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FAIRES GOLD IN KOLUMBIEN

GLOBAL SPACE AM 22.11. MIT AAI STIPENDIATIN

Bergbau in Kolumbien wird heute von großen und oft illegalen Unternehmen dominiert. Ihre Methoden der Goldgewinnung beuten die Umwelt aus und verdrängen die Arbeits- und Lebensweisen von traditionellen Bergbaugemeinschaften. Johanna Mejía, AAI-Stipendiatin aus Kolumbien, hat in ihrer Master-Thesis mit afrokolombianischen Communities in Chocó gearbeitet, die grüne Bergbaumethoden verwenden. Diese können ihr Gold nun mit dem Label "Fairtrade" und "fairmined" zertifizieren, um ihre Lebensbedingungen zu verbessern und umweltfreundlichere Praktiken zu fördern. Am Donnerstag sprach sie im GLOBAL SPACE über die Bedrohung dieser Gemeinschaften durch illegalen Goldabbau, ihre harten Lebensbedingungen und die schwierige Verbreitung von Fairtrade- und Fairmined-Produkten auf dem umkämpften Goldmarkt. Umrahmt wurde der Abend von südamerikanischen Schmankerln und Musik gespielt von Agustín Castilla-Ávila.

Der „Global Space“ ist ein Forum für Austausch und Integration in Salzburg. Gestaltet wird er von Menschen aus afrikanischen, asiatischen und lateinamerikanischen Ländern, die in Salzburg leben. Nach einem Impulsreferat gibt es in angenehmer Clubatmosphäre die Möglichkeit des Dialogs und Kennenlernens umrahmt von musikalischen oder kulinarischen Kostproben. Weitere GLOBAL SPACES in diesem Semester finden Sie hier!





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Presentation: Fair Gold – Green Mining vs. Corporate Power in Colombia

Slide# 1: Introduction: Name, Country, Scholarship from the AAI which support the research of my Master's Thesis. Description of the presentation.

Slide# 2: Historically, gold has been widely used around the world as monetary vehicle. Until the end of the Bretton Woods system with the conclusion of the gold exchange standard (1971), the metal played an important role in the International Monetary System. Nevertheless, to date, central banks and multinational organizations [such as the International Monetary Fund (IMF)] held gold as reserve assets in their portfolios.

On average, governments hold around 15% of their official reserves in gold, although the proportion widely varies country by country.

In this sense, gold is sought by investors as a wealth preserver which offers refuge from widespread default risk, particularly during financial stress. Investors generally buy gold to counter the effects of inflation and currency fluctuations. It is employed as a hedge and as an option for diversification of their investment portfolio different from the traditional financial assets. The investment properties of gold as an asset class are observed in its different range of investment methods: from gold coins, online accounts, exchange-traded funds and complex financial products, to mining stocks (WGC, 2012b).

Slide# 3: Due to the market volatility of the last years and especially since the financial crisis in 2008, the nominal price of gold has increased significantly, by over 400% within the last decade. In nominal terms the gold price reached an historical record in September 2011.

Slide #4: Mining, simply stated, is the extraction or removal of minerals and metals from earth. Example of a large scale mining operation: Mine Yanacocha in Peru: The largest gold mine in Latin America.

Slide #5: Artisanal and Small-scale Mining (ASM) often arises in poverty-stricken areas, where mining is used as a mode of economic subsistence for vulnerable communities. In its basic operations, the ASM sector has multiple social and environmental consequences.

In the FT&FM standard the term "small-scale" refers to artisanal, low productivity mining practices which are highly labour intensive. The latter feature is a key characteristic of small-scale mining. In this context, the term 'small' is not associated with the amount of workers in the mining facility. ASM operations include a varying number of configurations, from one individual (e.g., gold panners or mineral selectors who are usually women) to small groups, ASM cooperatives and even whole communities.

Slide #6: Since many miners use the most basic methods for extraction and processing they are not able to complete the whole mineral processing cycle themselves. In these instances, other intermediaries receive the ore¹, concentrate it into gold and deliver it to the market; these intermediaries are also closely tied to the ASMG activity (MMSD, 2002). At local level, ASM often plays a prominent role in the economy. It is an important, and sometimes the only, source of income in small communities (MMSD, 2002). Revenues from ASGM upstream and downstream processes

¹ Any mineral that can be economically mined is called "ore", while any mineral that is not economic is just "rock" (Hruschka, 2009).

in small communities (MMSD, 2002). Revenues from ASGM upstream and downstream processes stimulate both the purchasing power of the community and the production of local goods and services. These can relate to either materials required in mining, like tools and equipment, or for meeting day-to-day needs such as housing and food.

