

Eritrean Mining – Bisha **by the German Journalist Mr Martin Zimmermann**

<http://www.spreezeitung.de/24638/besuch-in-der-bisha-mine-in-eritrea/>

Where a cook earns more than a minister

Mining in Eritrea a motor of development - Bisha Mining Share Company complies with international standards **Particularly in developing countries, the hunt for sought-after commodities often results in lasting damage not just to the environment. Human rights also fall by the wayside. Child labour in contaminated and unsafe mines as well as the forced expropriation of farmers who are driven from their land are common occurrences. International investors use every trick in the book – often also involving corruption – to exploit loopholes to avoid taxes in order to generate as much profit as possible off shore. In Eritrea, things work differently. A visit to the Bisha Mine, 150 kilometres west of the capital city Asmara.**

By Martin Zimmermann



The journey from Asmara to Bisha in the western lowlands of Eritrea takes almost 5 hours. Directly after we arrive, we are given a security briefing. Strict safety rules apply to everyone in the mine and the refinery. These include wearing protective glasses, safety jackets, work boots as well as a protective helmet and earplugs. We are staying overnight. Our quarters, an air-conditioned room in a long building, are situated in the centre of a small village within the vast mine site. This is also where the 843 employees who don't come from the surrounding villages and towns live. It's not far from the sports ground, the canteen, the company's own clinic and the bar, where we go in the evening to wash away the dust of the day with a beer.

“Business is good”

After being given our room, we meet with the management of the mine. General Manager Edward Mounsey, Chief Operating Officer Anthony Kocken and Chief Service Officer Fesseha Ghebrehiwet introduce the company: In 2008, the Eritrean state granted BMSC the license to extract gold, copper and zinc over an area of 80,000 square kilometres. The mine commenced operations in 2011, and is highly profitable, as Mounsey tells us: “When we were extracting gold, the gold price was at its height. When we were extracting copper, the copper price was at its height, and now we are extracting zinc – and the price on the global market is very high”, he reports with a grin. Of course, there is a little luck involved in the business too, he tells us. Ten tonnes are currently being extracted from the mine on a daily basis. The copper content stands at nearly two percent, with a zinc content of six to eight percent. This is shipped to markets in Europe and Asia from the port in Massawa. The General Manager is optimistic for the future. “We still have excellent





deposits of gold, copper and zinc that we can extract in the future in nearby places like Ashela and Harena, which also belong to our license territory.” 1,230 people are currently employed at Bisha, including 250 women who range from the laundry staff to the female driver of a heavy conveyor vehicle in the open mine. “Business is good, our relationship with the government has been excellent from the start – we are a reliable taxpayer in this country”, emphasises Mounsey. “We comply with Eritrea’s national environmental and working conditions standards, which are some of the highest in an international comparison.” In practical terms, this means that polluted water from the production process is collected in a lake sealed with a thick plastic coating. “This allows us to ensure that no waste water gets into the surroundings. We have this checked every six months, with an independent institute taking soil and ground water samples in the surrounding area”, explains Kocken.

A cook earns more than a minister

Anyone who works at BMSC can consider themselves lucky. Depending on qualification, even the basic salaries are much higher than the average wage for the country. A cleaner is paid a basic wage of 3,000 Nakfa (200 dollars) a month, while an electrician receives 7,500 Nakfa and a caterpillar driver in the mine gets 8,000 Nakfa. A cook in the company’s canteen earns 4,700 Nakfa, which is more than a government minister in Eritrea. Staff also receive paid vacation as well as additional allowances for night shifts and overtime. Vacation can be up to 35 days a year depending on seniority. The company pays up to 15,000 Nakfa a year for any medical treatment needed. The 450 employees in the mine who come from the surrounding towns and villages get a free bus transfer, free breakfast and lunch. Employees who live on site are given three free meals a day in the canteen. The standards in the Bisha Mine go far beyond compliance with basic employee rights set out in the Eritrean Labour Proclamation, in which the principle of equal pay for equal work is also embedded.



