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## Abstract

Over the last few years, the idea of ‘sustainable mining’ has, thanks to industry sponsorship, been working its way into the agenda of many international processes. There is now a push in many countries to invite in multinational mining companies with the idea that there is a “new, sustainable mining” which is different from the old, bad practices of the past. Yet, what has actually changed in the industry to match this shift in rhetoric? From the perspective of mine-affected communities nothing seems to have changed. Their land is still being taken from them without giving their free, prior and informed consent, and they are suffering the same ill effects on their ways of life, health and environment. This paper will illustrate how under this rhetoric, the mining industry ‘emperor’ has the same old naked ambitions.

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## 1. Introduction

This paper intends to look at how ‘sustainable mining’ is perceived from the viewpoint of mining-affected communities and their supporters. I am writing this as a member of the editorial board of Mines and Communities (MAC), a network of organisations across the world seeking to empower mining-affected communities in their struggles against damaging proposals and projects.<sup>1</sup> However, please note that, as per MAC’s editorial policy, the views expressed here are my own, and may not necessarily reflect those of other individual editors.

Many of the communities MAC works with are made up of Indigenous Peoples, who have been unfairly disadvantaged by mineral development on or near their land. By one estimate, as much as 50% of the gold produced between 1995 and 2015 will come from indigenous lands [1].

## 2. Industry initiatives

Over the last few years, the idea of ‘sustainable mining’ has, thanks to mining industry sponsorship, been working its way onto the agenda of many international processes. The idea was effectively born under the banner of the Global Mining Initiative (GMI) in 1998, leading up to the questionable insertion of the term “sustainable mining” into the post-Johannesburg plan of action at the World Summit on Sustainable Development (WSSD) in 2002. The industry’s preparation for, and indeed integration with the processes of, the WSSD was partly a result of its relative exclusion at the 1992 predecessor, the Earth Summit in Rio [2].

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<sup>1</sup> More information on Mines and Communities, including the members of its editorial board, can be viewed at <http://www.minesandcommunities.org>, and more specifically at <http://www.minesandcommunities.org/Charter/annualreport2003.htm>.

The GMI was initiated in a meeting of industry leaders and was based in London at Rio Tinto's head office in St James Square. The founders of GMI included Rio Tinto, Anglo American, BHP Billiton, Freeport McMoRan, Newmont and WMC. These are among the largest companies in the industry, and also have their own seriously problematic environmental and social records [2].

The GMI established the two-year research and dialogue initiative entitled the Mining, Minerals and Sustainable Development (MMSD) project. This was followed by a global conference and the formation of the International Council of Mining and Metals (ICMM) – which is also based in London and features many of the same companies – to better represent the industry to its critics [2,3].

MMSD predictably was widely criticised and boycotted by Indigenous Peoples organisations, NGOs with expertise on the issue, and mine-affected communities. This is because, while it projected itself as being consultative and inclusive, its framework, objectives and structure were all unilaterally predetermined by the corporate sector. Even the members of the nominally independent Assurance Board (established to monitor rather than manage the process) were originally chosen unilaterally by industry, without the broad consultations and self-selection processes associated with a more credible multi-stakeholder process.

The aims and outcomes of MMSD were therefore tailored to the industry's priority agenda of linking mining to sustainable development, and did not reflect those of its victims. This meant that MMSD did not gain broad acceptance or credibility as an independent body, and as a result the project failed to generate any meaningful dialogue between those most affected by mining and those most responsible. MMSD in its own conclusions noted lack of trust as an important qualifier in its own history and for future dialogue in the industry. This failure stunted its capacity in terms of its stated goals of engaging with critics [4].

