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From the issue dated December 7, 2007

Mining Company Involved in Environmental Disaster Now Advises Sustainability Institute at U. of Michigan

By GOLDIE BLUMENSTYK

advertisement

In the 1990s, the giant mining company now known as BHP Billiton drew worldwide condemnation for the environmental damage caused by its copper and gold mine in Papua New Guinea. Its mining practices destroyed the way of life of thousands of farming and fishing families who lived along and subsisted on the rivers polluted by the mine, and it was only after being sued in a landmark class-action case that the company agreed to compensate them.

Today several activists and academics who work on behalf of indigenous people around the world say the company continues to dodge responsibility for the problems its mines create for communities in undeveloped parts of the world.

Yet at the University of Michigan at Ann Arbor, BHP Billiton enjoys a loftier reputation: It is one of 14 corporate members of an External Advisory Board for the university's new Graham Environmental Sustainability Institute.

Critics at and outside the university contend that Michigan's decision to enlist BHP Billiton as an adviser to an institute devoted to sustainability reflects badly on the institution and allows the company to claim a mantle of environmental and social responsibility that it does not deserve.

The institute's director says he is satisfied that the company is serious about operating in a more sustainable way.

'Greenwashing'

The arguments echo the discussions about corporate "greenwashing" that have arisen at Stanford University and the University of California at Berkeley over major research grants from ExxonMobil and BP, respectively, and more recently, the debate at the Smithsonian Institution among its trustees over whether to accept a gift from the American Petroleum Institute for a museum exhibition about oceans. (The gift was withdrawn in November.)

For one BHP Billiton critic at Michigan, the issue is personal. Stuart Kirsch, an associate professor of anthropology, has spent most of his academic career documenting the damage caused by BHP Billiton's Ok Tedi mine in Papua New Guinea.

He says BHP Billiton "does not fit the bill" of a company that deserves "standing to advise the University of Michigan in faculty research and the education of our students."

Brian Talbot, interim director of the institute, says the advisory-board members "have absolutely zero influence" over decisions on which research projects the institute finances, but he does expect they will sponsor internships and provide speakers to

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2 Rivers Polluted

Mr. Kirsch, who first visited some of the affected communities as a young ethnographer in 1987, became involved in the class-action lawsuit brought against the company and helped villagers participate in the 1996 legal settlement. "I put my career on hold while being an activist," he says.

He subsequently published several papers related to his work with the Yonggom people as they fought for recognition and compensation from mine operators — scholarship that helped him win tenure this year — and he remains involved with the network of activists and academics who follow mining and its impact on undeveloped communities around the world.

The situation in Papua New Guinea stands as one of the world's worst environmental disasters, he says.

The company's practices polluted the Ok Tedi and Fly Rivers and caused thousands of people to leave their homes because the mining-induced flooding made it impossible for them to grow food to feed themselves, says Mr. Kirsch.

BHP Billiton, based in Australia, later acknowledged that the mine was "not compatible with our environmental values," and spun it off to an independent company that pays all of its mining royalties to the government of Papua New Guinea.

But Mr. Kirsch says that in doing so, the company skirted responsibility for ameliorating the damage it caused. BHP Billiton says it would have preferred to close the mine, but the Papua New Guinea government, in need of the mine revenues, pressed to keep it open. The deal freed BHP Billiton from any future liabilities for environmental damage.

"They didn't clean it up; they didn't take responsibility for the damage they had done," Mr. Kirsch says of the company. With that record, "it's supposed to provide education to the University of Michigan?"

'A Responsible Exit'

Illtud Harri, a BHP Billiton spokesman, says the company regrets its past with Ok Tedi but considers its pullout from the mine "a responsible exit" that left in place a system that supports educational, agricultural, and social programs for the people of the community.

He says the company also aims for the most ethical standards in its projects. The company mines only when it can fully comply with the host country's environmental laws. In places where those regulatory requirements fall below the company's, "we will always be guided by our higher standards," he says.

Mr. Talbot, the interim director of the two-year-old sustainability institute, says he was not very familiar with BHP Billiton's record but is satisfied that the company is an appropriate advisory-board member.

"There's no pure company out there," he says. "I have no reason to doubt that this company has really screwed a lot of people," just as nearly every other company is "unjust to people" at one point or another.

"We intentionally selected a cross-sector group of organizations" for the advisory board from a list of about 140 nominees, he says, and several companies that "weren't making any serious efforts" toward sustainability were rejected.

