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Advancing Liberty – From the Economy to Ecology

September 12, 2007

No. 120

A Village's Travail

A Snapshot of Environmental NGOs' Real Work

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Rosia Montana, a poor mining town in the Transylvanian mountains of Romania, has been approached by the Rosia Montana Gold Corporation (RMGC) to dig four open-pit gold mines in their area. Among Rosia Montana residents, the majority of is unemployed and lacks indoor toilets and reliable running water. The mine would bring 600 permanent jobs to the area and \$2 billion into the Romanian economy.¹

Benefits have accrued to society from mining for millennia. Even an economy as advanced as the United States depends on it. In 2005, the gross output of industries that require the products of mining represented 16 percent of total U.S. gross domestic product (GDP). Each job in mining creates an additional 2.8 jobs elsewhere. And mining earnings of \$18.6 billion generated a total of \$50.6 billion in earnings throughout the U.S. economy.²

The world's poorer nations need the economic growth that mining projects provide. However, radical environmentalists stand in their way. Their desire to hold the developing countries to First-World green standards consigns developing world people to slow—and in some cases *no*—economic growth. But wealthier is healthier—and cleaner; it is the wealthy nations that care about the environment and can afford to do something about it.

But many environmental activists view the world as a series of Malthusian “terrible toos”—too many people, too much consumption, too rapid an introduction of too poorly

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understood technologies. Therefore, they favor expanded political control over almost all economic activities.

“Sustainable Development” is Neither. Sustainable development is another key environmentalist tenet. But despite all the activists’ talk about making projects “sustainable,” there are few, if any, significant development projects that environmentalist NGOs have supported. Therefore in reality, “sustainable development” equals no development.

Moreover, the major environmental groups are waging a massive, well-funded campaign to de-legitimize all extractive industries. Once lauded as bringing economic growth to the most isolated areas of the globe, the mining industry is now condemned for intruding upon indigenous cultures, even though these same indigenous peoples are desperately asking for these projects. Green activists believe that they can—and must—tell other people what they can do on their own land. The ongoing NGOs campaign against the proposed Rosia Montana gold mine, launched in 2003, is part of this pattern.

“We don’t need foreign advocates. We are smart enough to take our own fate in our own hands,” says Rosia Montana’s dentist in the documentary film *Mine Your Own Business: The Dark Side of Environmentalism* (The film was largely funded by RMGC’s parent company, but the filmmakers kept complete editorial control). The film exposes the anti-development mentality of the groups opposing the Rosia Montana mine and other mining projects around the developing world.

In one scene, the Madagascar country representative for the World Wide Fund for Nature flatly states—after showing off his \$35,000 catamaran—that people in Madagascar would be better off without development because if they got any money they would waste it on beer, stereos, jeans, and throwing parties.³

The Futility of Appeasement. Greenpeace and Alburnus Maior, a Romanian environmental group, have protested against RMGC’s parent company, Gabriel Resources, in front of the United Nations Development Program office.⁴ Gabriel is not a member of the International Council of Mining and Minerals (ICMM), and so faces much more opposition to its projects than do ICMM member companies.

The International Council on Mining and Minerals is composed of 16 of the largest mining and metal companies and 25 national mining and global commodities associations. Their vision is for a “viable mining, minerals and metals industry that is widely recognized as essential for modern living and a key contributor to sustainable development.” Their members are “practicing their commitment to environmental, economic and social responsibility and, as such, are making a case for continued access to land, capital and markets.”⁵

By participating in ICMM, mining companies seem to want to gain legitimacy in the eyes of environmental activists. Many ICMM member companies even help fund environmental groups. The UK-based mining giant Rio Tinto has “partnered” with

Earthwatch since 1991, paying for scientific field research and training and developing biodiversity strategy.⁶ Other NGOs have also found their sugar daddies; for instance, the Sierra Club has Ford, and Environmental Defense has FedEx.⁷

Mining companies may find it less expensive to pay off the green NGOs up front to lessen public criticism, boycotts, lawsuits, permitting delays, and other forms of “greenmail.” But environmentalists take no prisoners—in the long run, they won’t be ameliorated by concessions, which they will only use to advance *from*.

