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Will Dirty Gold Replace Conflict Diamonds?

On Valentine's Day, members of Earthworks and Oxfam America handed out special valentines in New York and Washington, D.C. carrying this message: "Don't tarnish your love with dirty gold."

Their message is meant to call attention to alleged human rights violations and environmental abuses tied to the mining of precious metals around the world. Earthworks and Oxfam claim that in addition to countless indigenous peoples being exploited or, at the very least, displaced in the name of gold extraction, some gold mines have, in short, "ruined lands and poisoned waters."

The "No Dirty Gold" valentine claims that the production of one gold ring generates 20 tons of mine waste. What remains to be seen - the accuracy of such a claim notwithstanding - is whether or not the issue of dirty gold put forth by these groups will stick to the collective conscience of the jewelry industry, as has been the case with conflict diamonds.

"This is an opportunity for retailers to emerge in leadership roles, turning the tide on this issue," says Payal Sampat of Earthworks. Ms. Sampat says that the reforms the groups are asking of mining communities worldwide are reasonable and possible.

Damage

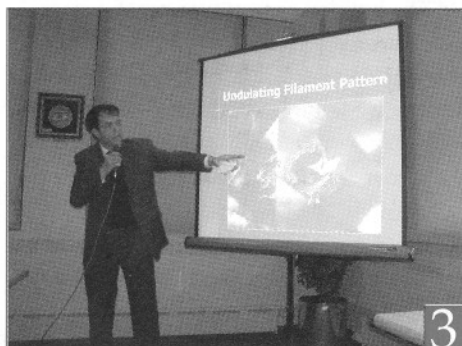
A report released under the "No Dirty Gold" campaign by Earthworks and Oxfam point to numerous environmental hazards and human rights violations in the name of metals mining. This report, "Dirty Metals: Mining, Communities and the Environment" claims open pit mines damage the environment by leaving enormous craters and massive piles of toxic waste. "Some of these toxics are contaminants of the ore itself - for example, heavy metals such as mercury, arsenic, selenium and lead," the report says. It also explains how gold is extracted from these piles by introducing cyanide.

This report goes on to list cases of human rights abuses in mining projects around the world. A mining project in Indonesia allegedly

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Members of the "No Dirty Gold" campaign hand out special valentines on Fifth Avenue.



Nicholas Del Re of EGL USA briefs the DDC on the latest laser technique used to enhance diamonds.

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Dirty Gold

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caused the forced eviction of thousands of indigenous peoples. The influx of miners and mine-related workers for a large mine in Peru is said to have caused hikes in crime, drug abuse and alcoholism. Perhaps the most serious allegation by the report is that some mines become "militarized, leading to the death or disappearance of mining opponents."

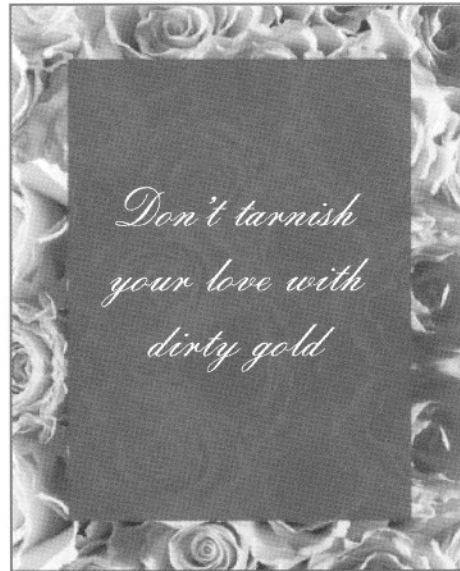
Demands

Earthworks and Oxfam have posted information supporting their joint "No Dirty Gold" campaign on the internet at www.nodirtygold.org/demanding_change.cfm. Part of this campaign calls on retailers to identify their gold sources and ensure their products do not contain "gold mined at the expense of communities, workers and the environment." The campaign does point out, however that "currently, retailers and consumers do not have an alternative to dirty gold."

In addition to online petitions, the campaign outlines a basic agenda for mining reform including the following points:

Respect basic human rights, as outlined by the United Nations; respect workers' rights, as outlined by the International Labor Organization; secure consent from communities affected by mining projects; disclose environmental and

social effects of mining projects; do not mine in protected areas; stop dumping mine waste into natural bodies of water; refrain from projects that are expected to cause acid drainage; provide guaranteed funding, before beginning a project, that will fully cover reclamation and closure



The front of the "No Dirty Gold" valentine.

costs; and allow independent reviews of social and environmental management practices.

