

Xstrata's killing fields

Its PR is the slickest but the Swiss mining giant Xstrata has a grisly track record in Peru. On the charge sheet are poisoning, cheating and political skulduggery. STEPHANIE BOYD investigates, as the company prepares for a mega-merger with Glencore to increase its clout.

A deformed sheep, born without a face.

Fast-forward to another dead sheep with a head so shrivelled the poor animal looks like its neck sprouted ears. Skip to another day's footage and a miscarried llama fetus appears on the screen with a single large eye in the middle of its shrunken face.

Then on to testimonies from farmers who have lost loved ones to cancer, displaced people living like refugees, angry protesters...

This is the work of Vidal Merma, a young filmmaker who documents the effects of the Tintaya copper mine on his native province of Espinar, in Peru's southern Andes. Vidal is a one-man show. He films, edits and directs the daily news programme for Espinar's public television station, armed with a handy-cam and a Frankenstein computer, cobbled together from makeshift parts.

Vidal's nemesis is the publicity machine of

Swiss-based Xstrata, one of the world's largest mining companies and owners of Tintaya. His *bête noire* is about to grow even larger. In February Xstrata announced a merger with the London-listed commodities giant, Glencore. The marriage, if successfully consummated, will create the world's fourth largest natural resources company.

Xstrata's slick web page states that the Tintaya mine complies with Peruvian standards and has international ISO certification for environmental management. But an independent study conducted by a German environmental engineer last year found heavy metal contamination in water and soil samples from farming communities near the mine. Of the 50 water sources tested, 29 had levels of heavy metals above even Peru's lax limits for human consumption, and 15 were deemed unacceptable for animals and crops. All 27

Tintaya's magic – turning field and mountain into a wasteland that poisons local farming communities.

Miguel Araoz Cartagena



soil test locations were contaminated by heavy metals according to Canadian standards (Peru does not have soil quality standards).

The findings are a blow to Tintaya's image as the gold star of corporate responsibility. Until recently, when people asked for positive examples of mining in Peru, the NGOs waved their magic wand and pulled Tintaya out of a hat. Now they're shaking their heads and wondering what went wrong.

Pulling a fast one

Over a decade ago, Oxfam set up a round table between Tintaya's then-owners BHP-Billiton, civil-society groups, provincial and local governments and NGO advisers. The process led to the signing of a treaty between the mine and local authorities in 2003. This legal contract includes compensation for farmers whose land was expropriated 30 years ago to build the mine, as well as provisions for human rights and the environment and a community development fund.

Three years after the grand signing, Tintaya was sold to Xstrata. The new owners promised to honour the treaty, but Espinar's leaders say the company hasn't lived up to its obligations.

Tintaya pays three per cent of its pre-tax profits into a community development fund as stipulated by the treaty. In 2010 this amounted to \$9.6 million – no small change. But Espinar's leaders say the mine has pulled a fast one: the fund is controlled by the Tintaya Foundation, a non-profit organization founded and run by – guess who? – the mining company.

The development fund and other economic benefits from mining haven't made a significant dent in Espinar's poverty rate, which at 64 per

cent remains one of the highest in Peru.

Provincial governor Oscar Mollohuanca accuses the company of using the fund to wield power and buy supporters, creating 'a network of clientage'.

He says the company is also skirting the treaty's environmental provisions. 'The company is cheating on us when it comes to the environment,' Mollohuanca says. 'There's no serious monitoring.'

The provincial government wants independent environmental monitoring, use of greener technology and precautions so that the mine's new expansion project doesn't contaminate the area's watershed. It wants a coalition of civil society and local governments to administer the development fund and an increase in the mine's contribution to 30 per cent of profits. Espinar's leaders say the company is using stalling tactics to avoid negotiating, in the hope that the governor won't be re-elected in 2014.

