

## **Rio Tinto's tainted track record**

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In August 2007, the Malaysia media reported that Rio Tinto, a global mining company, and Cahya Mata Sarawak (CMS), a Malaysian conglomerate owned by the family of Sarawak Chief Minister Abdul Taib Mahmud, had signed a pact to jointly build an aluminium smelter in Sarawak that could cost up to US\$2 billion

The smelter will use power from the controversial and environmentally damaging Bakun hydroelectric dam. Rio Tinto is a leading international mining group, combining Rio Tinto plc, a London listed company headquartered in the UK, and Rio Tinto Limited, which is listed on the Australian Stock Exchange. The Group's major products include aluminium, copper, diamonds, energy products, gold, industrial minerals (borates, titanium dioxide, salt and talc), and iron ore.

In July, Rio Tinto become the world's largest aluminium producer after it agreed to buy Alcan on Montreal for US\$38 billion. In 2006, Alcan had smelters with a combined total capacity of 3,000 ktonnes.

Rio Tinto will hold a 60 per cent stake in the venture to be known as Sarawak Aluminium Company. The remaining 40 percent will be owned by CMS.

Production from the Sarawak smelter is expected to begin in the fourth quarter of 2010 with an initial annual output of 550,000 metric tons, rising to 1.5 million metric tons over time. This project is expected to be the main energy consumer for the 2,400-megawatt Bakun dam, which is due to be completed by 2010 after years of delay. The project is expected to provide up to 4,700 jobs, directly and indirectly.

(The other party that could be in the running for a smelter in Sarawak is the partnership of Alcoa and Smelter Asia, a local consortium led by Syed Mokhtar al-Bukhary.)

What was not reported in the Malaysian media however was Rio Tinto's tainted reputation for being responsible for environmental and human rights violations at its mines and smelters. The company has been regularly embroiled in controversy and accused of corporate misdeeds including suppressing trade unions, taking land from indigenous people without compensation, destruction of the environment, and negligence and complicity in civil war.

### **Displacement of indigenous people**

Rio Tinto has an appalling record in its relations with indigenous peoples around the world.

Between 1969 and 1972, the Australian Colonial Administration leased land on the island of Bougainville, Papua New Guinea to Bougainville Copper Limited (BCL), a subsidiary of Rio Tinto. The indigenous people unsuccessfully resisted intrusion onto their land, and many Bougainvilleans were forced to move or flee the island. In a lawsuit currently being heard by a US District Court, the villagers alleged that Rio Tinto destroyed villages, razed the rainforest, sliced off a hillside and established the world's largest open-pit mine. The mine excavated 300,000 tons of ore and water every day between 1972 and 1988. Rio Tinto improperly dumped waste rock and tailings, emitting chemical and air pollutants. The waste allegedly destroyed local fish stock. The Bougainville people — especially children — began dying more frequently from upper respiratory infections, asthma and tuberculosis.

In West Papua, Indonesia, the building of Freeport's infrastructure and mine saw many Amungme and Kamoro people forcefully relocated. Rio Tinto, which part-owns the Freeport gold and copper mine, maintains that only a few hundred had to relocate. Yet, the company deliberately ignored the impact of Freeport upon thousands more indigenous people with their removal from traditional farming and food gathering territory. The moving of highland Amungme people to the lowlands brought people with no natural immunity to malaria into contact with malarial mosquitoes, resulting in marked increases in mortality rates.

In the 1980s, during the construction of the Argyle diamond mines in Western Australia, a large number of Aboriginal sacred sites were desecrated or destroyed. The Tawiyul Women's Dreaming Place, a most sacred area at the Barramundi Gap and one that played an important role in unifying local groups, was almost completely destroyed. This was done with full awareness of the sacred nature of the site and against the vocal opposition of local Aboriginal groups. Rio Tinto also led the mining industry campaign to oppose native title legislation in Australia in 1997-8.

### **Unfair treatment of workers**

When South African armed forces illegally occupied Namibia in the 1970s, Rio Tinto violated United Nations sanctions by establishing a uranium mine and illegally selling its output. The Rossing mine operated at full production to gain maximum profits before Namibia gained independence, despite risks to health and safety.

A UN document described the mining operations there as “mined by virtual slave labour under brutal and unsafe conditions, transported in secrecy to foreign countries, processed in unpublicised locations, marked with false labels and shipping orders, owned by multinational corporations whose activities are only partially disclosed, and used in part to build the nuclear power of an outlaw nation...”

The company has consistently refused to apologise for, or even to acknowledge, its operation of the mine during a period in which such operations were proscribed by the United Nations. Mine workers from the pre-independence period now claim to have developed cancer as a result of their work experience. The company has opposed their compensation claims.

In Australia, the company has de-unionised most of its metalliferous mining and smelting operations. Its main tactic has been to frustrate the collective bargaining process, then offer individual contracts to workers desperate for a pay rise. At the bauxite mine operated by Rio Tinto at Weipa, a core group of 75 union members refused to sign individual contracts. They continued to be paid less than those who signed individual contracts – many thousand of dollars per year less – even though they did the same work. These workers finally took strike action in late 1995. In the Weipa case the Australian Industrial Relations Court eventually found that the company was actively discriminating against workers on collectively bargained wages and conditions.