Reactions

The Jeweler's of America has been a vocal supporter of responsible mining techniques. The organization released the following statement: "The long-term

objectives articulated in the recently published report by Earthworks and Oxfam America are consistent with the Jewelers of America mission statement and with our own ongoing commitment to social, ethical and environmental responsibility."

In addition to Jewelers of America, representatives of the World Gold Council informed the DDN that the International Council on Mining and Minerals (ICMM) and the National Mining Association (NMA) have met with and continue to keep open the lines of communication with these campaigners and other NGOs (non-governmental organizations).

20 Tons of Waste or One 'Gross Exaggeration'

Although the ideals seem to garner full support, at least one of the claims made by Earthworks and Oxfam can be questioned.

Carol Raulston of the NMA responds to the claim that one ring results in 20 tons of waste: "When you mine gold, you bring out a lot of native dirt and rock," says Raulston. "It's not waste ... it's just dirt and rock. The characterization that it is waste, to the average person, is incorrect."

In short, does one gold ring lead to the production of 20 tons of waste? "No," according to Raulston.

The NMA spokesperson explains that
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What protects me when my phone lines fail?

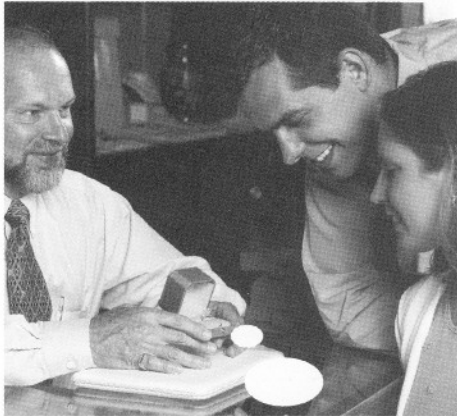
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Dirty Gold

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she can only speak for domestic companies, but domestic gold mining projects are required by law to follow stringent codes allowing for reclamation of such dirt and rock. Other experts agree that the majority of mining companies worldwide follow these practices, regardless of legal obligation. Raulston claims most mining sites targeted by the "No Dirty Gold" campaign were built and managed under these same standards.

ICMM spokesperson Paul Mitchell says 20 tons of waste for one gold ring is a "gross exaggeration." He explains that the figure is based on gold concentrations of .6g/t, while in reality the range is 5 to 7g/t for underground mining, down to 2g/t for open pit.

"While the 20 ton figure is possible in theory," Mitchell says, "it would not occur in practice because mining such low grades would not be financially viable."

The ICMM responds to the campaign as a whole with a prepared statement discounting their report as "little more than a list of worst practices and problems documented extensively elsewhere on many occasions. It fails to acknowledge any solutions or responses that have been instigated to tackle these problems and gives no credit to the progress made by responsible companies in recent years.

"The concluding section is directed more at a number of recommendations for the mining industry to adopt immediately to demonstrate responsible mining practice. Many of these already exist as common practice amongst ICMM members."

Ms. Sampat tells the DDN that Earthworks and Oxfam are, indeed, aware of many positive changes put in practice around the mining world, but they know of no one mining project that suc-

ceeds in meeting all the concerns outlined.

What Can the Diamond District Do?

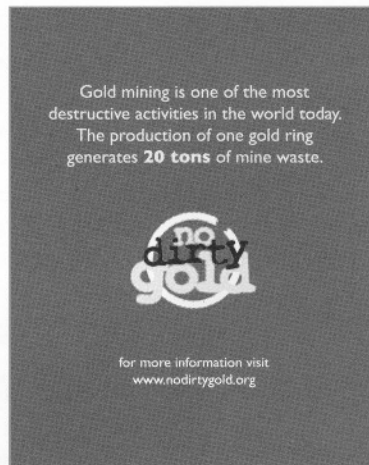
The metals dealers on 47th Street buy their gold from sellers two or three times removed from the point of extraction. Usually those supplying gold to 47th Street are banks. The feeling throughout the District seems to be, "How can we know where our gold comes from?"

Payal Sampat of Oxfam reminds all businesses dealing with precious metals – even at the retail level – that demanding full disclosure from all sources through the supply chain is the best way to affect the changes they seek.

"The Kimberly model, which monitors conflict diamonds, doesn't apply here," says one dealer. "Every diamond has its own unique signature. Gold, you just

melt. And what if your supply source buys scrap gold? It becomes very difficult to know where all your gold originates."

Growing public concern and constant NGO pressures fueled the conflict diamonds issue, and an alleged link to terrorists brought the issue to a point of critical mass. It remains to be seen how the dirty gold issue will play out, but Earthworks and Oxfam hope to keep pressure on the mining community. At the very least, the "No Dirty Gold" campaign has gotten the attention of both the mining and jewelry industries. **DDN**



The other side of the "No Dirty Gold" valentine.

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