



**STOP  
MAD MINING**



# Right to compensation – Resistance against coal mining for ThyssenKrupp steel in Mozambique



*This presentation has been produced with the financial assistance of the European Union. The contents of this presentation are the sole responsibility of CIR and can under no circumstances be regarded as reflecting the position of the European Union.*



# Agenda



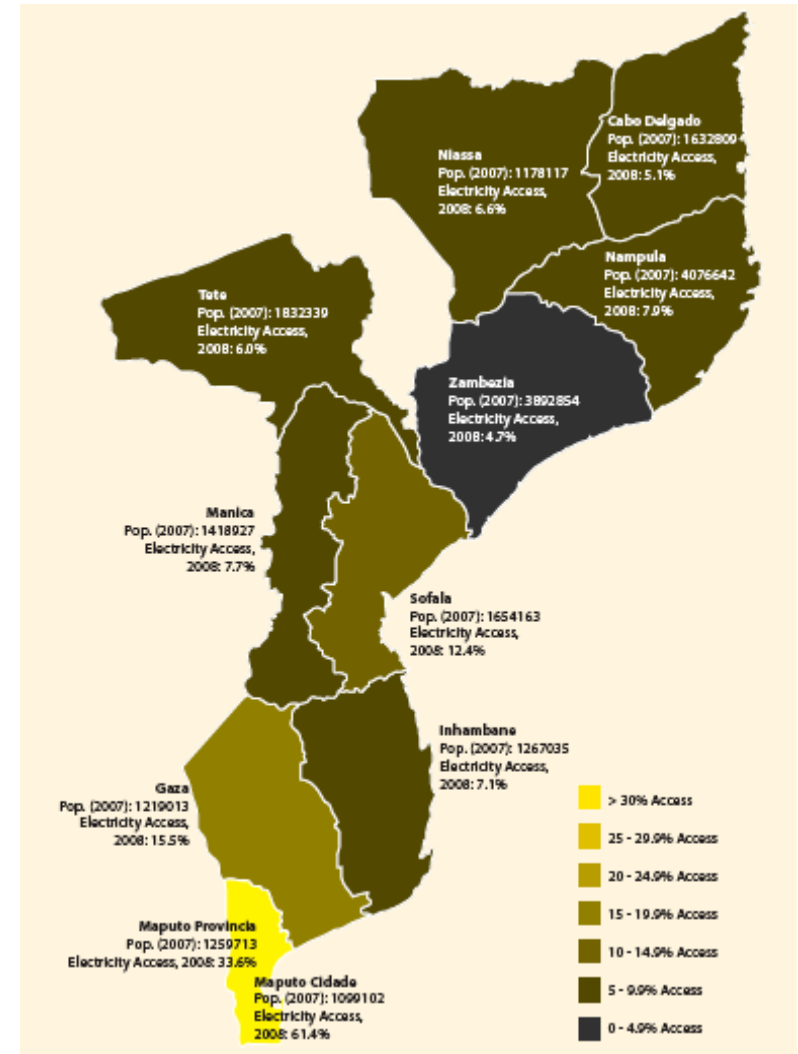
- Overview of Mozambique
- Mining in the country
- Coking coal to Europe
- ThyssenKrupp's involvement
- Guiding questions for discussion
- More information



# Country summary



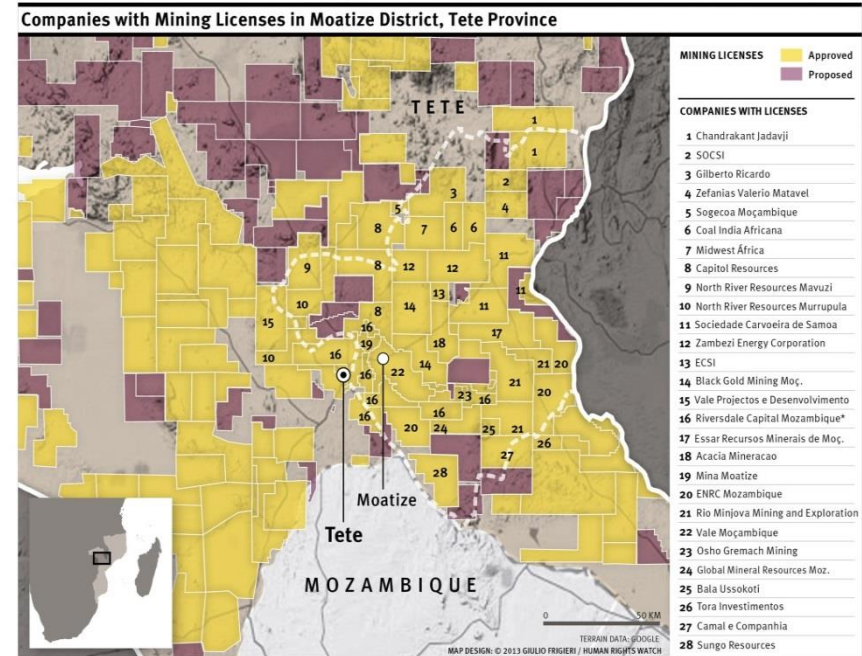
- Population over 25 million, of which almost 80% have subsistence-based livelihoods
- Almost 50% of the government budget is donor-based
- Up to 60% of the population live < 1 euro/day
- Only 14-20% have access to electricity