Though an ICMM council member, Denver, Colorado-based Newmont Mining Corporation does not seem to contribute as much to environmental groups as Rio Tinto, and just so happens to face more environmentalist opposition to its projects. At Newmont’s annual meeting in April 2007, shareholders filed resolutions calling the company to review its waste disposal policies because its projects had been overwhelmed by lawsuits, protests, conflicts, and inability to obtain environmental permits. Earthworks and Alburnus Maior, among other green groups, issued a similar demand. Romanian environmental groups have urged Newmont to divest its 19 percent share in Gabriel Resources.⁸

Green Myth of a Mountain Eden. Earthworks and Oxfam America claim that, if built, the proposed Rosia Montana gold mine would create Europe’s largest open pit, displacing 2,000 people and destroying Roman archaeological sites. Instead, they argue that the town should survive on eco-tourism or agro-tourism. Their view is that the people are “poor but happy,” so it’s the NGOs’ job to “protect” them from development.

In fact, by October 2007, Rosia Montana residents will have sold 80 percent of their homes and industrial property to Gabriel Resources, indicating their support of the project. Residents had the option of taking the sale proceeds or move to one of the two new towns built by the company, complete with indoor plumbing and electricity. Gabriel has also spent \$10 million on a program to recover any archaeological artifacts, building a museum for them.

Standards for Underdevelopment. Greenpeace’s Hungary office, which has protested against the opening of the mine, recently notified ING Bank N.V., which had a stake in the company, of RMGC’s non-compliance with the Equator Principles. ING then sold its shares in the company.⁹

The Equator Principles are a set of standards, adopted by 41 major lenders worldwide representing 80 percent of global project financing, requiring lending institutions to insist that projects that they finance worth over \$10 million meet certain green guidelines. Environmental impact assessments have to be made, considering, among many other things, endangered species, sensitive ecosystems, biodiversity, sustainability, use of renewable natural resources, and pollution controls. For the “riskiest” projects, the potential borrower has to consult with environmental lobby groups and present them the environmental impact assessment information.¹⁰

This has meant loss of financing for many development projects in poor countries. One large Equator bank, Citigroup, denied financing to 54 of 74 projects reviewed using the Principles—projects that were worth \$75 billion, according to a 2005 Citigroup report, and were *economically sound*.¹¹ This then forces poor nations to get their financing from sources like China, which care not a whit about humanitarian or environmental standards.

Such obstructionist tactics extend into other areas of the economy. The Earthworks/Oxfam America “No Dirty Gold” campaign has gotten 22 percent of U.S. jewelry companies on board to not purchase gold from non-complying companies such as RMGC. Jewelry-selling companies, such as Target, that refuse to sign up to the campaign’s “Golden Rules” are placed on a “laggards list” and subjected to phone calls, mailings, and other types of pressure.¹²

Similarly, the Initiative for Responsible Mining (IRMA) standards that NGOs, ICMM, and some jewelers are working to implement would set stringent environmental standards, with a verification system, for mining operations.¹³ Many Third World mining operators are not likely to be able to pass NGOs’ “clean gold” tests, which reduces the ability to sell their products on the global market.

In its publication “Dirty Metals,” Earthworks cites the investment group Calvert as a model, because it “has no holdings in any metals mining corporation because it could not find a single one that met its criteria for corporate responsibility.”¹⁴ Therefore, by that logic, it would be great if the mining industry could disappear entirely!

Greens Misrepresent Mining Science. In 2000, a dam encircling a cyanide tailings pond in Baia Mare, Romania broke, causing serious environmental damage on the river Tisza.¹⁵ Environmental groups have widely publicized this fact in their propaganda opposing the Rosia Montana project. For example, an Earthworks/Oxfam America report claims that, “A rice-grain sized dose of cyanide can be fatal.”¹⁶ But they fail to mention that 90 percent of cyanide usage in the world is for manufacturing products like plastics and pharmaceuticals.¹⁷ Nor do they state that free cyanide breaks down rapidly when exposed to sunlight, as it is when put into mining ponds, or that cyanate, which results from the detoxification process, is naturally hydrolyzed into ammonia and then into nitrate, which is then monitored and treated if necessary.¹⁸

Activists capitalize on public ignorance of these processes. Yet risk management can reduce, though not eliminate, risk, since all projects entail risks; though in this case they are slim. As Dr. Terry Mudder, an expert on gold processing, said in a technical statement submitted to the Romanian parliament in August 2007:

By having a proper water management and treatment system, and by maintaining cyanide levels in the tailings solution as those being proposed by the European Union, the impacts of the regrettable and irresponsible incident(at Baia Mare) in Romania could have been prevented or at a minimum dramatically reduced...the Rosia Montana gold mining project proposed by Rosia Montana Gold Corporation and its parent company Gabriel Resources would be certified under

the Cyanide Code and develop a comprehensive chemical management plan that adheres to its stringent principles and standards. Beyond the Cyanide Code itself, new mining projects must follow the more stringent EU tailings disposal guidelines for residual cyanide levels.