However, none of this has stopped the industry from engaging with some large, Northern-based NGOs, such as the World Wide Fund for Nature and Care International, much to the frustration of mine-affected communities, as these organisations have no grassroots consent on which to enter into dialogues that will affect those communities [5,6]. Nor has it prevented subsequent "dialogue" processes, including that between ICMM and IUCN concerning the future of mining exploration within Protected Areas, repeating the same exclusion of the Indigenous Peoples whose lands were under discussion. It has also not stopped the industry, aided by the World Bank, from promoting 'sustainable mining' within the liberalisation of various country mining codes, such as the National Minerals Policy in the Philippines [7,8].

### 3. London declaration complaints

It is partly owing to the above-industry initiatives that MAC was born. There was a meeting of community activists and their supporters in London in May 2001. London was chosen because it is increasingly seen as the centre for mining companies, mining financing, and most importantly, to the industry-sponsored initiatives mentioned above.

A joint-declaration came out of that meeting, called the "London Declaration", which forms the basis for the following critiques of 'sustainable mining'. The Declaration makes various demands upon the mining industry and civil society, but from the point of view of this paper, its most relevant section is in how industry-sponsored initiatives promote at least four half truths or myths. These are:

- (i) the supposed need for more and more minerals from ever more mines;
- (ii) the claim that mining catalyses development;
- (iii) the belief that technical fixes can solve almost every problem; and
- (iv) the inference that those opposed to mining mainly comprise ignorant and "anti-development" communities and NGOs [9].

I intend to look at each in turn to see how it exposes the fallacy of sustainable mining.

### 4. The supposed need for more and more minerals from ever more mines

This is perhaps the key question: how can the naked laws of supply and demand in a growing world of consumption result in a sustainable extractive industry? In 1999, some 9.6 billion tons of marketable materials were extracted from the earth, nearly double the amount for 1970. This only accounts for minerals that reach markets, and not the unused and/or waste products, or overburden. If this is taken into account, then the amounts removed are often staggering. In 2000, mines around the world extracted some 900 million tons of metal – and left behind some six billion tons of waste ore (not including overburden). A single mine in Papua New Guinea, Ok Tedi, was generating 200,000 tons of waste a day on average – more than all the cities in Japan, Australia and Canada combined [10,11].

It can be argued that at least part of the increase in production is not just pure global economic demand, but thanks to subsidies provided by government policies and the promotion of mining via the International Finance Institutions (IFIs), such as the World Bank. The subsidies that mining firms enjoy can come in the form of pro-mining laws which charge few taxes or royalties (e.g. the 1872 US Mining Law) or any of

a number of newly introduced codes in developing countries (the Philippine Mining Act of 1995 being a very good example). The industry can also be subsidised by taxpayers who pick up bills for cleaning up costly mistakes – a good example of which is the Summitville disaster in Colorado, which was abandoned by the Canadian company Galactic Resources in 1992, leaving the United States Environmental Protection Agency and super-fund to pick up the estimated clean up costs of US\$230 million [12]. IFIs have actively promoted mining in developing countries through loans, investment guarantees, risk insurance and promoting the liberalisation of legal frameworks [13].

Based on figures from the late-1990s, on the negative side, mining consumed close to 10% of world energy, is responsible for 13% of sulphur dioxide emissions and it is estimated that it threatens nearly 40% of the world's undeveloped tracts of forest. Yet, it directly accounts for only 0.5% of employment and 0.9% of 'gross world product'. When considered as a 'complete balance sheet', it just does not look sustainable [14].

In view of these figures, there is definitely a logic and market for increased production of recycled materials (or even the use of current stockpiles – there is, after all, enough gold stockpiled to meet demand for 17 years). About half of the world's lead is derived from recycled sources, as is a third of aluminium, steel and gold. Energy savings of up to 70% are available through recycling, not to mention the benefits from reduced toxic emissions, as well as to occupational health and safety. Yet, partly thanks to subsidies, companies search for new green field sites when so much useful metal lies in landfills (although some pilots on mining landfills are happening in the United States). In the same way that the heavily subsidised arms industry is being asked to transfer skills towards more peaceful industries, so the mining industry should be looking towards switching its skills and knowledge towards investing in recycling. Between 1995 and 1999 the World Bank spent close to US\$6 billion to fund mining projects around the world [15,16].

