

MINING

Defeat of responsible mining bill is missed opportunity

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Last week's defeat of Liberal MP John McKay's Responsible Mining Act is in some ways unsurprising. The extractive industry is a large, wealthy and well-connected interest group, with prominent ex-politicians, including former Liberal Minister of International Trade Jim Peterson, among its lobbyists. What's more surprising is how close the final vote was: 140-134.

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One mining executive complained that the premise of the bill was "Canadian mining companies are bad corporate citizens". He insisted that this "could not be further from the truth". But if he's right, why were extractive companies so opposed to the legislation, which contained a mechanism for weeding out frivolous and vexatious complaints?

In fact, a recently leaked report commissioned by the Prospectors and Developers Association of Canada found that of 171 high profile incidents involving mining companies over the last decade, 34 per cent of the implicated companies were Canadian. These incidents involved conflict with local communities, environmental and human rights abuses, as well as unethical behavior. The report also noted that Canadians were involved in four times as many incidents as their closest peers in Australia and the UK.

The reputational cost of this is borne not only by those Canadian companies who behave ethically, but even by individual Canadians, some of whom now think twice about sporting a maple leaf when they travel. Take Steven Schnoor, a Canadian graduate student from Toronto. While working with an aid organization in Guatemala, he was accused of "secretly working for a Canadian mining company". In testimony before the Standing Committee on Foreign Affairs and International Development, Mr. Schnoor stated that protests against the Canadian company in question had led to the killing of a local farmer. Mr. Schnoor and his colleagues "almost became the target of an angry mob".

Concerned with what he saw, Mr. Schnoor returned to the region the following year and made a short documentary film showing mining company employees chainsawing and torching people's homes and state police and military forcibly evicting indigenous people at the behest of a Canadian company.

The Canadian government has done little to ensure responsible industry conduct. The government did establish a Corporate Social Responsibility Counsellor to facilitate dialogue between companies and affected communities. But company participation is entirely voluntary and there are no consequences for failing to participate or even comply with performance standards. Despite the competence and commitment of the CSR Counsellor, her mandate and power are sharply curtailed.

Given the understandable impact these issues are having on Canada's deteriorating reputation abroad, no one should view the defeat of Bill C-300 as a victory. Both extractive companies and the government should have welcomed this proposed legislation, which drew on the consensus recommendations of the Roundtables Advisory Group. Had it passed, Bill C-300 would have required extractive companies operating in developing

countries to comply with certain international human rights and environmental standards widely accepted by the industry as best practice. Failure to do so would have resulted in, among other things, Export Development Canada withdrawing financial support and Canadian trade commissions and embassies ceasing to support and promote those companies' activities.

There is a growing perception that Canadian companies' flouting of human rights and environmental standards in their overseas operations is becoming a significant competitive disadvantage. Bill C-300 would have helped to redress this. The proposed law would have created a credible, objective forum to promote dispute resolution and help companies avoid and resolve conflict.

As a matter of good public policy, we need standards and accountability mechanisms for the extractive industry when it operates beyond our borders. Canadian companies should be held to the same human rights and environmental standards wherever they operate. The bill would have helped to rehabilitate the industry's global reputation by showing that Canada stands behind responsible corporate behaviour.

The bill's defeat is a missed opportunity for both the industry and Canada to take leadership roles in promoting ethical corporate conduct.

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