

The LOGBOOK of CSIP²

The CENTER for SCIENCE in PUBLIC PARTICIPATION

"Technical Support for Grassroots Public Interest Groups"

CSIP²/CSIP²/CSIP²/CSIP²/CSIP²/CSIP²/CSIP²/CSIP² / FALL 2002 /CSIP²/CSIP²/CSIP²/CSIP²/CSIP²/CSIP²/CSIP²

INTERNATIONAL MINING

by Dave Chambers

For several years **CSIP²** has been involved to a small degree with international mining issues and projects. In 1998 Dave Chambers accompanied representatives of the Mineral Policy Center to Kyrgyzstan to inspect the Kumtor gold mine where a large cyanide spill affected local residents, and again in 2000 Dave and MPC toured several large mines in Papua New Guinea (see the Fall 2000 issue of The Logbook). Since that time **CSIP²** has continued to provide a limited support to international groups concerned with mining impacts. In 2002 this has included a review of proposals for gold mines in Laos, Romania and Peru. Most of this work has been accomplished on an as-available basis.

Background

Mining companies are increasingly moving their exploration and development interests from North America to international locations – in particular to South America, the Far East, and Asia Pacific. The first reason most companies cite for this move is that the regulatory climate in these areas of the world is more conducive to mining than in North America. However, upon inspection of the new deposits being developed in these areas it is immediately apparent that (1) the size of the new deposits is almost always larger than those being explored in North America; (2) labor costs are significantly less; and, (3) power cost for processing, a major cost in all mines, is considerably cheaper than in North America if the mine is near an existing power grid.

In other words, economic factors in these areas are more attractive than in North America. However, it is instructive to more closely examine industry's explanation – a favorable regulatory climate – which does have an economic effect on a

mining project. Many countries in the developing world have environmental laws that are similar, even modeled on, environmental laws in the United States. This is the case in Chile, Laos, and Papua New Guinea. However, what these countries almost always lack is: (1) the political will to enforce these laws; and, (2) available technical expertise to provide meaningful enforcement.



Dying trees caused by riverine waste disposal at the Ok Tedi Mine, Papua New Guinea

Political will is the primary problem. Most of these countries are willing to grant sweeping exemptions to their environmental laws and regulations in order to gain the revenue from a producing mine – and most international mining companies are only too glad to take advantage of these exemptions, even though it often means operating with practices that would not be accepted at mines operated in their home countries. A glaring example of this is the disposal of tailings and waste rock directly into rivers, as is being practiced in Papua New Guinea and Indonesia by North American based mining companies.

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Volume 6, Number 2, © 2002

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Why is International Support Important?

So why is support for international mining projects important? It is difficult to sustain good environmental practices in our local political jurisdictions when our local mining companies are willing to bend accepted best practices to take advantage of developing countries that are so desperate for foreign exchange that they are willing to grant major exceptions to their own laws, including environmental assessment procedures and water quality standards, to facilitate mine development.

In order to provide the political will to 'do the right thing,' people must have good arguments to make to the political leaders making development decisions. This means having good information on the costs and benefits of mining development – i.e. more than the outdated classic economic description of natural resource development as the foundation of any industrial society – and good arguments as to why best environmental practices can mean more local economic development, and fewer long term impacts.

International Policy

There have also been a number of international efforts, both by the environmental community,

governments, and the industry, to make mining integrate better into modern society. **CSP²** has been asked to participate in all of these areas.

International environmental groups have formed a loose knit coalition to attempt to communicate and coordinate on mining issues. The group has had one meeting, and is attempting to work through funding and governance issues in order to meet the challenges posed by multinational mining developments.

Governments, especially those associated with the European Union, the Canadian government, and United Nations, and motivated by several tailings dam failures in Europe, have been trying to develop better mining standards for operations that use cyanide, and to better define the use of risk assessment as a tool for evaluating the potential impact of mineral development and use.

In May of 2002 the mining industry released a global report in Toronto on "Mining, Minerals and Sustainable Development". The MMSD report was a two year process facilitated at the request of the World Business Council and 20 of the worlds' leading mining companies. One result is the formation of a new London based industry group called the International Council on Mining and Metals, which will lead the mining industry's efforts to integrate sustainable development into mining developments. ICMM's head is Jay Hair, a past president of the National Wildlife Federation and a past director of the IUCN-The World Conservation Union. The mining industry, led by ICMM and a few major mining companies, played a very visible role in the recent World Summit on Sustainable Development in Johannesburg.

There is still much debate within the international environmental community as to how to interact with these government and industry efforts. However, it is also clear that to ignore these efforts is not a viable option.

CSP² sees a need for its services in the international arena, and is working with the international environmental community to better define exactly what that role might be, and to locate funding resources to move forward with this work.

