

Miners vs Multinationals: Ghana on front-line

Rpt-Feature

By Kwasi Kpodo

July 15, 2008

[Reuters News](#)

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(Repeats to fix garbled text)

ACCRA, July 15 (Reuters) - The illegal miners had left their mark. Tools, explosives, sacks and ropes lay beside chopped power cables some 2,300 ft (700 metres) below ground in [AngloGold](#) Ashanti's Obuasi mine in Ghana.

They had chiselled off anything they suspected might conceal gold ore, including support structures like shaft pillars.

Known as galamseyers, illegal miners have disrupted commercial operations in several mines in Ghana and are costing mining conglomerates millions of dollars in Africa's second biggest gold miner after South Africa.

"The galamseyers are destroying the mine ... as a result our cost of doing business has sky-rocketed," said Aboagye Ohene-Adu, a manager at Obuasi in charge of community and social development.

There are about 10,000 illegal miners operating on the surface and underground at the loss-making concession. Gold was discovered at Obuasi in 1897 and the mine was long one of the world's richest in terms of yield per tonne of ore.

But output has been declining since the 1990s. The mine produced 360,000 ounces of gold in 2007, down from a maximum of 900,000 ounces before the takeover of its parent company Ashanti Goldfields by South Africa's [AngloGold](#) four years ago.

Company officials told Reuters during a tour of the 8 km (5 mile) long site that galamsey activities rose "tenfold" in recent months and became more violent, with attacks against workers and company property.

"Under the guise of galamsey, which in itself is an illegality, they commit robbery and other serious crimes which negatively impact our operation," Ohene-Adu said.

"They deliberately dig under high-tension power poles to prevent sealing the holes through blasting. They destroy shafts and ventilation pipes ... their activities endanger lives of company workers both on the surface and underground," he added.

In January, 37 miners were trapped underground for about 22 hours after illegal miners stole a power cable, causing an explosion and a fire.

There is danger for the galamseyers as well.

At least six illegal miners, aged between 14 and 20, died at Obuasi in the last month, officials said. But this does not deter those who say this is the only living they have, and a good one thanks to high gold prices.

RISK VS REWARD

"It's worth the risk," said 32-year-old Chogu Musah, who monitors international gold markets on his television at home.

"Apart from illegal mining, there's no livelihood. We can't farm because the company has taken over all the land."

Kofi Gumah, 41, said he had been an illegal miner for 13 years, allowing him to pay for his childrens' education, some up to university level. He said the underground illegal mining at Obuasi was started by former employees who had been laid off.

Many of the illegal miners testify to a sense of betrayal.

Mohammed Abubakari heads a 4,000-strong illegal miners' group which calls itself Artisans Small-Scale Mining at Obuasi. He blames the rise in illegal mining on [AngloGold](#) Ashanti's reluctance to give miners land to prospect.

Abubakari said [AngloGold](#) Ashanti's managers had asked the miners to form a union so they could be provided with alternative livelihoods but then failed to deliver on promises.

"So far we have had at least three meetings with a management committee since 2003 when they promised to help us if only we formed a union ... We later realised that they were not keeping faith with us so we decided to fight for ourselves," Abubakari said.

Managers at Obuasi say they never recognised the group, and still treat them as illegal miners. Ohene-Adu says management never promised land for prospecting gold.

The deadlock has yet to be broken, and meanwhile the illegal miners continue to ply their trade, costing the company money.

BETRAYED

Independent observers say Ghana's government is reluctant to deploy military force to flush out illegal miners ahead of a general election in December.

"We all know that for political expediency, the government deems it unwise to take any action that will render it unpopular in an election year such as this. (The miners) constitute a chunk of the votes, at least 4,000, and no politician will want to give that away," says Hubert Dramani, an industry analyst.

In the last three months, [AngloGold](#) Ashanti has started to recruit people from around the mine into a "Community Police" service, to complement its own security and Ghanaian police.

The recruits man checkpoints at the mine and carry truncheons to ward off galamseyers, many of whom they know.

The increased security is costing money.

At Obuasi, there are 600 security personnel, out of a total staff of about 4,200.

"We are not enjoying the benefits from the current high prices in the gold market because of our high security overhead cost and other challenges facing our operations," said John Owusu, [AngloGold](#) Ashanti's General Manager, Corporate Affairs.

The cost of production rose by 16 percent to \$459 per ounce in 2007 from \$395 per ounce in 2006, partly due to increasing rates of service contracts, such as payment for additional security companies and maintenance and engineering firms.

Other mines in Ghana face similar problems.

In June, the Ghana subsidiary of South Africa's Gold Fields suspended a planned resumption of underground mining at its Damang site, following an influx of illegal artisanal miners.

Gold Fields Ghana's Abosso Goldfields Limited (AGL) subsidiary operates open pit mines at the site and had been due to reopen shaft mining operations by the end of 2008.

The shaft, abandoned from a previous mining operation 50 years ago, is estimated to hold at least 1.1 million ounces of gold with a lifespan of 12 years.

AGL said nearly 3,000 galamsey operators had invaded the concession and that although the company regarded the underground operation as viable, there was no point in developing it under current circumstances.

"All is not lost yet, we believe there is still some room for getting over the problem in order to restart the mine," Tony Aubynn, a director of the mine told Reuters.

During a visit, hundreds of illegal miners were mining ore on the surface, using diesel-powered Chinese-made crushers. Women carried bags of ore on their heads.

The miners said they had no choice but to work illegally, with some adding that community leaders, including their tribal chiefs, had betrayed them by denouncing them after signing contracts to supply the mines with supplies like food.

One miner, Jacob Manso, said the crushers and accessories cost around \$2,000 but it was possible to recoup the investment in one week. After crushing, the illegal miners processed the ore with mercury, a toxic heavy metal. Many of them had bought the mercury in nearby towns, and carried it in their pockets.

Abiam Danso, who described himself as leader of the group, said a snail farming programme proposed by AGL management as an alternative livelihood was "an insult". He urged the government to tell mining companies to grant illegal miners "viable" portions of their concessions, as he said was promised in the past.

The company denies making such a pledge but says Danso's group was given a form of recognition in the past in an attempt to regulate their activities, at a time when AGL was not yet ready to open operations at the mine.

Danso did offer another solution. He said the miners would "trade" their galamsey activities for an oil palm plantation. "That is the only venture we can accept."

MINING/ILLEGAL-GHANA (FEATURE, PIX,
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