The number of artisanal miners has been rising dramatically in recent years. This trend is most pronounced since 2005, due to the sharp increase in the price of gold over the past decade (by more than 350%). Extrapolating previous data, the authors conclude that about 25 million miners are directly engaged in artisanal mining, while 150-170 million people are indirectly involved in the industry. It is estimated that ASGM annually supply 200-300 (13% of the annual world gold production is supplied by ASGM) tons of gold to the global market mineral is all rock or gravel material extracted from the mine. Depending on its economic value, mineral is classified as ore and waste rock.

Slide #7: Environmental concerns related to ASM

The following characteristics are most commonly shared among artisanal and small-scale miners:

- They exploit marginal or small deposits.
- They lack capital.
- They are labour-intensive, with low rates of recovery and usage.
- They have poor access to markets and support services.
- They maintain low standards for safety and health.
- Their activities have a significant impact on the environment.

Despite the socio-economic issues present in ASM, the sector is better known for its high environmental costs. The use of mercury and cyanide is a common practice in ASGM and several critical environmental issues are associated with the activity. Mercury and cyanide pollution, destruction of alluvial areas, direct dumping of tailings into rivers, erosion and deforestation, and river siltation are all common environmental damages caused by the activity.

The most commonly used ASGM concentration method is amalgamation with mercury. This makes the ASGM sector the largest source of global mercury demand and the single largest source of intentionally released mercury in the world.

Slide #8 Effects of Mercury:

Mercury is not naturally found in foodstuffs, but it may turn up in food as it can be spread within food chains by smaller organisms that are consumed by humans, for instance through fish. Mercury concentrations in fish usually greatly exceed the concentrations in the water they live in. Cattle breeding products can also contain eminent quantities of mercury. Mercury is not commonly found in plant products, but it can enter human bodies through vegetables and other crops, when sprays that contain mercury are applied in agriculture.

For fetuses, infants, and children, the primary health effect of mercury is impaired (you are not fully able to do it) neurological development. Mother's consumption of fish and shellfish that contain methylmercury, can adversely affect a baby's growing brain and nervous system

The ingestion of water or food that contain high levels of mercury impacts the cognitive thinking, memory, attention, language, and fine motor and visual spatial skills. It became clear that the developing nervous system of the fetus may be more vulnerable to mercury than is the adult nervous system. Mercury poisoning may include; impairment of the peripheral vision; disturbances in sensations ("pins and needles" feelings, usually in the hands, feet, and around the mouth); lack of coordination of movements; impairment of speech, hearing, walking; and muscle weakness.

There is no cure for mercury poisoning. Western medical treatment for acute and chronic mercury poisoning is very expensive, and cannot reverse any damage done to the brain.

The externalized environmental cost per unit of product of ASM is often higher than that of industrial mining, especially in the case of informal ASM. Large-scale mining (LSM) is generally well controlled and supervised and multinational mining companies conform to international environmental standards more rigid than those of the host country. Externalization of environmental costs by ASM needs to be seen under a rights-based approach.

The ecological footprint (is a measure of human demand on the Earth's ecosystems. It is a standardized measure of demand for natural capital that may be contrasted with the planet's ecological capacity to regenerate. It represents the amount of biologically productive land and sea area necessary to supply the resources a human population consumes, and to assimilate associated waste) however, to produce an ounce of gold by ASM using mainly manual labour, is without any doubt much smaller than that of a highly mechanized, energy consuming, industrial large-scale mining operation.

Slide #9: The Chocó is a world reservoir of biodiversity. Approximately 25% of the species found in Chocó are not found anywhere else in the world. Info in the slide

Slide #10: Chocó is inhabited predominantly by descendants of African slaves brought by the Spanish Colonizers after conquering the Americas. The second race/ethnic group is the Emberá, the remaining Native American people, with more than half of their total population in Colombia living in Chocó, some 35,500.