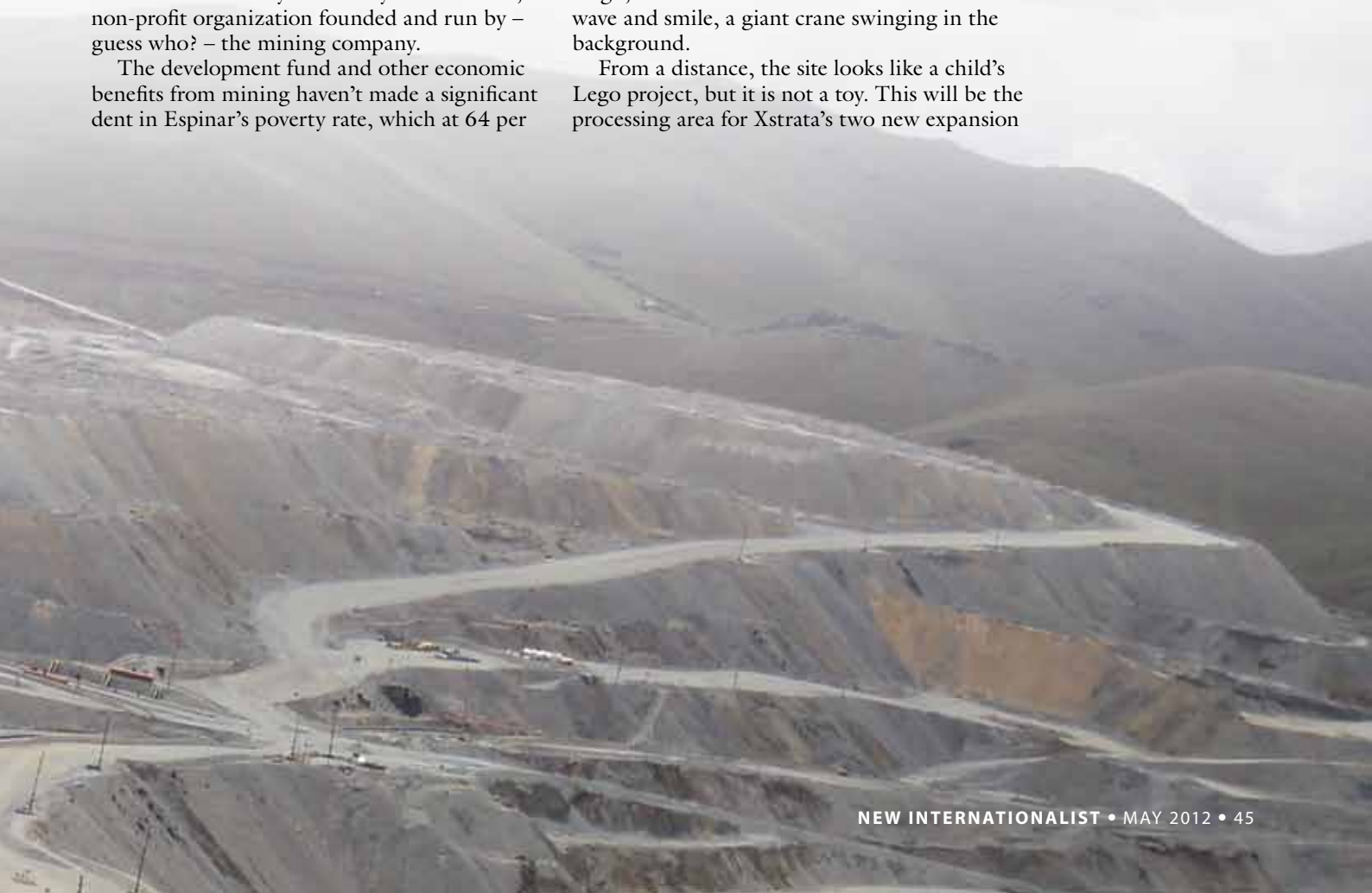
I'd like to give Tintaya officials a chance to rebuff these accusations but the company won't answer my requests for an interview. So I decide to have a look at the mine myself. Some locals (who can't be named) accompany me. We drive along the main public road, 15 minutes outside the provincial capital, and stop in front of a massive construction site on a flat plain, surrounded by mountains. The place is in constant motion: trucks laden with cargo, bulldozers and buses with workers who wave and smile, a giant crane swinging in the background.

