

Xstrata Faces Growing Criticism Over Koniambo Nickel Project in Kanaky-New Caledonia

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Xstrata's Koniambo project in the South Pacific French territory of Kanaky-New Caledonia, formerly owned by Falconbridge, is coming under increasing scrutiny and criticism. The proposed nickel mine, in the northern province of Kanaky-New Caledonia, will be one of the largest mines in the world when it is built. The territory, called New Caledonia (Nouvelle-Caledonie) by the French, is called Kanaky by its native Kanak inhabitants. It is world renowned for its very high level of endemic species (species found nowhere else on earth) and a huge barrier coral reef – the largest in the world containing many of these unique species.

The Koniambo project has long enjoyed support from the Kanak population as Falconbridge offered the Kanak-led provincial government of the Northern Province a 51% stake in the project. However, the Kanaks have also maintained that they do not want the mine at any cost and that environmental protection and transparency are of central concern to them. Both of these principles are now being seriously breached by Xstrata.

The mine cannot go ahead without a massive port facility. To build this port the company has to punch through the barrier reef, destroying corals that have taken decades to grow and potentially endangering unique species. The huge dredging operation will displace 9 million cubic metres of sediment in the lagoon. By any international best-practice standards, a project of this size and environmental impact must establish careful baselines of the environment to be affected in order to be able to monitor impacts and minimize risk to the environment.

The first mistake made by Xstrata's subsidiary Koniambo Nickel SAS (KNS) was to allow KBR, the international engineering and construction company that will dig the channel, to also be responsible for the environmental monitoring of the reef – a clear conflict of interest that will have potentially devastating consequences for the coral reef.

According to independent experts who have examined the monitoring stations set up by KBR on the seabed, only one of the 14 monitoring stations was set up in such a way that it is compliant with Koniambo Nickel's scope of work.

Additionally, experts noted that the way KBR set up the stations was itself causing unnecessary and unacceptable damage to the marine environment. All but one station was having a negative impact on corals and seabed organisms. In

fact, many monitoring devices are actually anchored into living coral colonies when they should have been placed in non-living substrate. In addition to the damage already done by the unprofessional placement of the monitoring stations, the non-compliant locations of the stations mean that there appears to be no accurate baseline data for this major dredging operation. A report published by 17 environmental organizations based in New Caledonia supports this conclusion.

The second mistake being made by KNS is the company's lack of transparency around the dredging project. KNS has made a commitment that all environmental reports, including raw data, will be made available to the public via environmental associations, guaranteeing transparency via the North Province-KNS Environmental Charter. In spite of the fact that local environmental organizations have been requesting access to international and national expert reports on the reef monitoring program since September 2007, the reports – documenting non-compliant station construction that renders model data useless – remain unreleased. Meanwhile KNS may be starting its dredging operation within weeks to remain on schedule.

The third mistake made by Xstrata was not reporting the damage done to the marine environment by KBR's monitoring stations in its 2006 Sustainability Report that reports on "significant" (category 3 or higher) environmental incidents.

Finally, the fourth mistake made by Xstrata has been to fire Koniambo's Director of Environment who raised concern about this issue. By trying to bury the problem, rather than address the need to take corrective action to remedy the damage done and to assure that proper marine baseline data is secured for the port project, Xstrata is putting a critical ecosystem at unnecessary risk. The company is also risking losing the trust and support of the Kanak people.

Sources: Environnement edition number 10, first quarter, 2007; Ensemble Pour la Planete (EPLP) "Livre Bleu Vert" <http://www.eplp.asso.nc/oldsite/index.html>; Mireille Harmelin-Vivien and Laurent Wantiez. September 2006. "Assessment of the Setting Up of the Koniambo Project's Coral Habitat Monitoring Stations"; Melanopus. Sept. 2006. "Etat Des Stations Inscrites au Cahier des Charges Suivi environnemental marin de Koniambo Nickel SAS"; Les Infos. November 9, 2007. "Koniambo: Un Environnement déjà Bafoue?"