The total population as of 2005 was less than half a million, with more than half living in the Quibdó valley. According to a 2005 census the ethnic composition of the department is:

- Afro-Colombians (82.1%)
- Amerindians or Indigenes (12.7)
- Whites and Mestizos (5.2%)

The region is the first producer of gold in Colombia at the same time is the most poor. Chocó produced in 2010 more than 24 Tonnes of gold. (1 troy ounce = 31.1034768 grams.) This represents nearly 50% of the total production of gold in Colombia. The royalties doesn't stay in the region.

Some figures from the UN:

- The malnutrition rate is the double that the Colombian average
- The level of poverty is around 70, 5 %--> unmet needs. Extreme poverty: 41% (2,5 times higher than the average of Colombia)
- Maternal death 5 times higher compared to Bogotá and 4 times above the national average

Slide #11: Medium-scale illegal mining is a significant threat for the Chóco Bioregion. Utilization of heavy machinery like backhoes and irresponsible use of chemicals like mercury is destroying this reservoir of biodiversity.

The miners there develop a permanent artisanal and small-scale mining: a full-time activity that often involves traditional mining communities, the miners engage in ASM as a full-time activity as their principal source of income, though it is sometimes complemented by other forms of subsistence, such as farming or herding.

The miners involved in the program use green methods of mining which are composed of traditional techniques passed down from their ancestors and preserved over generations (Oro Verde, n.d.). In

contrast with the ecological destruction caused by the large-scale illegal mining, the traditional methods maintain greater ecological stability in their practices.

Thus, the Oro Verde program offers an opportunity to preserve and develop the ancestral mining techniques in a sustainable manner, to improve the living conditions of the miners, and to protect the fragile ecosystem of the Chóco Bioregion.

Slide #12: Currently an important part of the Colombian government agenda is to take advantages of the vastly unexplored mineral wealth of the country to support economic growth. The government is seeking foreign investment through the Mining locomotive, by granted licensee to large scale mining companies to exploit the subsoil resources → Forced displacement of communities by large-scale mining activities. Of the 79 global jurisdictions covered in the Fraser Institute Annual Report, Colombia is currently rated as the third highest in terms of mineral potential. This has not gone unnoticed by the exploration community. From 2002-2010, areas with mining titles boomed from 2.8 million acres to 21 million acres. Vast tracts of the country have not been thoroughly explored using modern exploration techniques. "In the international race by majors to replace their reserves, Colombia represents a true elephant hunting opportunity. Several major companies have offices and exploration or mining operations in Colombia, including BHP Billiton, Vale, AngloGold Ashanti, Drummond Coal, Glencore and Anglo American.

Slide #13 : Video → Gold found in riverbeds, so-called "alluvial gold", usually takes the form of dust, thin flakes or nuggets. Alluvial gold is located close to the sediment's surface, thus artisanal and small-scale miners may easily extract the mineral using basic tools like spades and pans, river terraces, or digging pits. Sluicing and panning are traditional mining techniques used for alluvial gold. Processing often takes place on site using gravimetric separation with sluice boxes, shaking tables and simple pans (e.g Oro Verde).

Using ancient mining practices, the Oro Verde gold mines can actually be replanted with native plant life after mining is complete because of the minimal impact of the operation. These are the only gold mines in the world that do not use chemicals in the extraction process.

Oro Verde mines use terraces to help prevent erosion. These can later be replanted with trees or banana plants.

Slide #14: Fairtrade and Fairmined gold is about creating opportunities for disadvantaged artisanal miners and their communities. Following a certification scheme, FLO and ARM outlined specific standards for responsible mining, which must be met by mining organizations in order to achieve the Fairtrade and Fairmined certification. These standards include regulations on working conditions, child labour, women's rights, clean technology, health and safety, management of chemicals, and responsibility to the environment. Once the organization is certified, it is expected to gain a fair price for their gold along with the Fairtrade Premium, to develop a long-term business relationship with their commercial partners, and to have access to ethical jewellery markets. This scheme assures retailers and consumers that the supply chain is fully transparent and traceable, and that the artisanal and small-scale miners are getting fairly compensated for maintaining responsible mining practices.

The co-labelling use of both the Fairtrade and Fairmined Certification Marks has the aim to ensure to consumers that the piece of gold incorporated in the final product has complied with the standards set up by them. This includes that the gold has been mined, processed and traded in a fair and responsible manner. Two different kinds of certified gold: Ecological gold → no mercury and regular certified gold → responsible management of chemicals (no waste dumping)