# Langrab



- Millions of hectares of land being allocated to mining & large scale agro-industry (e.g. 14 million to Brazilian farmers, up to 7 million hectares for agrofuels, possible 5 million to plantations, etc)
- Numerous cases of community land loss and abuse
- Over 70% of the projects analyzed didn't not meet legal requirements
  - no community consultation
  - no community consent
  - existing processes being violated



This map is based on data from the Mozambican government's mining registry in October 2012 and does not reflect any new, expired, or canceled licenses since then. Moatize district's coal basin has been a major focus of investor interest.

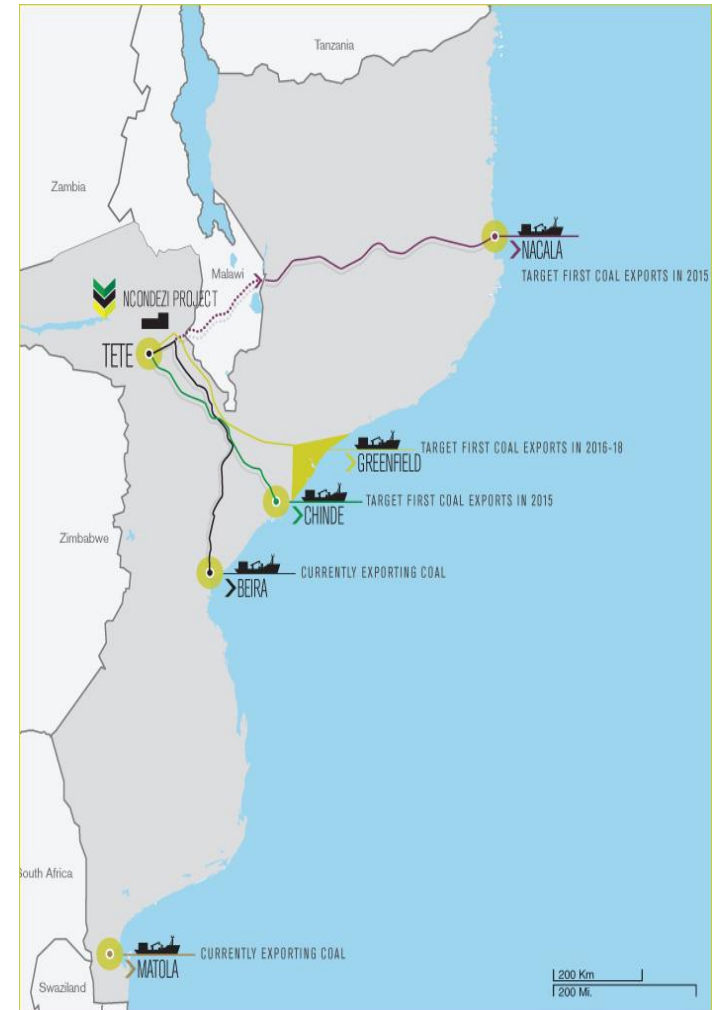
\* Acquired by Rio Tinto.



