



COVALENCE ANALYST PAPERS

A General Overview and Analysis of Mining Companies' Behavior in Developing Nations

[Kristin G. Beyard](#), Drew University (USA), intern analyst, Covalence SA, Geneva, 1
August 2005

Mining of minerals and jewels has always been a business notorious for detrimental environmental damage as well as poor human rights and labor standards. However, with the bad comes the good. And that good is economic prosperity for the thousands of miners who would not be employed otherwise. For example, in Madagascar, Rio Tinto, who is the world's second largest diversified miner, has a concession in the region to develop a 350 million dollar mine. Despite the company's poor environmental and social history, the people and government of Madagascar are extremely excited for the chance to improve the nations struggling economy. Three quarters of its citizens live on less than a dollar a day and a large mining operation would bring many jobs and social sponsorship to the struggling nation (Planet Ark, March 30, 2005). Often a mine will turn a whole village or country around so that they are able to heighten their standard of living and become competitive players in the world market.

That's why in many third world countries that attract big mining corporations and lack adequate environmental restrictions and labor standards, there is little opposition from governments or individuals. I have noticed through my research that the damage these companies make are not often visible until the mines have moved out and the economy and social structure of a community have been destroyed.

It has been interesting to see that most of the recent articles document an increase in corporate responsibility among mining corporations. It seems like the phase of horrible violations has passed and the majority of the companies are now in the process of cleaning up their act and moving out of affected areas where they have been targeted by NGOs, activists, and consumer criticism. In the past 5 to 10 years mining corporations have been shutting down mines in Indonesia, Papua New Guinea and countries in South America, claiming that they wish to end their years of social and environmental wrong doings.

I believe that there are several reasons why this phase is occurring. The international community has become aware of the mining corporations poor ethical behavior, and have brought the public eye to developing nations where there was no one to watch before hand. I believe that our job at Covalence and others like it have really helped to publicize and aid this issue. For instance Tiffanys & Co. petitioned to close a mine down in Montana and a new source of information, No Dirty Gold, part of Oxfam Group has been publishing material and reports that have drawn continuous awareness to the issue. This is obviously a positive step in the fight for greater corporate responsibility.

Another reason for the increase in positive behavior is most likely due to the realization by mining companies that economic prosperity and ethical awareness go hand in hand. From the economic standpoint, companies are receiving more business and investments by becoming more responsible. Therefore, the extra investments in safety standards, environmental precautions and fairer salaries, to name a few, have been worth it. For instance, The CEO of Placer Dome stated recently that they would not be as successful as they are today without an increasing concern for responsibility and sustainability.

This leads, however, to something very problematic that should be considered in the way the media and organizations analyze and report on corporate behavior. As I mentioned earlier, communities thrive off of a huge mining structure in all aspects of their society. Once the companies have 'cleaned up and moved out,' communities are seeing the worst of the destruction that often doesn't materialize until years later: uranium that leaks into the environment, a disintegrating waste container or system, health problems, a lack of tax base, the closing of schools and hospitals it once created, and poverty. Apart from for a few exceptions, where communities have been successful in fighting back, the international community is doing little to mitigate these problems. Once the mines are out, many feel that they have helped to bring justice to the small communities. In Shawn Taylors article, *Dirty Gold?* for example, the author focuses on the corporate responsibility of mining companies rather than mentioning any of the effects on the communities. I believe that the real test of responsibility is how a corporation handles a mine closure.

The companies also believe that they are acting positively by cleaning up and leaving, but as many environmentalists will say, this is called green washing, or drawing positive attention away from negative behavior. Although the companies have provided an offer by ending their current abuses and fixing their mistakes in newer mines, I believe that the damage left behind should be more visible to the public and a specific way of identifying and documenting the destruction should be taken on by the media and organizations like Covalence. Many mining corporations, like Placer Dome who is refusing to compensate a community in Indonesia whose way of life was destroyed due to a mine and its closure, are easily escaping the responsibility of their damage. It is easy for the mining companies to argue that they are not responsible for social, environmental and economic devastation when governments and affected people in the developing nations do not have the funds or resources to prove otherwise. Thus, more should be done by the international community to see past the lies and distractions of multi-national mining corporations and attribute blame, so they may pay for their actions.

Covalence SA, Av. Industrielle 1, 1227 Carouge, Geneva, Switzerland
tel: +41 (0)22 800 08 55 ; Fax: +41 (0)22 800 08 56
US Representative Office, 143 Dudley Street, Cambridge MA, 02140, USA, tel +(1) 617 429 4758
Scandinavian Rep.Office, Lokföraregatan 7C, 222 37, Lund, Sweden, Tel: 0046 (0) 46 14 97 15
<http://www.covalence.ch> / email info@covalence.ch