From a distance, the site looks like a child's Lego project, but it is not a toy. This will be the processing area for Xstrata's two new expansion



A miscarried llama fetus with a single large eye is among the effects documented by Vidal Merma.

'The company is cheating on us when it comes to the environment'



projects. In its quest for ‘cost-effectiveness’ and ‘maximum production’, the company is turning Peru’s southern Andean mountains into a mining corridor.

The original Tintaya copper mine, opened in 1982, is closing and the new mine, named Antapaccay, will open next door. A second project, the Las Bambas mine, located in a neighbouring state, will pump copper concentrates through a 215-kilometre pipeline to the processing area. The final product will be sent by rail to a port on the Pacific Ocean.

Xstrata is investing \$5.7 billion to develop the Antapaccay and Las Bambas projects, proudly crowing that their production will increase five-fold to over 500,000 tonnes of copper per annum from the end of 2014.

The company brochures forget to mention conflicts with farmers who will be affected by the Las Bambas mine. During exploratory drilling a few years ago, Xstrata was fined for leaking harmful substances into a nearby community. The news struck fear in the region’s farmers, who largely survive on subsistence agriculture.

Last May, the district of Challhuahuacho,

near Las Bambas, declared a strike against the mine, and the company was forced to evacuate personnel and machines. Leaders complained that only communities close to the mine were receiving benefits and demanded more development projects for the entire region.

An agreement was reached and the strike was lifted, but tensions remain.

A few months ago I visited the small farming community of Asacasi, near Las Bambas, to help villagers make a short film about their water management techniques. It was difficult to stay on topic. All the villagers wanted to talk about was the main threat facing their water: Xstrata’s mine.

Their concern is understandable. Asacasi sits on a flat, spacious plain, 4,000 metres above sealevel, surrounded by imposing mountains with sharp, jagged rocks. At first glance the surroundings seem barren – there are no trees, just tall spiky mountain grass and short native bushes.

The villagers’ diet, however, would put any North American to shame. Everything is produced in their village: potatoes and herbs from the soil, eggs from their chickens, milk and cheese from their cows, meat from their guinea pigs, sheep and alpaca and fish, shrimp and frogs from the river.

While filming one day, the villagers pulled trout out of the river with their bare hands and prepared it for lunch.

‘What would we do if our fish disappeared?’ asked Gregorio Tarapaqui, secretary of Asacasi’s water committee. ‘Now, there’s enough fish to feed the whole village. We don’t have to ration or control it.’

Political interference

Xstrata’s troubles in Peru are not the company’s only worry. Their mines in Colombia and Argentina are also plagued by social conflict. Citizens from the province of Catamarca in Argentina blocked Xstrata’s Alumbrera mine earlier this year for three weeks in an attempt to shut it down. Police used violence to break up the blockades, injuring at least 24 people and spurring protests against Alumbrera and other mega-mining projects throughout the country.

Why does this company provoke such ire? A US embassy cable published by Wikileaks last year provides some insight into Xstrata’s corporate philosophy. The cable describes a meeting in 2005 between the Swiss Charge and Canadian and US ambassadors in Peru with executives from several mining companies, including Antamina, which is controlled jointly by Xstrata and BHP-Billiton.

The Antamina executive asked the ambassadors to ‘encourage’ Peru’s education ministry and Catholic Church to move ‘troublemaking’ priests and teachers

‘I’m a police officer,’ she says. Long pause: ‘And I work for the mine’



Yadira Hermoza

Gregorio Tarapaqui: local activist in a community threatened by Xstrata’s plans.



\$29.5 million

The amount Xstrata boss Mick Davis was paid in one year.

\$9.6 million

The bonus he can expect from a merger with Glencore.



out of mining conflict zones. At the end of the cable, the ambassadors agreed to ‘consider’ this option, and requested more information from the mining executives.

Sneaking around foreign embassies trying to foment conspiracies against local leaders hardly seems like a good way to make friends. The mine’s cosy relationship with Peru’s national police force doesn’t help either. During my visit to the Tintaya mine I was given a personal taste of this closeness.