### 5. The claim that mining catalyses development

It is interesting that in the 18th century, Adam Smith had already noted the capricious benefits of mining, when he said, "of all those expensive and uncertain projects which bring bankruptcy upon the greater part of the people that engage in them, there is none more ruinous than the search for new silver and gold mines. It is perhaps the most disadvantageous lottery in the world" [17].

There is now a well-published argument upon the issue of mining's contribution to developing countries which will only be able to be touched upon. Aside from the 'boomtown' effect caused by short-term projects, there are also the problems associated with the so-called "Dutch disease" or "resource curse". Mineral develop-

ment, it has been argued, paradoxically has a negative effect on economic growth in mineral-dependent developing countries, or at the very least, does not benefit the poor in these countries. According to the United Nations, the proportion of people living on less than \$1 a day in mineral-exporting countries rose from 61% in 1981 to 82% in 1999 [18]. A study from Britain's Lancaster University concluded that mineral-driven, resource-rich countries were among the poorest economic performers between 1960 and 1993 [19].

Many economists consider it "intuitively obvious" that mining is the vehicle to drive sustained economic growth to lift countries out of poverty. A recent World Bank report makes this familiar case, noting that:

"...natural resources-based activities can lead growth for long periods of time. This is patently evident in the development history of natural resource-rich developed countries, such as Australia, Finland, Sweden, and the United States. Mining was the main driver of growth and industrialization in Australia and the United States over more than a century..." [20]

However, a recent publication from Oxfam America, *Digging for Development*, debunks many of these standard myths. The author, Thomas Michael Power, demonstrates how the idea that mining was an engine for growth in countries such as Canada, the United States and Australia, and therefore can be for other countries, is simply not true. He shows how relatively unimportant mining was for those countries, how their large geographical size and internal markets assisted a diversified mineral sector, and how they were effectively already middle income countries anyway.

Professor Power stresses how these positive factors just do not hold for most mineral-rich developing countries. More importantly, he notes how in the last 20 years – with increased globalisation leading to cheaper transportation prices and more volatile markets – mineral-dependent countries are faring even worse [20].

Although there has been an ongoing argument between Professor Power and the World Bank over the figures used and the conclusions drawn, it is obvious to many that even if a country can be seen to benefit, communities who are close to the operation seldom seem to in comparison to the costs that are imposed upon them. Also, certain previously disadvantaged groups, such as women or Indigenous Peoples, suffer the greatest negative effects [21,22].

### 6. The belief that technical fixes can solve almost every problem

The mining industry is exceedingly quick to herald beneficial improvements in technology, which are promoted as the products of, or associated with, large multinational companies. However, history has shown

us that even if beneficial, these technologies are not always necessarily used, as costs can sometimes be prohibitive. For example, in the case of Ok Tedi, when confronted with problems of building a tailings dam in a high rainfall and unstable area, BHP Billiton opted to dump waste straight into the local river system, which has been the source of ongoing legal action ever since. It seems that at no point when a reasonable technical solution could not be found did the simple solution not to mine in such an area occur to the company [23,24].

There are still arguments over so-called new solutions. A good example is sub-marine tailings disposal, which in the developing world, started in Papua New Guinea, and at the urging of industry, is spreading to other Asia-Pacific countries, despite serious opposition from civil society. This is a relatively untested technology, and already, objections and problems have been noted in the Lihir and Misima mines [25]. Also, six managers of the American mining company Newmont face charges over allegations that the group polluted the sea with mercury and arsenic at its Minahasa mine in Indonesia. They face up to 15 years in prison if convicted [26].

