Unrestrained Consumption

- on Africa's Expense

A large part of our consumption is based on minerals and metals brought up from the African underground

But aggresive tax planning by the mining companies means that Africans are left with minimal return – and mountains of waste rock

A report by DanWatch • April 2010

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Summary and key findings

The African continent contains a large proportion of the world's metal and mineral reserves, and African countries are thus the proprietors of a valuable natural resource. Every day Danish consumers use a large amount of products which are in part made of African metals and minerals. Despite a regular boom in the demand and the prices of these metals and minerals, followed by a substantial growth in the mining industry, the African countries from which these materials are extracted remain amongst the poorest in the world.

With this report DanWatch puts focus on the methods with witch international mining corporations exploit natural resources in Africa, without the countries' population benefiting from it. With the production of goldmines in Ghana as a specific case study, the costs and challenges of mining and the mining corporations' methods of minimizing their tax contributions are explained.

Mining operations are very straining for the environment, and the trade itself is pervaded with breaches of human rights and of workers' rights. These disadvantages are supposed to be compensated for by economic growth and development of the countries' infrastructure, workplaces, education systems, and technology, but the positive effects of the mining operations are minimal.

The mining industry increasingly uses machinery instead of manual labour, and thus no new workplaces are created. Instead the mining industry confiscates the farm land which previously served to employ a large amount of people. Specialized machinery and a highly educated workforce are imported from the global market. By exporting the extracted minerals and metals as ore and minimally processed products, the African countries lose out on both workplaces and incrimination through preliminary work. Therefore taxes and duties are one of the few options available to the African countries to receive any form of benefits from their natural resources.

There is a rising focus on the international mining corporations' use of aggressive tax planning and tax avoidance to minimize their tax pay to the African countries in which they operate. By manipulating the prices of sales and purchases, these corporations reduce their tax liable profits in their African daughter companies, and with the use of accounting techniques and internal trading their profit is moved to tax havens. This means that the money which instead could have been spent on the development of poor African mining countries is creating an even larger turnover for the large international mining corporations.

Key findings

Our daily consumption is closely linked to the African underground.

Our consumption does, to a great extent, not benefit the Africans, due to tax planning by the mining companies.

The companies circumvent the tax law in several ways. Not all are outright illegal but they are all hindering the fight against poverty. Capital flight from Africa by far exceed what the continent receives as development aid.

Mining has obvious costs – with regards to human rights and environment – for the local communities where the mining sector operates.

There are several instances of mining corporations security guards commiting violent attacks and killings of locals.

Large international mining corporations do not, contrary to what they claim, create more jobs for Africa. Their mining is predominantly mechanical, and they are often displacing artisan miners mining by hand.

Paying taxes is not acknowledged as part of the corporations' social responsibility – for example it is not mentioned in the UN initiative for CSR, Global Compact.

Introduction

It is Monday morning in Denmark, and Laura is woken up by the alarm on her mobile. She gets up, brushes her teeth and puts on her favourite jeans and blouse. She turns on her kitchen radio to listen to the news. There's no time for breakfast, so she grabs a quick drink of water and packs a sandwich in tinfoil for later. Laura puts on her makeup and her new diamond earrings and heads out the door – ready for a new day.

Even before she has left the house Laura has used at least six products which contain minerals and metals from the African underground.

To each of these products is a separate tale of suffering; here is a small selection of examples:

JEWELLERY

Mineral: Diamonds

Country: 46 percent of the world's diamonds are from Africa – for example from Zimbabwe.

Issue: In Zimbabwe the police and military use brutal force to take over the diamond mines and the diamond trade. The diamonds are extracted through forced labour and smuggled out of the country – a part of the surplus goes into the pockets of the politicians.

Source: Human Rights Watch 2009, Diamonds in the Rough

MOBILE PHONES/JEANS

Mineral: Cobalt – used in mobiles and to colour clothing, for example jeans.

Country: About half of the world's cobalt comes from Katanga in the DR Congo.

Issue: Breaches of human rights, child labour, fraud and corruption plague the mine industry in the DR Congo.

Source: DanWatch, 2008, How your mobile phone is linked to abuse, fraud and unfair mining practices in DR Congo

COSMETICS

Mineral: Phosphate – used for fertilizers, preservatives and cosmetics.

Country: Western Sahara is occupied by Morocco. Together they are the world's largest exporter of phosphate.

Issue: Western Sahara is occupied by Morocco. It goes against international law to trade with minerals and metals from occupied countries unless it benefits the citizens, which is not the case in Western Sahara.

Source: Human Rights House Foundation Norway 2009, http://humanrightshouse.org/Articles/12200.html

TINFOIL

Mineral: Bauxite – particularly used in the construction industry and for packaging, e.g. cans and tinfoil.

Country: Guinea is the largest producer of bauxite in the world.

Issue: In Guinea bauxite is extracted in one of the world's richest biological ecosystems, which is home to, amongst others, the endangered West African chimpanzee.