Two thousand years of mining and a shuttered communist era mine, where most of Rosia Montana's residents previously worked, have left the area heavily polluted and its Rosia River red from acid mine drainage.¹⁹ Gabriel Resources has worked to address environmental objections to the proposed mine with:

- 1) Promises to reduce the existing acid rock drainage;
- 2) Plans of a sulfure dioxide and cyanide detoxification circuit that will reduce the cyanide level in the water to the ponds to below 1ppm, less than 1 percent of the cyanide concentration in Baia Mare;²⁰ and
- 3) Plans to replace the old mine workings with modern mining technology compliant with EU standards.²¹

Acid mine drainage is a risk from poorly managed mining projects. When an open pit mine is created, it can expose sulfur-laden rock to air and water, resulting in the formation of sulphuric acid.²² When that acid comes in contact with rock, it can dissolve toxic substances and carry them into water sources. Current European Union mining standards require mining companies to continually monitor the water sources involved and immediately treat any toxicity.

Legal Challenges. European environmentalists opposing the Rosia Montana project are counseling local residents to bypass ordinances and zoning restrictions and enact anti-mining legislation. In Romania, green NGOs and two senators are now attempting to get a law enacted to completely ban the use of cyanide in gold processing.²³ Seven out of nine existing gold mines in the European Union countries use this method, as would the proposed Rosia Montana mine.²⁴ If this legislation is successful, it would relegate the Rosia Montana project to the dust bin.

The Environmental Impact Statement prepared by Gabriel Resources has been challenged by an archaeological consultant and British botanists' field studies. They determined that the land should be conserved and classified as a UNESCO World Heritage site, which would require its "protection" as a zone of national interest by the United Nations, after which the U.N. would work to prevent mining permits.²⁵ Several potential projects have been shut down this way.

In similar fashion, the U.S. Senate recently passed a series of "national heritage area" bills that, if passed, will likely be used against proposed mining projects. Environmental group lawsuits can tie up mining projects for decades in the courts, but these "heritage" designations can scrap them altogether.

We are likely to see more such laws and lawsuits against extractive industries, bringing increased costs and lower levels of development. In August 2007, the American Bar Association adopted as ABA policy 22 “fundamental principles” concerning the environment, including the precautionary principle, which requires that a new technology be proven safe in all circumstances before it is introduced into commerce—an impossibility, since one cannot prove a negative. These set dangerous precedents and go beyond current practices; sponsors acknowledge that “many of the principles are not yet universally accepted in the international environmental law area,” including the United States.²⁶

In the United States, environmental pressure groups are looking for ways to further restrict mining through revisions to the General Mining Law of 1872.²⁷ One such proposed change is the mandated protection of “special places.”²⁸

Conclusion. The world is in increasing need of more metals and minerals, especially in rapidly developing countries like China and India. Uranium, for example, is required for the world’s increased reliance on nuclear power. Yet environmentalists’ support of paralyzing regulations and restrictions help tighten supplies of much-needed metals and minerals, thus increasing costs and leaving everyone worse off.

By seeking to impose values that are ill-suited to the developing world’s circumstances, and by blocking all development no matter what the humanitarian cost, the developed world’s environmental NGOs, with the toadying complicity of the Equator Principle banks, are taking away many poor people’s opportunities at economic improvement. As Rosia Montana’s dentist’s sentiments make clear, the people they are trying to help are not likely to appreciate it.

Notes

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³ *Mine Your Own Business: The Dark Side of Environmentalism*, written and narrated by Phelim McAleer, directed by Ann McElhinney, released by New Bera Media and the Motion Picture Institute.

⁴ Judit Zegnal, “Protestors say UN gold mine endorsement a ‘crime’” *Budapest Business Journal*, March 5, 2007.

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⁶ Earthwatch Institute news release, February 28, 2007, <http://www.earthwatch.org/site/apps/nl/content2.asp?c=crLQK3PHLsF&b=453237&ct=846615>.

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- ¹⁹ Report on Rosia Montana, Gabriel Resources website, <http://www.gabrielresources.com/s/RosiaMontana.asp? Title=Environmental&ReportID=131305>.
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