

Mining: Creator and Destroyer of Livelihoods and Communities

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Extractive Industries in Mozambique in the XXI Century:
Challenges, Successes and Perspectives

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COVID has brought many things into our lives, including deaths of people dear to us. I want to dedicate our work on this panel to the memory of Leo Panitch, a well known international figure from his years of co-editing the Socialist Register. He followed many struggles closely and wrote about them - from South Africa to Greece, from Jeremy Corbin in the UK to Bernie Sanders in the US. Leo became a strong mentor to Ana Garcia during her time at York University in Toronto where Leo taught. One of the many tributes after Leo's death has stayed with me. Leo was all too aware of the many failed socialist projects and knew that socialism would not be established in his lifetime. Yet his commitment to building socialism never wavered. He was convinced that each time a struggle for socialist transformation was waged, there were vital lessons there to be learned – to ready us for the next struggle. .

In the 1970s, many of us understood the national liberation struggle in Mozambique put it on a path towards socialism. During my first visit in June 1976 I felt I was experiencing socialist construction in the making and I returned in 1978 to work in the literacy campaigns to contribute to taking it forward. It did not go forward - but it was a genuine struggle and there are lessons to be learned for next time. That includes lessons about resource extraction.

My contribution to our Vale panels will reflect on the question of jobs and livelihoods in relation to mining. Whether in Canada, Brazil or Mozambique, the mining corporation narrative at the moment of entry to a country or a community is the same. Mining companies sell themselves as the guarantors of jobs, economic growth and development.

Vale was brought to Mozambique by Brazil's charismatic labour leader and later president, Luis Ignacio da Silva. Lula received a hero's welcome on his first presidential visit to Mozambique in 2003. His messages of South-South solidarity and the historic Afro-Brazilian connection were warmly received. He was accompanied by none other than Roger Agnelli, president of the Brazilian iron mining giant, Companhia Vale do Rio Doce after its 1997 privatization. Clearly Mozambique's mineral resources were on the Brazilian agenda. ¹

¹ I have written several articles on mining in Mozambique over the last few years, most recent of which is a study of BRICS and South South cooperation exploring South African, Indian and Brazilian mining projects. (Brown:2022) A full list of these publications can be found in Appendix 1.

In 2004, outgoing president Joaquim Chissano made a state visit to Brazil. The press release issued by the Brazilian President's office captures the rapidly growing intimacy of the Brazil-Mozambique connection and the strong government-corporate embrace. The press release makes reference to Lula's announcement during Chissano's visit that Brazil was writing off Mozambique's US280 million dollar debt. Mention is made of Brazil's request for Mozambican support in its quest for a seat on the UN Security Council. The most striking aspect of the press release, however, is Lula's vigorous support for Vale's bid to develop coal mines in Mozambique.

I am very optimistic and am bending things wherever possible so that our Vale do Rio Doce can succeed in having its project approved and win the public bidding contest that you are holding in Mozambique. I think Mozambicans will have no regrets if Vale do Rio Doce wins the bidding because in addition to mining coal, it can assist with other projects. In addition to being a large corporation, the shareholders in Vale do Rio Doce include workers' pension funds. It is a company with a sensibility and a broad social vision.... Mozambique has already met with technicians from the Brazilian National Bank for Social and Economic Development (BNDES)... [which] has put itself at your disposal in terms of financing projects in Mozambique.²

Later in 2004, incoming president Guebuza announced that the Vale President had accepted his invitation to serve on his presidential advisory panel on global affairs. These, then, were the shining moments of the courtship leading up to the opening of the Vale mine in Moatize in 2006. And now, 15 years after it began operations, the shine is gone and Vale announces plans to sell its assets and leave Mozambique. The international business press characterizes it as a good corporate decision for an "underperforming asset". Vale puts a positive spin on it, saying the decision is driven by its commitment to becoming carbon neutral by 2050.

What did Vale's promises of bringing livelihoods and jobs and prosperity amount to over the 15 years? As the most recent Vale Unsustainability Report of the International Articulation of People Affected by Vale³ documents strongly, a territory that opts for mining, believing it will bring jobs and prosperity often finds that just the opposite happens. More often what happens is

² <http://www.biblioteca.presidencia.gov.br/presidencia/ex-presidentes/luiz-inacio-lula-da-silva/discursos/10-mandato/2004/31-08-2004-declaracao-a-imprensa-do-presidente-da-republica-luiz-inacio-lula-da>

Author's translation.

³ <https://atingidosvale.com/relatorios/relatorio-insustentabilidade-2021/>

that all other socio-economic options are obliterated by mining. What's more, existing socio-economic activities tend to atrophy.

