

Will Canada regulate its mining companies internationally?

Ian Thomson

In April 2005 two indigenous leaders from the Philippines came to Canada to speak out against the impacts of Canadian mining companies on their people and lands. Little did they expect that their testimony would kick off an intensive three-year policy debate in Canada about the mining sector and its impacts on people and the planet, and mobilise a broad group of Canadian churches, trade unions and non-governmental organizations around issues of mining and corporate accountability.

Canada is uniquely positioned to take a leadership role in regulating mining activities internationally. Almost 60 per cent of the world's exploration and mining companies have listings on the Toronto Stock Exchange (TSX). These companies account for over 40 per cent of global exploration budgets and have interests in almost 3,200 mineral properties located in more than 100 countries.

Parliamentary hearing

In the spring of 2005 Onisino Mato and Godofredo Galos travelled to Ottawa to testify before a parliamentary hearing on Canadian mining companies operating internationally. Parliamentarians heard the story of the Subanon people and their sacred Mount Canatuan on the southern island of Mindanao, the Philippines, which was being threatened by a junior exploration company, TVI Pacific Inc., based in Calgary, Alberta.

After hearing from the Subanon and consulting with legal and human rights experts, the parliamentary committee penned a strongly worded report: 'Canada does not yet have laws to ensure that the activities of Canadian mining companies in developing countries conform to human rights standards, including the rights of workers and of indigenous peoples.'

The standing committee's ten recommendations mapped out new policy directions for Canada to fill the governance vacuum and hold mining companies accountable for human rights abuses and environmental impacts overseas. Two recommendations referred specifically to TVI Pacific's actions in the Philippines and called on the Canadian government to suspend support to the company pending formal investigation.

National roundtables

Unfortunately the government of the day, under then Prime Minister Paul Martin, rejected all but one of the committee's recommendations. But the government did agree to host a series of national roundtables on mining and corporate social responsibility in developing countries to discuss the steps needed for Canada's mining, oil and gas companies to operate more responsibly. During 2006 roundtables were held in Vancouver, Toronto, Calgary and Montreal, involving representatives from industry, civil society, academia and the responsible investing sector.

Canadian churches and KAIROS, a longstanding partner of ECCR, participated actively in the roundtables. We encouraged the government to include Southern voices at the table, particularly from communities directly impacted by mining companies. We pushed for mandatory standards to hold mining companies accountable for human rights violations and environmental degradation. We emphasised the need for Canadian extractive industries to seek consent from potentially affected communities prior to development – the right to free, prior and informed consent (FPIC).

CSR Framework

The roundtables culminated in a set of 27 policy recommendations, unanimously endorsed by a multi-stakeholder expert advisory group. The centrepiece is a proposed Canadian CSR Framework for the extractive sector, which when implemented would:

- establish CSR standards and reporting obligations for Canadian companies;
- reference international human rights standards and provide for the creation of human rights guidelines for the application of the CSR standards;
- create an ombudsman office to receive complaints regarding operations of Canadian companies in the developing world and assess corporate compliance with the standards; and
- include provision for withholding government services from companies in cases of serious non-compliance.

Responsible investors were also pleased to see recommendations calling for enhanced social, environmental and governance disclosure for federally regulated pension funds; clarification on the definition of materiality; and the development by stock exchanges of disclosure codes of practice regarding the socially responsible performance of publicly traded companies.

‘International guidelines and principles’

Since the roundtable report was tabled in March 2007, the government has failed to act. Hopes were raised in June 2007 when Prime Minister Stephen Harper announced at the G8 meeting in Heiligendamm, Germany: ‘Implementation of the recommendations from this process will place Canada among the most active G8 countries in advancing international guidelines and principles on corporate social responsibility in this sector.’

One positive outcome of the roundtables was Canada’s announcement last year that it would start supporting the Extractive Industries Transparency Initiative (EITI), a global effort to promote transparency and accountability around royalties and taxes paid by the extractive sector and collected by national governments. Canada had been notably absent from the EITI until then.

Civil society groups and responsible investors in Canada are continuing to press the government to adopt the roundtable recommendations and implement the new CSR Framework for the Canadian extractive sector. While we don’t hold any illusions that the framework will address all the problems of this sector overnight, it would be an important step forward. In the run-up to this year’s G8 leaders’ summit in Japan in July, we will highlight the pressing need for binding legislation around corporate accountability.

For the Subanon people of the southern Philippines, time has not stood still. Their sacred mountain has been levelled, and in its place is an open-pit gold mine. TVI Pacific has aggressive plans to expand its operations here and in other parts of the country. Every day that Canada fails to take responsibility for its mining companies, more communities will face such destructive practices with no recourse to justice.

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Notes

1. Standing Committee on Foreign Affairs and International Trade (SCFAIT), *Mining in Developing Countries*, Fourteenth Report, 38th Parliament, 1st Session, June 22, 2005, http://cmte.parl.gc.ca/Content/HOC/committee/381/faae/reports/rp1961949/FAAE_Rpt14/FAAE_Rpt14-e.pdf.