### **Environmental damage and health problems**

The Kelian gold mine, in a once-remote area of tropical rainforest in Kalimantan, is on land that once sustained the indigenous Dayak people. Relocation of 440 families to make way for the mine meant the loss of homes, land, gardens and orchards. Small-scale miners, who previously panned in the river, lost the right to work in the area near the mine and have been forced to find alternative income. The dust from an unsealed road servicing the mine and the wharf from where the gold is shipped is so thick that fruit trees no longer produce; some shopkeepers along the road have experienced problems running their businesses. Rio Tinto claims it cannot afford to seal the road.

However, the major environmental impact of the mine, which is also affecting local health is that of leachate and water run-off from the mine site. Villagers have said that, prior to the mine starting in 1992, they could bathe in the river and drink the water. Now they complain of skin rashes and eye infections if they bathe in the water. River fish, once a healthy source of protein, have virtually disappeared.

Also of major concern is the extent of pollution from cyanide contamination in waste water. Tailings from the processing plants are washed, thickened and pumped about six kilometres to a storage area. The water that is eventually allowed to run off-site is supposedly free of cyanide and excess acidity. Reports have found an unusually high level of cyanide in the Mahakam River, which the Kelian flows into. While the source of the cyanide was not identified, suspicion fell on the Rio Tinto site as the only mine in the area that uses cyanide.

It does appear, however, that the company has had a change of policy/practice around the turn of the millennium. At least, in the case of PT Kelian, there seems to have been a significant change in policy and practice, although they are now in the de-commissioning

phase of operations.

Rio Tinto's Capper Pass tin smelter in Hull, UK was at the centre of controversy in the 1980s when reports were published suggesting a link between higher than average childhood leukaemia rates in the region and radioactive discharges from the plant.

In response, Rio Tinto cited a 2005 published study under the supervision of Sir Richard Doll. It said the report showed that the overall mortality was no different from normal – though the study revealed a higher rise of lung cancer, a lower risk of fatal heart disease and no significant differences for other disease categories.

A subsequent report in 2007 while not directly linking the plant with the illnesses, did not exonerate Rio Tinto either. It said the higher lung cancer mortality could be explained by the combined effects of occupational arsenic exposure and a higher than average proportion of smokers within the workforce. (But was this due to exposure from arsine gas?)

Research done by the Scottish Universities Research and Reactor Centre in 1990. (SURRC) noted that ventilator emissions, dust blown by the wind and onto workers, uranium leaching from waste heaps, and, above all, the prevalence of Radon- 222 decay series radio-isotopes could all be having an adverse impact on the workforce and surrounding communities. One radio-isotope that had been discharged from the plant is the highly radiotoxic Polonium-210. SURRC's research claimed that certain environmental and health safety limits set by the British National Radiological Protection Board (NRPB) were several times higher than they should have been. This had allowed the company to expose workers to limits less stringent than those applied at nuclear power plants.

The company shut the plant in 1991, perhaps believing that through closure it could mitigate against future controversy. But in March 1997, the Transport and General Workers Unions (TGWU) instructed its lawyers to sue the company on behalf of two workers, one of whom had just died of cancer. Six months later, research solicitor David Russell announced that he had been contacted by no less than 200 people from the area, including former workers, all reporting serious ill-health allegedly caused by Capper Pass. In July 2000, Rio Tinto made an indirect admission of negligence and liability in poisoning hundreds of people and began a process of settlement.

### **Complicit in human rights abuses**

Human rights investigators have documented numerous human rights violations—including rape, torture, extrajudicial killings and arbitrary detention committed by the Indonesian military against indigenous communities living near the Freeport mine particularly communities protesting against the severe environmental and cultural damage in West Papua.

Human rights advocates had long suspected that the Freeport-Rio Tinto mine was paying Indonesian soldiers directly—an arrangement that would make the company complicit in the military's abuses. In 2003, a document requested by Freeport's shareholders confirmed that the company paid the Indonesian military \$4.7 million in 2001 and \$5.6 million in 2002. (Rio Tinto sold its 13.1 per cent shareholding in Freeport in 2004 but retained a 40 per cent joint venture interest in reserves mined as a result of expansion and development at the Grasberg mine since 1998.)

In Papua New Guinea in 1988, residents from the Panguna region on Bougainville began protesting Rio Tinto's labour and hiring practices as well as the environmental harm caused by the mine. Eventually, these protests escalated and some became violent. The government responded to this uprising with an attack against civilians. A decade-long civil war followed in which Bougainville sought independence from PNG.

In 2000, residents of the island filed a suit against Rio Tinto under the Alien Tort Claims Act in a US federal court. The plaintiffs allege that: Rio Tinto was complicit in war crimes and crimes against humanity committed by the PNG army because it transported soldiers and pressured the government to do whatever was necessary to reopen the lucrative mine.

Rio Tinto's tainted record serves as a warning to the people of Sarawak that, while the construction and operations of the aluminium smelter might see a short boost in economic activity with more jobs, new roads and increased business activity, it might not be a ticket to local prosperity. Instead, what we could see is the creation of powerful social deficits. This includes the displacement of local people from their traditional land or from their traditional livelihoods. Despite the usual promise of jobs, most of these might not be open to local communities, since these operations are usually looking for skilled labour.

Finally, the smelter could have a adverse environmental impact that affects the health of the surrounding community. A BMJ article states that "individuals with hay fever may be more susceptible to occupational asthma when exposed to airborne irritants in aluminium smelting". The smelting process is also known to emit flouride, which has the potential to harm vegetation in its vicinity (although Rio Tinto claims on its website that its monitoring at all its smelters "has shown no effect on surrounding vegetation".)

Are these risks we are willing to take?

#### **Key Sources:**

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