I made annual working visits to Mozambique from 2003-2013 linked to union cooperation projects I coordinated for the Canadian Steelworkers' labour international development fund. The moment most vividly etched in memory was a visit to Moatize with a South African colleague. We were invited to join in a protest march to the Vale mine gate in Moatize. The protesters were villagers from Bagamoyo, a community on the outer edge of the area Mozambique government had designated as Vale's concession. Since the construction and operations of the mine has not actually affected their houses, these families in Bagamoyo and three other similar communities abutting the Vale concession were not entitled to resettlement, housing and land elsewhere. Now, however, the mining company had started to construct a chain link fence preventing all access to its concession area, claiming security concerns and liability issues.

The expanse of territory being fenced off looked like uninhabited bush land. As we chatted, we learned quickly that this was by no means "terra nullius." Villagers in Bagamoyo had traditionally grown their maize, cassava and vegetables on this land. These farms had fed their families and provided goods to trade at local markets. Their fruit trees were on this land – mangoes and avocados. They gathered medicinal herbs on this land. Their ancestors were buried on this land. Their firewood for cooking came from this land, as well as branches and thatch for housing construction and animal pens. The river running through the land was not only their water source but also provided special clays. Many villagers had kilns on the river bank for firing the clay into building blocks from which they could earn a steady income. Clearly, this land was their life – and Vale was fencing it off claiming their government had given it to a foreign mining company.

All extractive projects have huge footprints. Vale's mining operation in Moatize included access roads, giant open pits, crushers, smelters and an earth dam for mine waste storage. The coal is for export so add to the footprint the territories and communities through which road, rail and sea transport must pass to get Moatize coal onto global commodity markets. The mine is also in constant expansion moving from one ore body to another, adding to the footprint.

The Moatize mine, like any other mine, has not only a spatial impacts but also both short and long-term impacts on air, water, soils, flora and fauna. The end result is massive environmental dispossession. Bagamoyo is just one of the many traditional communities all around the world which have historically depended on the land for their livelihoods - and also cared for the land. The land, ravaged by mining, is left defenceless against global warming.

Employment with Vale

Vale's arrival coincided with a mining boom in Tete. Mining companies from India, Australia and South Africa were also actively prospecting. Jobs with these transnational mining companies were highly coveted. SINTICIM, the union representing mine workers in Mozambique, had longstanding connections with the main union representing mine workers in Canada. Vale's expansion in 2006 included not only the agreement with Mozambique but also the purchase of 4 large nickel operations in Canada. When SINTICIM requested the Steelworkers' international development fund to work with them to develop a training project in mine health and safety, there was ready acceptance. Soon a new health and safety manual was being tested with regular training workshops in Tete. The teams of trainers included Vale workers from Brazil and Canada, providing opportunities for union activists from three countries to share their experiences of employment with Vale.

The team of trainers for the first workshop paid a curtesy call to the newly appointed and, at the time surprisingly frank, District Administrator in Moatize. He welcomed us warmly and spoke openly of how difficult it was to work with the foreign mining companies because of their propensity to buy off local community leaders, labour leaders and government officials. He gave as his example, Vale's recent "gift" of a 4 wheel drive vehicle to the head of SINTICIM union in Tete province. We had already heard union members refer to this as a bribe. The union official himself defended it, claiming the vehicle made it possible for him to visit workers in remote mine sites.

The Moatize Administrator also spoke of the stiff competition for jobs at the mine. We had already heard complaints about how few jobs got to people actually from Tete. Sons and

nephews of government officials in Maputo were getting hired. Other jobs were going to illegal refugees, many from Zimbabwe, who brought training and English language skills. When the team of trainers met later with the Tete Provincial Director of Labour, we were told that the master agreement with Vale allowed 15% of Vale's employees to be expatriates. She said she was under constant pressures to bend the rules and allow the company to exceed the quota.

The public assumption had been that the 15% quota would be applied to the managers and skilled technicians Vale would bring from Brazil. Yet just 6 months after the mine opened, one of Vale's South African sub-contractors, Kentz, brought more than one hundred Filipino workers to Tete. They had short term contracts and were housed in barracks. In November 2011, 115 Filipino and South Africa were expelled by the Ministry of Labour. Kentz was fined for non-compliance with Mozambican labour law, citing lack of personal protective equipment, work weeks with no time-off and failure to obey Mozambican social security legislation.⁴

During the construction phase, Vale had collaborated closely with Brazilian construction transnational, Odebrecht. The first union committee at workplace level was formed in this phase. An assembly of workers was convened by the SINTICIM provincial director and each department was asked to select its candidate for the committee. When the new committee was announced, however, some departmental choices were dropped without explanation. The SINTICIM director had inserted two new people, designating them Secretary and Treasurer, with claims that they brought important experiences from earlier work at an earlier mine, Carbomoc. When these two turned the air-conditioned union office on Odebrecht property into their private domain, off limits to members, and established a pattern of using union dues money as their private social fund, the committee member from the technical department was offended. With bank statements in hand, he challenged them. Voices were raised. Odebrecht managers stepped in. It was later learned that SINTICIM Maputo had urged Odebrecht to lay off the technical worker, with vague suggestions that he had instigated a strike. Odebrecht happily complied. Despite complete exoneration in two court hearings, the union representative chosen by the technical workers was never reinstated.