It is worth noting that if one looks back over the period when sustainable mining has been on the agenda, the two major technological developments have been the extraction of minerals from lower-grade ores and the development of surface mines instead of underground ones. This lower-grade, open-pit mining produces less ore for the energy and waste consumed compared to underground mining. It also employs less people and is obviously less attractive to communities who stand to lose more of their otherwise productive land, and run a greater risk of airborne pollution.

To this list of technologies that benefit industry, but not necessarily the environment or local communities, could be added heap leaching, heap leach SX-EW, and High Pressure Acid leaching (HPAL). It is difficult to see how this technology is really helping sustainable development. If technical fixes are the answer to everything then we should have seen reductions in the number of tailings dam problems in the period that ‘sustainable mining’ has been in discussion. Yet, statistically this does not seem to have happened, nor are catastrophic spills (even aside from regular seepage) contained to developing countries or ‘old practices’.<sup>2</sup>

<sup>2</sup> Research on tailings dam disasters undertaken by PIPLinks specific to the Philippines, shortly to be published, but more general data are available at <http://www.antenna.nl/wise/uranium/mdaf.html>; it is noteworthy how the MMSD report (op cit) comments on many of these technologies without for example, HPAL is commended for its lower capital and operating costs and superior metal recovery which “may have a significant effect on the location and nature of nickel mining in the future” [Chapter 6, page 29]. There is absolutely no recognition that – as dramatised via the Crew/Mindex Mindoro project in the Philippines – this “new location” factor may sound the death knell for some traditional farming or fishing communities.

As a good example of where even the largest and best equipped companies experience problems, the Kelian gold mine in Indonesia, which lasted for less than a decade, is closing before its planned time. It has left Rio Tinto with an enormous problem of rehabilitation (including not being able to return the mine site to productive agricultural use as undertaken in its initial Environmental Impact Assessment) [27].

Finally, if technology is really safe, then surely companies should be putting their dollars where their company reports are, and agreeing to the “polluter pays” and “precautionary” principle, rather than lobbying against them [28].

### **7. The inference that those opposed to mining mainly comprise ignorant and “anti-development” communities and NGOs**

It is important to stress that many of the groups that MAC works with are not ‘anti-mining’ per se, and many work with, or are, miners themselves (notably small-scale or artisanal miners). However, their dealings with the corporate mining industry to date have often made those same groups suspicious or hostile of the intentions of the industry.

The key question is, who has the right to make the decision over the future of communities: companies, governments, NGOs or the communities themselves? In any decision-making process there must be the concept of free, prior and information consent (FPIC). With Indigenous Peoples, this must take account of collective decision-making. Respect for FPIC, alongside a human rights-based view of development, was strongly recommended in the World Bank’s independently commissioned Extractive Industries Review [29].

It is crucial that corporate mining representatives understand what this means. It requires identifying and dealing fairly with all of the affected communities from the very conception of a project. It also means accepting a ‘no’ to a project if that is what the community wishes.

Yet, so far, there has been a history of the abuse of communities’ right to consent in order to promote projects. Examples of the abuse of FPIC include dealing primarily with men in matrilineal societies (Rio Tinto in Lihir), ignoring or misrepresenting ‘joint meetings’ (Rio Tinto in Pagadian), the creation of bogus community organisations (TVI in Canatuan), falsifying documents of community assent (Crew/Mindex in Mindoro), asking communities to sign agreements in languages they do not understand (WMC in Tampkan), the bribery of community leaders (Climax in Didipio), and finally, intimidation of community leaders (TVI in Canatuan again). Many of these examples come from the Philippines, which has FPIC enshrined in law through the 1997 *Indigenous Peoples Rights Act*, but which is systematically abused by companies, frequently

leading to direct conflicts and militarisation of the mining area [30,31].

