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Corporate Social Responsibility Rules for Mining Industry Blasted

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The Conservative government has rejected joint civil society-private sector calls to tie diplomatic and economic support for Canadian oil, gas and mining companies operating in developing countries to socially responsible conduct abroad.

As a result, there are charges the government—allegedly influenced by mining giant Barrick Gold and the Canadian Chamber of Commerce—has given the green light for misbehaviour abroad, and killed the temporary peace between NGOs and mining companies.

"I think it probably does set things back in that sense because now, in the absence of any forum or mechanism to resolve things, we're back to casting aspersions at each other," said Jamie Kneen of MiningWatch Canada.

"If they won't stop...then we're back to public campaigns and media and using whatever other mechanisms, human rights tribunals and so on, to try to clear up some of these situations."

In 2006, the government launched a series of national roundtables to find ways to ensure Canadian mining companies operating abroad adhere to social responsibility standards.

The process was recommended by the Commons' Foreign Affairs committee because of the frequency with which the committee was hearing complaints about environmental and labour standard violations in developing countries by Canadian companies.

The roundtable exercise saw academics, civil society and the mining industry come together and hammer out by consensus 27 recommendations for the government to implement to better monitor and respond to human rights and environmental concerns of Canadian companies' operations abroad.

Key among the recommendations—given to the government almost two years ago—were calls for the a framework for filing and investigating complaints, including the establishment of an independent ombudsman's office, and mechanisms for the government to withhold financial and political support from companies that fail to adhere to local and international standards.

At the G8 summit in Germany in 2007, Prime Minister Stephen Harper appeared to endorse the recommendations, which prompted the Canadian Chamber of Commerce to cry foul.

After that, the issue all but disappeared until last week when Trade Minister Stockwell Day unveiled the government's plan, which was laced with comments that the majority of Canadian companies are already behaving themselves, and few additional measures are necessary.

"Most Canadian companies have set standards for social responsibility when they go into another country," Mr. Day told reporters on Thursday. "We want to see best practices highlighted and set out there as the benchmarks that companies should reach for."

The government will continue to provide technical assistance to developing countries to help them properly manage their natural resource reserves. In addition, it will encourage companies to abide by voluntary standards and reporting measures.

However, the government's plan makes no mention of tying financial and political support to responsible behaviour, and creates an "extractive sector CSR counsellor."

The counsellor would be a Governor-in-Council appointment reporting to the trade minister, rather than an independent ombudsman. The official would not be able to instigate their own investigations, and would "only undertake reviews with the consent of the involved parties," according to the government.

In addition, the person will not make binding recommendations or policy or legislation, create new performance standards or formally mediate between parties.

Karyn Keenan, program officer of the Halifax Initiative, a coalition of development and human rights NGOs and a key player in the roundtable process, said the creation of an independent ombudsman and linking government support with proper behaviour was the key to the roundtable recommendations.

"The mechanisms that we had proposed, that we did set up, that we thought would encourage a shift in corporate behaviour, they've been completely eviscerated.

"The response basically perpetuates the status quo. There's no incentives for corporations to change their behaviour."

Liberal MP Bernard Patry called the government's plan a "disgrace," questioning why it took the government two years to put together what he believed was a worthless response.

He also wondered why the government didn't move ahead with implementing the roundtable recommendations given that mining industry associations agreed with them at the time.

NGOs are holding the Canadian Chamber of Commerce and Barrick Gold—neither of which participated in the roundtables—responsible. They point to letters the two sent to Canadian officials in the summer of 2007 warning against adopting the recommendations.

Shirley-Ann George, the Chamber's vice-president of international policy, made no apologies about encouraging the government to reject the recommendations. She said the organization was worried about the precedent that would be set by singling out one industry sector.

Ms. George said companies must already meet stringent conditions to get support from places like Export Development Canada. As for investigations and repercussions, she said the courts remain a legitimate option.

Ms. George said the government actually went much farther than the Chamber wanted, citing the counsellor as an example. While NGOs and opposition members dismissed the position, Ms. George noted that the counsellor will table an annual report in Parliament that will serve to "name and shame" companies.

For their part, the Mining Association of Canada, which signed off on the roundtable recommendations, welcomed the government's plan as a "good first step."

"I think overall we're pretty supportive of it.... It probably doesn't go as far as some in some in civil society would like," said Julie Gelfand, vice-president of sustainable development. "I don't think we expected all of those recommendations to be acted upon."

When asked why not, given that industry and civil society had reached consensus on the recommendations, Ms. Gelfand said: "It just doesn't happen that way." However, she was confident the government's thinking and plans will continue to evolve over time.

That hasn't satisfied Liberal MP John McKay, who has tabled a private member's bill looking to codify many of the roundtable recommendations in legislation.

Aside from questioning the purpose of the government's plans, Mr. McKay noted that the CSR counsellor and other planned steps can be undone just as easily as they were announced because they haven't been set down in law.

Civil society groups are hoping bill C-300 will make it through Parliament, and really strengthen Canadian CSR requirements and capability.

Until that happens though, it appears civil society and industry are back on opposite sides of a polarized conflict, with the government being lumped with the companies.

"If the Canadian government won't be part of the solution, then they continue to be part of the problem, and I think that's the bottomline at this point," said Mr. Kneen of MiningWatch.