Mounsey emphasises how important it is to BMSC to maintain good relations with the surrounding villages and to invest in the development of village structures and the environment. “We invested more than 300,000 dollars in 2015.” Wells were drilled in various villages, and farmers’ herds can graze on the lands on the site of the mine where no extraction is taking place. In excess of 20,000 neem trees were planted in the area surrounding the mine in 2015. This involvement in civil society is also unusual for a mining company in a developing country.

“There are no slaves working here!”

And what about human rights? In Canada, a lawsuit has been taken against Nevus by some Eritreans who claim that they were forced into “slave labour” in Bisha as part of their National Service – not employed by BMSC, but by subcontractors where they completed their statutory National Service. A UN Human Rights Commission report that accuses the Eritrean state of wide-scale human rights abuses based on anonymised surveys of Eritrean refugees in Ethiopia and Djibouti also includes a statement that Eritreans were forced during their National Service to “dig tunnels for gold extraction”. When confronted with these questions at the meeting, Mounsey was clear: “This is absolutely not true. Bisha only employs people who have finished their National Service”, he says. We are told that the UN Commission for Human Rights has not approached Nevusun despite a request from the company.



“As a consequence, Nevus has had the human rights situation in the mine verified by an independent commission comprising recognised human rights experts”, the General Manager adds, and sums up their findings by saying “There are no slaves working here!” So what does Ghebrehiwet think of these stories? He tells us that he can’t laugh about stories like these, saying “There aren’t even any tunnels here. You can see for yourselves that this is a surface mine!”.

A big dusty hole in the landscape

We join Anthony Kocken to see the surface mine – a big hole almost 350 metres deep and roughly a kilometre long. There is no trace of gold-digging romanticism here, nor

any trace of tunnels for underground mining. High-tech is the key. Looking down from above, the caterpillar excavators, diggers, drilling machines and trucks look like toys. 270 people work there. “In the mine, employees have one week of 12-hour day shifts, followed by a 24-hour break, then one week of night shifts, then a week off”, explains Kocken. There is also a major focus on safety here. “Because an open mine is constantly changing, a safety meeting takes place before every shift.” Trucks cart the copper and zinc-bearing earth to the refinery, where the stone is ground to a fine powder with much crunching and grinding and brought to flotation containers using a conveyor belt. We walk across well-secured platforms over the flotation containers. The air is hot and stuffy. Kocken explains what is bubbling and foaming beneath us in the vats: “This is where the ore is separated from the waste rock in various stages of processing – stage for stage until the highest-possible concentration is reached.”



BMSC relies on a local labour force and invests in their training

This process is monitored and controlled in the control centre using PCs and monitors. We are struck by the fact that it is Eritreans like Yosief Semere who sit at the controls in the control centre as well as in other responsible positions. “Roughly 37 percent of the employees in managerial positions are Eritreans”, explains Kocken. “We place a strong emphasis on training our staff.” Kocken, a mining expert from the Netherlands, tells us that 72 Eritreans are currently being trained as mining engineers in Bisha. “The training lasts three years – and the young people, who all come from Mai Nefhi College, have an excellent educational background.” We meet two of them in the mine laboratory. They explain to us how the copper content in the stone is measured. Both tell us that they are very happy to have found well-paid work there and to be able to continue their training in practise. With its targeted training and support, BMSC is thus putting the prerequisites in place for Eritrea to have its own trained local labour force available for the mining industry in the future. Especially in the booming mining sector in Africa, this constitutes a major step away from dependency on foreign investors and experts.