# The economics of risk



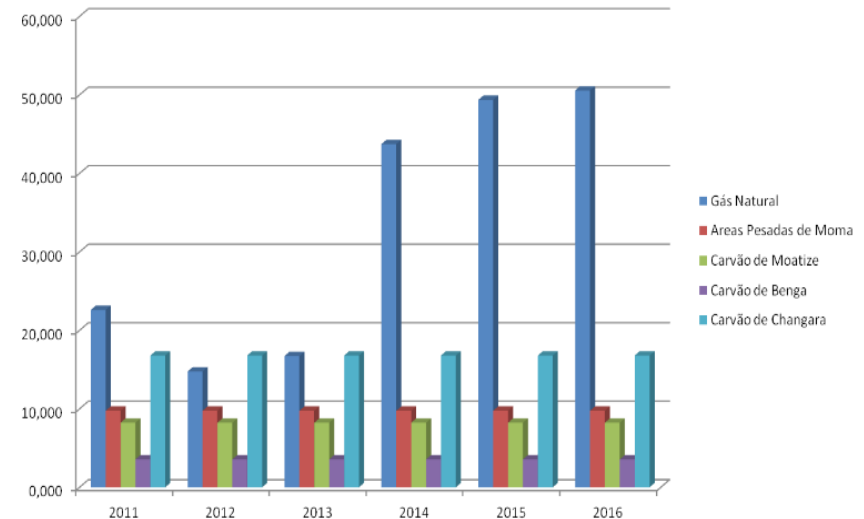
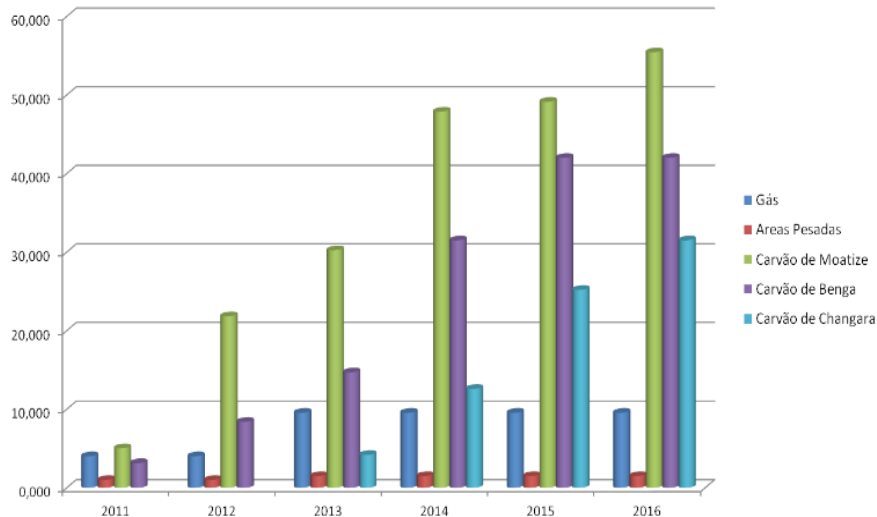
- Over optimistic market projections
- Hidden Costs & risks
- False & inflated 'multipliers'
- Ignores associated cost
- Cost & Risks of loans
- Increase in government debt
- Weak to no benefits to the poor



# The false promises of coal



- Energy, Electricity, Power, Rural Electrification
- Growth, Development, Poverty Eradication, Employment
- Roads, Highways & Infrastructure, Building, Schools, Hospitals
- Coal has never been and will never be to the benefit of the people



This presentation has been produced with the financial assistance of the European Union. The contents of this presentation are the sole responsibility of CIR and can under no circumstances be regarded as reflecting the position of the European Union.



# Coking coal extraction in Mozambique



- Tete province: rich with coking coal, used worldwide as a vital part of traditional crude steel production
- Tete holds an estimated 23 billion tons of mostly untapped coal reserves
- In 2013 Mozambique was among the global top ten coking coal exporters with 4 million tons exported
- The country's export of coke and semi-coke to the EU market alone was 630,487 tons



# Coaking coal mines – Chipanga



- Located in the Province of Tete
- Owned by Brazilian miner Vale
- It has a total capacity of 11 million metric tons per year
- ThyssenKrupp listing Vale's Chipanga mine as one of their supplier in Mozambique
- ArcelorMittal confirms that they started sourcing from the same mine by 2012
- During 2009-2010, 716 families classified by Vale as “rural” were moved to the locality of Cateme, about 40 kilometres from their homes near the district capital Moatize, while 288 families regarded as “semi-urban” were resettled inside Moatize





# Coaking coal mines – Chipanga



- Appropriation of community land & resettlement of families in inhuman conditions (leaky roofs, cracks in walls, internal home temperatures regularly exceed 50'C )
- Disintegration of families and communities
- Restriction on movement of people and goods
- Irregularities & breaches of agreements
- Increase in cost of living & Loss of livelihood
- Violation of human rights



# Faces behind facts – Chipanga mine



The farmer Delvino Xadrique, 37, was compensated with building materials for a barn, chickens and some feed by the mining company Vale, but the chicken business has not been profitable. At a first glance the pastel-painted houses provided by Vale look as if they were built to last, but a closer look reveals that they have been placed directly on the ground. Built with no foundation, they will float away like tiny Monopoly pieces when the rainy season turns the red dusty ground into mud. “The only thing separating the houses from the ground is a sheet of plastic, so the houses are cracking,” says Delvino Xadrique, a young farmer, pointing to a long line running upward from the corner of his house. He and his household of eight were lucky, because they had the means to build an additional house next to the two-room cottage provided by the company.



