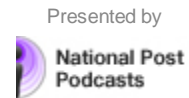


Burying Canadian miners

Peter Foster, Financial Post



One has to acknowledge the persistence and political skills of the radical NGOs who are determined to shackle Canadian mining operations abroad. These perpetually frustrated groups, led by the Canadian Catholic Organization for Development and Peace (CCODP) have found a new champion in John McKay, a Toronto Liberal MP. Mr. McKay has introduced a private members bill, C-300, which has passed its second reading and which this week went to Parliamentary committee.

If it becomes law, C-300 could create enormous headaches for Canadian mining (and oil and gas) companies operating overseas. It would leave them open to an endless stream of allegations, and under the threat of the withdrawal of government "support" from organizations such as the Export Development Corporation, and even of divestment by the Canada Pension Plan.

Although overseas mining may sometimes be ethically murky, the fact that the NGOs backing C-300 seem far more concerned with stopping profits than helping the poor makes their campaign less than admirable. It also raises questions about why such groups would receive millions in funding from Ottawa, primarily from the Canadian International Development Agency.

Four years ago, under considerable NGO pressure, a subcommittee of the House of Commons produced a report calling for Canadian mining companies operating overseas to be held accountable under the nebulous but subversive rubric of "corporate social responsibility," or CSR.

The Liberal government of Paul Martin -- seeking to appease the NGOs -- set up a series of CSR "Roundtables" which were dominated by NGOs such as Kairos and Mining Watch, which had specialized in rigging surveys and spreading anti-corporate disinformation.

Kairos, for example, had publicized a survey which claimed that 99% of local residents were against a Mexican project by Vancouver-based Metallica Resources (since merged into New Gold). But the survey was filled with questions such as "Do you agree with [Metallica's] contamination of the aquifer and the atmosphere of the valley of San Luis with cyanide and other hazardous substances?"

Mining Watch Canada, meanwhile, had itself been the object of protests from natives in Ecuador, who accused it of "economic, cultural and social genocide," and pointed out that "organizations like yours ... live on our poverty." Mining Watch's response indicated that it was fundamentally anti-mining.

The CCODP -- which also pursues a hard-line liberation theology/people-vs.-profits approach-- has organized huge write-in campaigns to browbeat politicians, along with rallies on Parliament Hill. At one such rally, Quebec Bishop Roger Ebacher claimed that "the Earth's riches must be distributed fairly and with justice to all of humankind."

Karl Marx couldn't have said it better.

The 2007 Roundtables' "consensus" report adopted a guilty-until-proven-innocent attitude, and sought to inflict additional CSR reporting "initiatives" on companies. It also called for an independent ombudsman.

In the wake of this report, representatives of the mining industry tended -- typically -- to grovel rather than stoutly defending their activities, hoping, presumably, to kill the meddlesome idea in Ottawa's back rooms.

Earlier this year, it looked as if they had succeeded. International Trade Minister Stockwell Day introduced voluntary guidelines and a proposal for a "counsellor" to deal with overseas mining issues on a co-operative basis. This "soft" approach -- which was nevertheless instantly seized upon as evidence that there was indeed a problem -- was met by NGO outrage. Where were the teeth?

So the NGOs persuaded Mr. McKay to introduce C-300.

That Mr. McKay has bought into the guilty-until-proven-innocent approach was clear from his suggestion before Parliamentary committee on Monday that the Conservative minority's approach was "a little like the police asking the accused whether they can investigate the allegation first."

The problem is that the NGO activists pretty much regard all corporations as guilty, and specialize in often unfounded allegations. The prospect of answering all their charges is a potential nightmare.

Mining companies already operate with one hand tied behind their backs, particularly when it comes to environmental issues. They are invariably forced to present voluminous "balanced" reports, but the only elements that get publicized by NGOs are the negative ones.

Mr. McKay claimed on Monday that the complaints about Canadian companies were piling up -- about Barrick's operations in Papua New Guinea; about a Goldcorp project in Honduras; about Banro's activities in the Congo -- but he admitted that he relied for all his evidence on the NGOs.

Intriguingly, Mr. McKay came under some tough questioning from another Toronto Liberal, Bob Rae, who suggested that the whole operation would be "extremely litigious and it's going to have serious consequences for the economic health" of corporations. Mr. Rae even brought up the analogy of Human Rights Tribunals, which hardly seemed designed to make Mr. McKay's bill more attractive!

Bill C-300 still has to face a third reading and the Senate, but it is important to stress that it is based on the activism of groups that have no broad political legitimacy, indeed, whose leftist message is rejected by the overwhelming majority of Canadians.

Some believe that such legislation, if passed, might serve to provide a solid framework within which companies operating overseas might proceed without harassment. But that is naive. Mining companies are dealing with activists fundamentally opposed to their operations, and thus -- ironically -- to the jobs, and hope, they provide for poor people in the developing world.