A picture-book clinic and canteen

After a short break, we continue on to the company clinic, which is equipped with state-of-the-art devices and houses a digital X-ray machine, an emergency room with a defibrillator and all requisite medical supplies, several sickrooms and a small dental clinic. Employees must have regular health checks. There is an ambulance on stand-

by in case of an accident. We can only see one patient, sitting in the waiting room waiting for a routine examination. “Thankfully”, says Kocken. “We have very few industrial accidents here.” The clinic’s statistics are proof of this, with no fatal industrial accidents in the Bisha Mine to date. Over the past years, the annual average number of



sick days per employee was just under 2 days. “The main work here involves routine examinations, health checks and treating malaria during malaria season”, explains Sara Tekle, the clinic’s Medical Officer. It’s now late afternoon, and we go to our accommodation, wash the dust off and join the employees, who are playing volleyball on a sports ground – an Eritrean work-out after a 12-hour shift! Afterwards we have dinner in the ultra-clean canteen before finishing off the day in the relaxed atmosphere of the buzzing bar with a beer and a chat. The men and women sitting together here after their days’ work don’t have a negative thing to say about their work or their pay. On the contrary. A young man named Yohannes tells us the story of Halima, a woman from Akordat, who started out in Bisha as a cleaner in 2011 and now earns a multiple of her original wage after training as a machine operator in 2014. “Everyone can have a future here”, he tells us.

Mining as a driving force for economic development

Back in the capital, Asmara, we meet Sebat Ephrem, Minister of Energy and Mines. He explains that commodities are the country’s most important source of income but that, going forward, the country cannot survive from mining alone. He explains the government’s policy as follows: “We have to manage our resources responsibly in order to expand the infrastructure, the health system and the educational system.” There is no place for foreign investors that wish to exploit the country for peanuts. “To extract our raw materials, we work in consortiums with Canadian, Australian and Chinese firms with shareholdings of 40 to 50 percent. In addition, the state receives ten percent through the taxation of the profits.”

“The prospects for the future are very bright”, according to the Minister, who goes on to tell us that Eritrea has the world’s largest deposits of potash (potassium chloride), which is the base for manufacturing fertilisers for food production. The global market leader for the extraction and production of potassium chloride is Canada. However, the underground mining method used to extract potassium chloride there is very expensive. In Eritrea, potash can be extracted at low cost from open mines. According to a feasibility study, these deposits would immediately catapult Eritrea to the world’s third-largest producer of potassium chloride. The relevant partners are already waiting in the wings. And while the Minister tells us that investors are welcome in Eritrea, he also says that the government is committed to fair conditions. The Colluti project is a 50:50 joint venture between Eritrea’s state



mining company ENAMCO and the Australian South Bolder Mines. “Extraction is set to commence in 2019”, according to Sebhat Ephrem.

Before our return flight at Asmara airport, we get talking to Isaac Kefela, an auditor with international experience. When we mention our visit to the Bisha Mine, he tells us what he knows from Tanzania. There, the state only holds a share of five percent of the mining companies. In addition, investors are granted tax-exempt status for a seven-year period. He describes one example of the tricks used by international investors: “After seven years, they simply change the company name, and the new company – which has only changed its name – is tax exempt for another seven years!” As a result, hardly any of the wealth from the commodities remains in the country. “How Bisha and Eritrea in general handles its commodities is an excellent example of how African countries can really benefit from mining and from their natural resources”, the auditor tells us.



What’s more, it is also an example of how foreign investors can do good business in a fair partnership.

Extra Information to put in a coloured frame because it highlights Human rights...

“Welcome to the slaves of Bisha!” There is a bitter irony in this sentence used by the young Eritrean Milena Bereket to greet us early in the morning at the entrance to the mine. With no small reason, as Bisha Mining Share Company (BMSC), a joint venture in which the Canadian company Nevsun Resources Ltd. holds 60 percent and the Eritrean national mining company ENAMCO holds 40 percent, is currently confronted with hefty criticism. A UN report has accused the company of serious human rights abuses. Does the Bisha Company have something to hide? Well, we were surprised by the fact that we journalists got a visiting permit within just two days. In retrospect, it was equally surprising that – except for the tour of the mine and the production facilities – we had completely free access during our stay in Bisha and could speak to whomever we pleased. There weren’t any restrictions on taking photos either. In Bisha, nobody has anything to hide.