# Faces behind facts – Chipanga mine

**STOP  
MAD MINING**

“People are struggling. Where we used to live, we had many things to do, we used to farm, sell bricks, charcoal and firewood, but here there is no market for it. If you look around you will see houses without roofing, because people have sold it to get some money,” Domingo Foguete from the mining province Tete in Mozambique, explains. For a year he has been wrangling with the government and the mining company Vale to get compensation for the land he lost when his family first moved to Cateme. “That was in 2010 and we still haven’t received any money,” he says.



*This presentation has been produced with the financial assistance of the European Union. The contents of this presentation are the sole responsibility of CIR and can under no circumstances be regarded as reflecting the position of the European Union.*



# Faces behind facts – Chipanga mine



*This presentation has been produced with the financial assistance of the European Union. The contents of this presentation are the sole responsibility of CIR and can under no circumstances be regarded as reflecting the position of the European Union.*



# Coaking coal mines - Benga



- Located in the Tete province of Mozambique
- Initially owned by Australian Riversdale Mining company
- In November 2007, Tata Steel purchased a 35 percent stake in the project
- In April 2011, British-Australian Mining Company, Rio Tinto, took over Riversdale Mining Limited, and its 65 percent share in the Benga Coal Project
- In 2014, Rio Tinto sold its shares to the Indian steel and mining company ICVL
- Around 35 percent of the mine's output is coking coal, 10 percent thermal coal, and the remaining 55 percent is waste.
- From 2010-2014, Riversdale Mining Limited, Rio Tinto and Tata Steel moved 736 families (approx. 3,680 people) to the Mualadzi resettlement



# Coaking coal mines - Benga



- ThyssenKrupp and Arcelor Mittal are naming the Benga mine as one of their suppliers.
- The Government of Mozambique & the mining companies Rio Tinto and Riversdale Mining Ltd. knew that the resettlement would severely deteriorate their living conditions, long before they moved the communities
- Benga Resettlement Action Plan (RAP): Clearly describes Mualadzi as an area lacking sufficient water resources: “The surface water resources are poorly developed in the area with no perennial water course running within or nearby the development area. The existing seasonal streams are highly dependent on the wet season for their flow pattern and therefore cannot be considered a continuous water source.”



# Faces behind facts – Benga mine

Emilia Fato, a 58-year-old widow who lives with her son and two grandchildren, is longing to go back to her old life near the riverbank. “Where we use to live, we had water from the river. There, we could provide for ourselves and we didn’t need help from anybody,” she says. She and her family used to grow crops, break stones and sell them for construction. In Mualadzi, they feel lost. “My son was supposed to work, but he is just sitting here all day, because there is nothing for him to do. If we were home, I would know what advice to give him, but here I don’t know what to tell him,” she says.



**STOP  
MAD MINING**



*This presentation has been produced with the financial assistance of the European Union. The contents of this presentation are the sole responsibility of CIR and can under no circumstances be regarded as reflecting the position of the European Union.*



# Faces behind facts – Benga mine

**STOP  
MAD MINING**



“They are lucky because they have transportation to town and a school for their children,” says Tito Fernando, a young father of three. Before the resettlement, he used to make bricks and sell them by the roadside, but the remote location of Mualadzi and an insufficient water supply makes it impossible for him to continue his trade. Instead, he and his wife take turns in travelling to Moatize town to sell some crops at the market. But it is a long journey with little outcome. “She left this morning and I don’t know when she will be back, because she has to travel by three different cars to get here,” Fernando explains.



*This presentation has been produced with the financial assistance of the European Union. The contents of this presentation are the sole responsibility of CIR and can under no circumstances be regarded as reflecting the position of the European Union.*





# Coaking coal mines - Chirodzi



- Located in the Province of Tete
- Owned by Jindal Steel and Power Limited Mozambique, a subsidiary of Indian mining company Jindal and Power Limited.
- The concession has an estimated 724 million tons of coal reserves of which the main market is India
- Officially 484 household corelating to 2050 people will lose their homes and land, while a further 968 household will lose their land. In total over 5000 people can be considered to be affected. Even though the mining company has already started operations the affected communities are still living in the mining area, some of which within a few kilometers of the main open pit mine, and have server restrictions on movements and activities



# Legal aspects: (Coaking) coal mines - Chirodzi



Em sede de julgamento ficou provado que a requerida, JINDAL está a construir casas para a população afectada pela concessão, compensou as famílias pelas machambas e está efectuando o pagamento de rendas a favor da mesma população, mas esta sem motivos justificados continua a viver na área de exploração mineira.