Fingers and toes

It began with an innocent mistake. Our plan was to observe the mine from the main highway, when suddenly we came upon a large ‘Welcome to Tintaya’ sign. No ‘KEEP OUT’ or even ‘Beware of Dog’. No security guard or metal gate – nothing to bar our entrance. Just a proud statement proclaiming that the company has managed to safeguard some 60,000 fingers and toes on its workers’ hands and feet. Not a single finger lost, so they say.

Who could resist such a welcoming message? We drive around the mine site, confident that our fingers and toes will come to no harm.

After gawking at the enormous open-pit – an empty space where a mountain once stood – and snapping some photos, a truck approaches, driven by a stern man with dark glasses. A young woman hops out, an automatic rifle slung over her shoulder, her hair in a tight bun. She peers in our driver’s window at our smiling faces and demands to see our identification.

‘Excuse me, Miss, are you a police officer or a security guard with the mine?’ I ask.

My confusion is understandable. The woman is wearing the uniform of Peru’s National Police, but her identity badge is covered by a large, yellow vest emblazoned with the ‘Tintaya’ logo.

‘I’m a police officer,’ she says. Long pause: ‘And I work for the mine.’

She wants us to go with her to the police station inside the mine. My curiosity is piqued – why does a private corporation have its own police station? What does it look like? But my fellow passengers say ‘No way!’ After a tense back and forth with the officer, it’s agreed that we’ll go to the police station in Espinar, the provincial capital.

Inside the station, the captain examines my official government press card, and makes an impressive display of huffing and puffing. Lawyers from the provincial government arrive for our defence. More huffing ensues from both sides. Finally, we’re given a stern warning and told that ‘next time’ we have to get permission from the company before entering the mine.

We leave the station, my companions muttering that when the mine spills chemicals on the road or contaminates their water, the police are nowhere to be found.

‘Laws exist to protect the companies,’ is a common refrain in Peru, where the judicial system is easily co-opted by economic interests. In response, a coalition of around 50 organizations, including Amnesty International and Greenpeace, is spearheading a campaign to make Swiss companies respect human and environmental rights when working overseas.

If successful, the new laws would allow victims of abuses by Swiss companies – like the farmers in Vidal’s footage – to seek redress in Switzerland. Occupy London is also planning a major campaign to protest the Glencore-Xstrata merger and highlight abuses by both companies.

Such actions might seem idealistic, but when I tell Vidal about the campaigns he is heartened and hands me a DVD with his films to send to activist contacts abroad.

‘The mine tricked our parents,’ he tells me. ‘But we left Espinar for education and training, and now we’ve come back and they can’t cheat us anymore.’ ■

Stephanie Boyd is a writer and independent filmmaker who has been living and working in Peru for the past 15 years. Her films include *The Devil Operation*. guarango.org/diablo

For more information on the Swiss campaign and to sign the online petition: rechtohngrenzen.ch/en/
Occupy London: occupylsx.org

‘Just a proud statement proclaiming that the company has managed to safeguard some 60,000 fingers and toes on its workers’ hands and feet’

Xstrata’s excesses

RICH Xstrata’s chief executive Mick Davis was named the highest earning boss on the FTSE 100 (the top London-listed companies) in 2011. In the year ending 2011, he trousered **\$29.5 million**, according to the employment research organization, Incomes Data Services.

ABUSIVE Complaints about labour rights abuses have been made against Xstrata in Australia, South Africa, Colombia, Canada, the Dominican Republic and others. Abuses of indigenous rights are reported in the Philippines and Australia.

DIRTY Xstrata recently won its legal battle against environmentalists and farmers to operate Australia’s largest mine in Surat Basin in southern Queensland. The open-cut coal mine will create **49 million** tonnes of greenhouse gas emissions in its operation alone. Another Australian Xstrata project, the McArthur River mine, is blamed for acid pollution.

ALMIGHTY The proposed **\$90 billion** merger of Xstrata with commodities trader Glencore, will create a titan with the power to dominate the global market in minerals and food. The biggest losers will be the world’s poorest people and the environment. However, the deal may yet fall foul of EU anti-trust rules.

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