As previously alluded to, there is a perception that the mining industry is using bodies of engagement, such as the MMSD, to seek out northern – often environmental – NGOs that it feels it can work with. This tactic is frequently used to isolate those who are critical of mining, but the worst part of the situation is that these organisations are then taken to represent ‘civil society’ positions on mining and therefore, to speak on behalf of communities who have never endorsed such an arrangement. Understanding and dealing with the different groups within ‘civil society’, and as a result dealing directly with affected communities, is essential to establishing real trust [4].

### 8. Statement from John Rumbiak

Before concluding, it would be useful to quote at some length John Rumbiak of ELSHAM, in West Papua (currently occupied by Indonesia). It is important to note what he has to say of the monstrous Freeport McMoRan Grasberg mine, and its effect on the local Amungme people, but also his views on the ‘right to say no’:

“In its 1967 contract of work, [Freeport] was the first foreign investor to enter into a [newly defined business] agreement with Suharto’s New Order regime [in Indonesia]. The company gave itself broad powers to resettle local indigenous populations whose traditional lands the company seized free of charge for its operations. It also gave itself, in writing its own contract of work with the Indonesian government, the power to take, free of charge, whatever natural resources it required for its operations.”

In the three decades that Freeport has operated in Papua, the company has single-handedly succeeded in establishing its own fiefdom. With the assistance of the Indonesian armed forces, paid by Freeport to safeguard its operations, the company decides who can enter the area surrounding its mine and who cannot. Although there are commercial flights in and out of Timika, the main town near the mine, visitors have been deported and blacklisted for attempting to be in the area without Freeport’s permission.

In September 1995, Indonesia’s National Commission on Human Rights concluded that clear and identifiable human rights violations had occurred in and around Freeport’s project area, including indiscriminate killings, torture, and inhumane or degrading treatment, unlawful arrest and arbitrary detention, disappearance, excessive surveillance, and destruction of property. The commission noted that these violations “are directly connected to [the Indonesian army] acting as protection for the mining business of PT Freeport Indonesia”.

To put an end to these dynamics of destruction and violence, the international community – particularly international investors – must, first and foremost, recognise indigenous communities’ basic rights to chart their own development paths, to manage their own resources, to pursue their traditional livelihoods and cultures, and to say ‘no’ to multinational operations on their lands. The failure to respect communities’ basic right to “just say no” exists at the heart of the nexus of human rights violations, environmental degradation and conflict [32].

### 9. Conclusion

The truth is that sustainability implies something quite different depending on which side of the bulldozer you are on. Attempts by the mining industry to green-wash itself as a new, improved, sustainable industry simply will not wash, as even some corporate mining cheerleaders have pointed out.<sup>3</sup> Those on the other side of the bulldozer can easily see that the emperor is naked, and the more he insists it is not so, the further away an honest dialogue is.

To emphasise this point, it is worth finishing with a quote from an Indian colleague who was recently questioning the use of the term ‘stakeholder’: “The meaning of “stakeholder” got ruined the day it got coined by Rio Tinto, a major mining multinational corporation, to give itself legitimacy and pose its demands of somebody else’s land as reasonable... The stakeholder engagement process is purported to be an exchange of information and views between all parties concerned by one project. In fact, a ‘stakeholder engagement process’ stands for communities being continually told of companies’ plans and invited to modify them. But it does not mean that these communities are permitted to reject the projects *per se*. It does not mean that they are empowered to present their own development plans” [33].

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<sup>3</sup> Crowson, P., letter published in the Mining Journal, 12 April 2002, which was co-signed by David Henderson of the Westminster Business School, London – In the letter he calls MMSD the “flawed outcome of a flawed process”. He finds its introductory pages “...no more than a recycling of currently fashionable ideas and phrases, preceded by an alarmist sketch of the world today and laced with some crudely misleading economic history.” Crowson cannot stand the idea that the MMSD team has now “dignified” NGOs as “civil society”. Also see “Dryblower: Sustainable mining? Who are we trying to fool?”, MiningNews Net, 20 January 2004 (<http://www.miningnews.net/StoryView.asp?StoryID=21678>).

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