⁴ <https://www.news24.com/news24/mozambique-expels-sa-workers-20111117>

Vale employees, then, found themselves pitted against a foreign mining corporation locked in a tight embrace with their government. Workers also got no defence from their union against Vale's arbitrary dismissals and disciplinary actions. Although the incapacity or unwillingness of the union to defend its members may have come as a surprise to some of Vale's new employees, it was no surprise to long-time observers of trade unions in Mozambique.

South African researchers had carried out a study on Mozambican union organization in 2002, just before the mining boom. The research was based on a sample of 177 workers in Maputo and Beira, many affiliated with SINTICIM before it came to represent mine workers in Tete. The researchers concluded that even though the unions retained a "residual presence" in many workplaces, they had not succeeded in coping with changes in the external labour market, or the major alterations in the political climate. In short, the unions "...have proved equally incapable of challenging the authority of management and of articulating viable alternatives to the neo-liberal orthodoxy."⁵

The questionnaire responses and interviews capture the illusory nature of any union capacity to defend its members. More than half the interviewees reported that their local union leaders had been appointed by management rather than elected by workers. Only 41% reported company recognition of the union as actual bargaining agent for the members. Three quarters of those interviewed said there was little or no employer compliance with what was in the labour law or collective agreement.ⁱ

The study documents the massive decline in union membership from 300,000 members in the early 1980s to only 90,000 in 2003, largely resulting from massive privatizations during structural adjustment programmes. It also emphasizes that "a more serious, but insidious,

⁵ Webster, Edward 2005: 258

problem to that of union decline in numerical terms is ‘residual’ or ‘hollow’ unionism; where for historical-institutional reasons, a union retains a presence, but is no more than a passenger in an enterprise driven by autocratic managerialism.”ⁱⁱⁱ

When the Vale mine became operational in 2011, a new Union Committee was established in the workplace. It proved to be as “hollow” as the one formed at Odebrecht. The Mozambican hired as Vale’s HR Director micro-managed the organizational process, allocating an office with computer on company property for the union and stipulating that each elected executive member could use three hours/week of company time for union matters. He stipulated that the hours could not be used simultaneously, in effect ruling out possibilities of any collective planning and decision-making. Employees serving as union representatives still had to meet full production quotas so time spent on union work jeopardized receipt of a full pay packet. Workers needing union defence against disciplinary charges or dismissals were normally banned from company property, making it impossible for them use the Union Committee office as a meeting place.

While community protests and blockages have been carried out with regularity, labour action and strikes have been scarce. Wild cat strikes were common especially in the construction phase, but they were neither organized nor recognized by the union. When worker grievances were sufficiently strong, workers used cell phones to communicate a time and place to meet, often carrying out some property damage to show their displeasure. Neither Vale nor SINTICIM responded to their demands except to request police assistance. The only official strike action was in 2018 when Vale’s profit levels had plummeted globally and its profit-sharing mechanism, often expressed in the form of a 13th month salary, was put on hold in Brazil and throughout Vale’s global operations.

From its official opening in 2011 to announcement of divestment in 2021, Vale has presided over a turbulent decade in Moatize, the epicentre of its impact. Two British banks, Standard Charter and Barclays's, have been contracted to find suitable buyers. Market sources suggest China and India as the likely prospects for new owners. Nothing in Mozambique's experiences with Chinese and Indian projects would suggest that this will be an improvement for either workers, communities or the planet.