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ALASKA & BRITISH COLUMBIA

CSP has been working closely with the Southeast Alaska Conservation Council in Juneau on the reclamation plan and bond for the Greens Creek silver mine on Admiralty Island. The mine is now predicting that acid mine drainage will occur in both the tailings and waste rock, and we have been working with both the State and company to come up with reclamation designs that will promote both prevention and mitigation for AMD. The State has recently updated its bond requirement for reclamation and closure, and while we agree with the basic calculations for the bond, the State has not inflation-proofed the bond – an issue that has left agencies in Montana and Nevada short of required bond monies when mine operators have gone bankrupt – and has also failed to include several areas of the Greens Creek Mine that will generate acid mine drainage. These permit issues are being appealed to the State.

At the Red Dog lead-zinc mine near Kotzebue, scrutiny of airborne lead contamination, lack of a reclamation plan, and expansion of the mine's port facility with potential impacts on subsistence hunting are all issues that we continue to address.

We are also reviewing proposals to open two new gold mines in Alaska. The Pogo Mine near Delta Junction in interior Alaska, and the Kensington Mine near Juneau and Haines in Southeast Alaska, are both in the process of publishing draft environmental statements. Each mine has potentially significant issues related to (1) wastewater disposal (discharge into the Goodpaster River, a productive salmon stream, at Pogo; and, use of an existing lake as a tailings facility at Kensington), and (2) mine access (a road into a presently unroaded area at Pogo, and commercial boat traffic in Berners Bay, a high-use recreational area, at Kensington).



Amy Crook of **CSP**

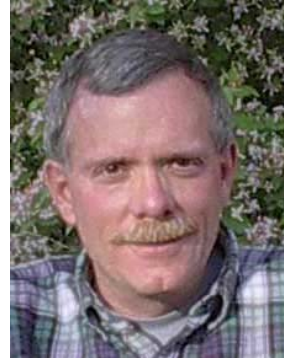
Amy Crook, the Center's Alaska representative, has just relocated from

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From the Executive Director

The "Perfect" Financial Storm?

The downturn in the economy, and in particular the prolonged slump in the stock market and in tech stocks, is beginning to impact non-profit organizations. Accompanied by the tax changes enacted last year by congress that remove some of the incentive to individual donors to make charitable donations, many organizations are preparing for the financial impact of this 'perfect storm.'



Dave Chambers is the Executive Director of **CSP**

Several of the foundations that have provided financial support to the Center have informed us that they will not be renewing their support. This generally happens for several reasons. One reason is that programs and objectives of foundations change. This change can be related to new personnel at the foundations, or just a desire on the part of long term board members and staff to concentrate their support in new areas. While mining has, in general, enjoyed broader foundations support over the past several years, some of our long time foundation supporters have decided to focus their efforts elsewhere.

A second reason, and one of greater concern, is that most foundations have seen their endowments shrink as a result of the recession and the accompanying bear stock market. Some foundations, primarily those whose founders have come from the computer and communications industries, have seen dramatic decreases in their net worth because a large portion of their endowments remained in stock of the founders companies – many of which have been hard hit in the market downturn.

We are fortunate at the Center to have built a reserve fund that will help us bridge these financial fluctuations, but the potential long term implications are of concern not only to **CSP**, but also to most public interest organizations.

Please continue your valuable support to all charitable organizations – they need, deserve, and appreciate your financial and political support.





THANKS to the Following Donors for Their Support!!!

Andy Grossman*
Juneau, AK

George McClure*
Bozeman, MT

Sam Fruehling*
Austin, TX

** Thanks! A repeat donor*

- Become a Donor to the **CENTER for SCIENCE in PUBLIC PARTICIPATION**. You can help us to provide local public interest organizations with technical analysis and policy support. **CSIP²** is the only organization focusing on providing technical support to local groups on local issues. We realize that there are a lot of good causes, and that everyone is asking for your support. A donation of \$25, or more, would help our efforts in furthering rational debate on natural resource issues.
- We would like to publish our donors names in the Logbook. If you do NOT want your name published, please let us know when you send in your donation. Thanks.

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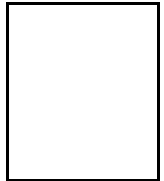
Juneau to Victoria, British Columbia. Amy has been working closely with the Environmental Mining Council of British Columbia and the Yukon Conservation Society on the Tulsequah Chief Mine, transboundary watershed planning, and Yukon placer mining.

Amy will continue to devote half of her time to Alaska issues, and Dave Chambers will spend more time in direct support of Alaska groups to take up the slack due to Amy's relocation.

While providing direct support to EMCBC, Amy will also help the Center explore the viability of placing a **CSIP²** staff person permanently in western Canada, an area where we have traditionally done much work, but with personnel based in the US. The Center is also investigating the possibility of locating another **CSIP²** technical support person in central and eastern Canada, where there are also a significant number of mining issues in Ontario, Quebec, Labrador, Newfoundland, and Nova Scotia.

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