

CASE #14: MINING IN WEST PAPUA

The Grasberg mine in West Papua, New Guinea is the largest, most productive open-pit copper mine in the world and may be the largest source of gold for the foreseeable future. PT Freeport, the Indonesian subsidiary of mining giant Freeport-McMoran, has owned and operated the Grasberg mine under government contract since 1967. As a result of the success at Grasberg PT Freeport has become a leading contributor to Indonesia's economy, its largest exporter and its highest taxpayer.¹ In addition to the immense benefits to the Indonesian economy the Grasberg mine has helped Freeport-McMoran to become highly successful returning hundreds of millions in profits to its shareholders.²

Beyond the benefits to corporate shareholders the open-pit mine at Grasberg has the consequence of providing inexpensive copper to help fuel growth in the developing world. Copper is a vital ingredient in the generation and transmission of electricity, plays a significant role in telecommunications, and is required for numerous industrial applications. As a result persons in need of expanded electrical services and an increased industrial base are all stakeholders in mines like Grasberg. Of special note are those stakeholders for whom inexpensive copper is crucial for the beginnings of industry and consumer electricity, especially those in the developing world. Unfortunately, Freeport's success has not come without a cost.

At the time mining began the Grasberg mine appeared as a road winding up to the top of a decapitated mountain. Now the open-pit style mine appears as an immense crater in the earth several times the size of the original mountain.³ PT Freeport contends that the open-pit mining style is more efficient than traditional tunneling methods and is safer for mine workers. Although they admit the open-pit is aesthetically unpleasing, they claim the environmental damage is negligible. Environmental groups point out that the loss of rich land and wild life is only half of the picture. Also of concern is the dumping of tailings, the discarded waste material produced by mining, into the Fly river. The operation at Grasberg deposits 40 million tons of sediment into a 20-kilometer stretch of the 1000-kilometer river which naturally receives a total of 90 million tons of deposit per year.

Also, of concern is the effect that the mine has had on the 20,000 members of two indigenous tribes, the Amungme and the Kamoro. In 1967 both tribes had had some contact with western missionaries, but practiced traditional lifestyles including subsistence farming, fishing and hunting. The mining operation has made traditional food sources vanish and has brought an influx of approximately 100,000 foreigners. The result is that a city has been erected and the traditional living arrangements of the Amungme and Kamoro are now impossible. Some

¹ Kennedy, Danny, "Risky Business: An Independent Report on PT Freeport Indonesia, 1998," http://www.freewestpapua.org/docs/risky_business.pdf, *Project Underground* (1998).

² "Fortune 1000 Ranked Within Industries," *Fortune* (Apr. 28, 1997).

³ Primaldhi, Alfindra, "Photograph of Grasberg Mine," http://en.wikipedia.org/wiki/File:Grasberg_mine.jpg (2007).

indigenous people have assimilated and begun working for PT Freeport, while others have protested what they consider an illegal taking of their land.⁴

In response to the protests of native Papuans PT Freeport has adopted a two-prong strategy, both making threats and offering benefits to the Amungme and Kamoro. Beginning in the late 1960's, PT Freeport employed both private security and the Indonesian military, and at present spends upwards of \$500 million dollars each year in security for its Indonesian facilities. These security forces have been implicated in numerous beatings, rapes, killings, disappearances and bombings over the last 40 years. As a second prong PT Freeport has offered to compensate the Amungme and Kamoro at the rate of 1% of the Grasberg mine's yearly profits. Some local leaders claim this amount is too small, while others assert that no amount of money is adequate to compensate for their forced change in lifestyle.⁵

⁴ Abrash, Abigail, "Repressive Mining In West Papua," in *Moving Mountains: Communities Confront Mining and Globalization*, Ch. 4, ed. Abigail Abrash and Danny Kennedy. New York: Oxford University Press (2001).

⁵ *Beanal v. Freeport-McMoRan*, 197 F.3d 161 (5th Cir. Nov. 29, 1999), accessible at: <http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?court=5th&navby=docket&no=9830235CV0>.