Other companies represented on the board include Duke Energy, the Shell Group, the yogurt maker Stonyfield Farm, and Toyota. The Graham Group, an engineering company in York, Pa., founded by the major benefactor of the institute, Donald C. Graham, is also a member.

A council of deans, an institute executive committee composed of faculty members, and

officials from the university provost's office all participated in the vetting process, Mr. Talbot says. The institute also plans to name a few conservation organizations to the board soon.

"We weren't trying to select companies that were viewed as being super green," Mr. Talbot adds, noting that he and others believed it was important to have a resource-extraction company represented.

"These organizations are part of the problem, and they're also part of the solution," he says.

Mr. Graham, whose \$30-million gift in 2005 helped establish the institute, declined to discuss the situation, but he wrote in an e-mail message that the questions about BHP Billiton "bring up an interesting issue for an organization like GESI and we undoubtedly will continue to review our vetting processing for the selection of External Advisory Board members."

Largest Mining Company

BHP Billiton became involved with the institute through a prior connection with the university's solar-car project and through its sponsorship of renewable-energy projects at another university institute focused on sustainability.

Mr. Harri says the company was interested in the Graham institute so it could come into contact with "high-quality, internationally oriented undergraduates." It provides \$25,000 a year to sponsor an internship.

BHP Billiton, a company formed from the 2001 merger of the Australian mining enterprise Broken Hill Proprietary Company with London-based Billiton, is now the world's largest mining company, with more than 100 operations in 25 countries. It has been in the headlines lately because of its attempts to buy another mining giant, Rio Tinto, which is also based in London.

The BHP Billiton charter includes a statement that the company has "an overriding commitment to health, safety, environmental responsibility, and sustainable development." But its critics say the company continues to play a key role in mining projects with questionable records on environmental and human rights, even though in many of those cases, it is not directly responsible.

"Their words are getting better and better, but their actions are not getting better," says Andy Whitmore, a London-based activist with Mines and Communities, a worldwide group that has helped publicize BHP Billiton's role in a coal mine in Colombia and other projects.

In Colombia, where the company owns one third of the Cerrejon coal mine, activists have been pressing for a new church, school, and health clinic to make up for the ones destroyed when the 700 residents of the town of Tabaco were forcibly removed from their homes in 2001 to make way for the mine.

"People were basically dragged out of the houses and their homes bulldozed," says Aviva Chomsky, a professor of history at Salem State College, who has studied and written about the situation for several years.

BHP Billiton says the land was acquired before it became an owner of the mine and that all relocations were carried out under Colombian law, but Ms. Chomsky says the company is culpable as well, and if it were sincere about sustainability, it would help to re-establish the community that was uprooted.

"In Colombia, what the communities are asking for is so minimal compared to what the mine can do," she says.

Mr. Harri says the mine "is committed to settling the outstanding claims" of 18 families whose property was expropriated, and that any future relocations would be carried out in accordance with World Bank guidelines.

Ms. Chomsky says Michigan may be undermining the credibility of its institute by involving companies with questionable records, even if the companies don't have a lot of influence over the institute's work.

Reputation Matters

Jonathan Fink, director of the Global Institute of Sustainability at Arizona State University, agrees that for institutes like his and Michigan's, it is particularly important to closely consider the environmental records of companies invited to be advisers. However, he says his inclination would be to "give the benefit of the doubt to those who appear to be moving forward."

At the same time, Mr. Fink says he "would probably not be comfortable adding a representative of ExxonMobil or some of the larger coal companies" to his institute's advisory board, because "their corporate policies have been so strongly anti-environmental for so long."

Still, his board includes top executives from Wal-Mart and the largest utility in Arizona, companies that some might criticize for having weak sustainability practices. For such companies, and others with questionable environmental records, says Mr. Fink, "the issue is whether they are looking to change and are taking sincere actions to do so."

Mr. Kirsch, who is now on leave from Michigan to write a book, says he is planning to press for an open forum at the university that includes environmental scientists, indigenous people affected by the Ok Tedi mine, and company officials themselves.

BHP Billiton has the resources to present itself as the "golden boy," but, says Mr. Kirsch, "it's much harder to see the people on the Ok Tedi and Fly rivers."

A forum could help to right that imbalance, he says. "Let the students and faculty decide whether this is an appropriate company to advise the University of Michigan," says Mr. Kirsch. "It would be an educational process for everyone involved."

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