## Decisão

Nestes termos, acordam os Juizes de Direito do Tribunal Administrativo Provincial de Tete em negar provimento ao pedido apresentado pela Justiça Ambiental, nos termos do artigo 122 da Lei n.º 7/2014, de 28 de Fevereiro, por erro de processo e falta de fundamentos legais.



*This presentation has been produced with the financial assistance of the European Union. The contents of this presentation are the sole responsibility of CIR and can under no circumstances be regarded as reflecting the position of the European Union.*



# Coking coal to Europe and Germany



- The largest steel producers in Europe are sourcing coking coal from Mozambique
- ArcelorMittal, Tata Steel Europe and ThyssenKrupp have declined to answer any questions directly related to the situation in Cateme and Mualadzi in 2015 when DanWatch undertook investigations
- Some are not disclosing their supply chain like TataSteel Europe, while TataSteel is entitled to Tata Steel is entitled to 40 percent of the outcome from the Benga mine. In 2012 the company's main director announced that Tata Steel Europe would receive its first supplies from the mine approximately 800.000 tons, equivalent to 10 percent of its entire coal requirements



# ThyssenKrupp – legal framework



- TK purchased coaking coal from the Benga and the Chipanga mine in 2013 and 2014 , even if in low quantities
- As the resettlements happend 2009-2010: TK has failed to check their suppliers' due diligence duties, despite direct contracts with the suppliers (short supply chains)
- The purchase of coaking coal from suppliers like Vale and Rio Tinto who organised resettlements with insufficient compensation is against the international UN guidelines for Business and Human Rights as well as OECD standards for responsible supply chains and due diligence of companies as well as against local Mozambiquian law
- Plus on a „voluntary note“: The resettlement is violating human rights that TK is allegedly protecting in their Supplier Code of Conduct



# ThyssenKrupp - SCoC



- Supplier Code of Conduct: compliance given through signature plus self-assessments
- Audits of suppliers through independent body: transparency?
- The SCoC is containing principles to protect HR - missing most important ones?
- According to TK statement on BHRRC they are undertaking checks for the supply of Vale's Chipanga mine



# Short movie „Promised Land“

**STOP  
MAD MINING**



*This presentation has been produced with the financial assistance of the European Union. The contents of this presentation are the sole responsibility of CIR and can under no circumstances be regarded as reflecting the position of the European Union.*





# For discussion

- Mozambique is playing out the most important livelihood of their citizens for mining companies: people's land
- How to close the gap between legal compensation, (which companies & government are not even fulfilling,) and real needs for compensation
- Can the industry/sector even be sustainable: How can they pressure their suppliers if there are only three major suppliers worldwide/ they have a monopoly on the raw materials they need?
- Are corporate responsibility processes working or are they more a PR tool?



# More information



## CIR

- [www.ci-romero.de/rohstoffe](http://www.ci-romero.de/rohstoffe) (website, quarterly newsletter, quarterly magazine “presente” in German)
- [www.stop-mad-mining.org](http://www.stop-mad-mining.org) (website in English)
- Reports “Proken Promisses” (Engl.) and “Diebstahl” (German) on websites

## Danwatch

- [www.danwatch.dk](http://www.danwatch.dk)

## Justica Ambiental (FoE Mozambique)

- <https://www.hrw.org/report/2013/05/23/what-house-without-food/mozambiques-coal-mining-boom-and-resettlements>
- <https://vimeo.com/64707620>
- <https://vimeo.com/64881862>
- <https://vimeo.com/64914457>
- <https://ja4change.wordpress.com/2015/05/20/jindal-coal-mining-affected-villagers-revolt/>
- <https://ja4change.wordpress.com/2014/07/03/press-release-mining-where-are-the-rights-of-communities/>
- <https://ja4change.wordpress.com/2013/08/27/a-government-without-shame-a-people-without-hope/>
- <https://ja4change.wordpress.com/2012/10/10/notes-from-the-field-vale-displaced-communities-in-cateme/>
- <https://ja4change.wordpress.com/2013/12/12/new-report-on-international-human-rights-day-exposes-human-rights-violations-in-mozambique-but-the-un-rapporteur-refuses-to-answer-us/>
- [https://issuu.com/justicaambiental/docs/ja\\_letter\\_of\\_allegation\\_final\\_28apr](https://issuu.com/justicaambiental/docs/ja_letter_of_allegation_final_28apr)
- <https://issuu.com/justicaambiental>