Lessons to Be Learned

Perhaps the first lesson is that Mozambicans are not alone in Mozambique in facing the power and destructiveness of the extractive industry. Virtually no government, anywhere in the world, has been able to withstand the onslaught of capitalism in its neoliberalism mode with powerful transnational corporations in the lead, among them extractive companies. David Harvey, noted scholar of neoliberalism, published an essay in 2006, the same year Vale signed the Moatize agreement in Mozambique and purchased nickel mines in Canada. It was entitled "Neoliberalism as Creative Destruction" In Harvey's words, "Neoliberalization has swept across the world like a vast tidal wave of institutional reform and discursive adjustment, entailing much destruction, not only of prior institutional frameworks and powers, but also of divisions of labor, social relations, welfare provisions, technological mixes, ways of life, attachments to the land, habits of the heart, ways of thought..."⁶

Governments everywhere, then, have succumbed to neoliberalism, My own government in Canada, for example, regularly pays lip service to environment targets and Indigenous land rights while it quietly signs agreements with mining, oil and gas companies for new mines and

⁶ David Harvey. 2006.

pipelines. Encroachment on Indigenous land is justified by baptizing the extractive project as “an economic project in the national interest.” So whether in Canada or Mozambique or Brazil we come to the moment of truth when we recognize that our governments see their main role as creating the conditions desired by corporate investors like access to territory and water, tax and tariff breaks and cheap electricity. Our governments have effectively ceased to govern in defence of workers, communities and the environment.

“Regulatory capture” is the textbook terms for this phenomenon, when the regulatory agencies set up by a government come to be dominated by the interests they regulate, and fail to regulate in the public interest. In effect, it means our governments have been bought by mining and gas companies and it is left to civil society to pick up the pieces.

Lesson two would be to find new ways to keep our eyes and energy and research focussed on these corporations and on educating the public about how extractive corporations are exercising their power. This power is exercised in multiple ways. Some are visible, like the discursive power to construct and maintain a strong mining narrative. In Canada, the mining narrative can be encapsulated in how mining is imperative for modern life as we know it. In the global south, the mining narrative is about mining’s contribution to national development and modernization.

Yet a mining project’s links to the host economy are, in reality, quite ephemeral, often weakening rather than strengthening national economic spaces. The mining projects are usually more connected to their own operational networks and global supply chains than to the national economy in which the mine is located. James Ferguson in his brilliant studies of Africa and the neoliberal world order captured the reality of extractive sector enclaves succinctly:

...it is worth noting how such enclaves participate not only in the destruction of national economic spaces but also in the construction of ‘global’ ones. For just as enclaves of, say

mining production are often fenced off (literally and metaphorically), from their surrounding societies, they are at the same time linked up, with a 'flexibility' that is exemplary of the most up-to-date, 'post-Fordist' neoliberalism, both with giant transnational corporations and with networks of small contractors and subcontractors that span thousands of miles and link nodes across multiple continents.⁷

The powerful narrative of the extractive industry also includes massive PR messaging on mining as sustainable and socially responsible. Mining's power is also exercised through lobbying, corporate think tanks like the London-based ICMM (International Council on Mining and Metals), rotating doors between industry and government leaders. Mining companies also donate to high profile philanthropic projects like universities and hospitals and parks in national capitals while goodwill from mining communities is courted with schools and clinics and sports equipment and uniforms. Mining also exerts its power invisibly and often illegally, with use of bribes, intimidation and private security forces. This means the task of informing the public on both the legal and illegal ways mining companies exercise their power is an enormous task. In Canada, the Corporate Mapping Project has taken on this task, shining a spotlight on the oil industry with a 6 year programme involving multiple universities and think tanks. Their output of research, publication and an active web site has helped many Canadians comprehend the power and impunity of big oil.⁸

The third lesson I would draw would be the need to look for spaces where there are trusted voices and critical discussions about extractive industries and find ways to expand these spaces. Our experiences since 2010 when we formed the International Articulation of People Affected by Vale has convinced us of the usefulness of finding and expanding these spaces as we endeavour to shine a light on Vale and its global operations while at the same time we carry out

⁷ Ferguson. 2006, 13

⁸ The Corporate Mapping Project home page is readily accessible <https://www.corporatemapping.ca/>

programmes of action and solidarity with affected communities. Sometimes we even get poetic about what we do. A Brazilian lay-missionary en route to work in a mission station in Nampula attended one of our Vale network meetings in Brazil. He sent a report back a few months after his arrival. He said local farmers were arriving at the mission station with stories of strangers arriving on their land, asking them questions about how many acres they farmed what crops they grew, what they earned from last year's harvest. The men offered them payments of more than they had earned the previous years in return for a signature. The farmers later discovered that Vale's name was on the documents and they had actually signed away their land rights for Vale's Nacala line railway.

Many notes of commiseration were sent back. The note from Didi Travesso, a militant and much-loved labour leader and founding member of the Affected by Vale network, sent a message that was more like a poem.

*They move about as if they own the earth.
with receipts and whatever else they might need
to demonstrate that they are lords at
every level, above ground and sub-soil,
from beginning to end of life.
They conjugate verbs like divide, profit,
possess, command.
And us?
We respond with unite, share,
resist and dream.*

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