Source: Friends of the earth Netherlands 2009, Mining matters – Unacceptable metal mining in developing countries and the responsibilities of companies in the Netherlands

GLASS

Mineral: Manganese– used for the production of glass, steel and certain types of batteries.

Country: Just under a third of the world's manganese comes from Africa – in large part from South Africa.

Issue: A health check in 1999 revealed that almost all workers in a manganese mine in South Africa's Vaal Triangle were poisoned by manganese. Since then more than 700 of the workers have passed away due to this poisoning – none of them have been compensated.

Source: Tanya Roberts-Davis mv. 2009: BHP Billiton - Undermining the Future - Alternative Annual Report 2009

Problem: Mining without development

32 of the 40 countries which the World Bank has categorized as "Heavily Indebted Poor Countries" are in Africa[1]. Many of these countries represent a large section of the world's mining production. Circa half of the world's cobalt, diamonds and platinum is retrieved from the African underground, and Africa is an important producer of gold, aluminium and uranium. 16 of these countries in Sub-Saharan Africa receive more than 10 percent of their revenue from mining operations[2]. The mining industry thus has the potential to significantly aid the development of these countries.

Minerals and metals are to a large degree extracted by international mining corporations who are not interested in sharing their profits. They move most of their profits out of the country through illicit financial flows. This commercial capital flight takes place so that the corporations can avoid paying taxes.

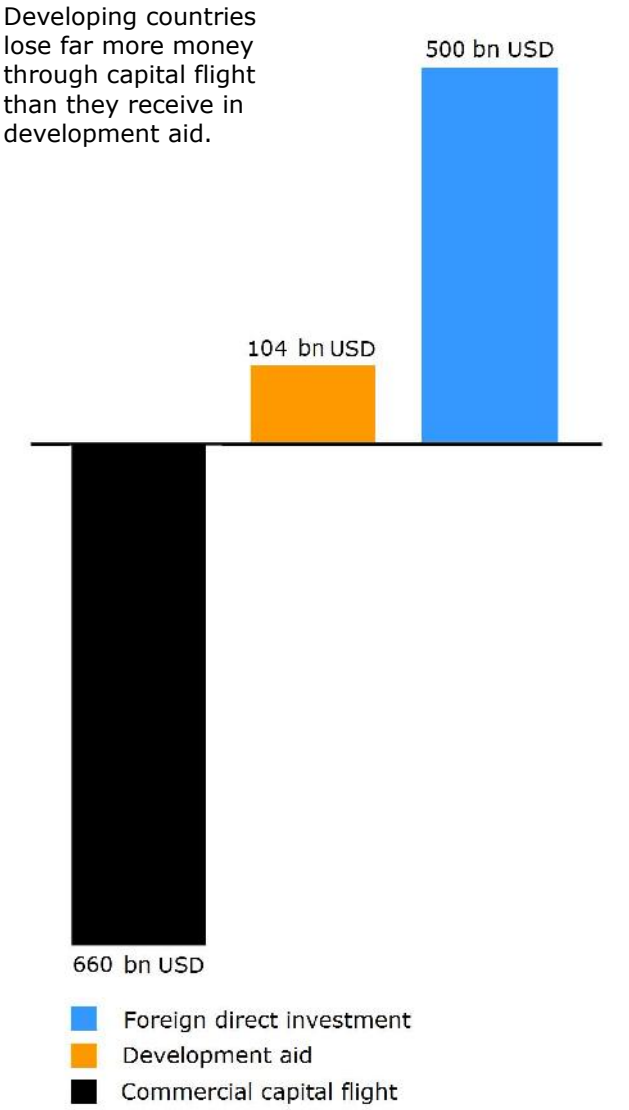
The mining industry in the African countries is characterized by the poor integration with the rest of the country's economy. Modern mine production demands expertise and machinery instead in place of a large labour force. Therefore the international mining corporations bring in their own specialized employees. The machinery is imported from the global market, and for many of the countries with mine production the corporations send the minerals and metals out of the country as ore and minimally processed products, so that most of the manufacturing, and thus the value adding, takes place outside the African continent[3]. Taxation is thus one of the few options available to countries to receive any benefits from allowing mining operations to take place.

Despite a regular boom in mineral prices and a hefty rise in profits from 2002 to 2006 in the mining industry[4], African mining countries have not experienced any increase in revenue of their minerals and metals.

With capital flight and exploitation of the taxing system the international mining corporations minimize their tax contribution to the African countries. In this manner they work to the detriment of the development of these countries and instead entail large detriments to the environment and local population, in that work related accidents, breaches of human rights, and massive pollution of the water and air are common in the industry.

The commercial capital flight from developing countries exceeds foreign direct investment. As the money is transferred illegally it cannot be taxed, and as such the developing countries are left without a part of the profits from the investments.

CAPITAL FLIGHT FROM DEVELOPING COUNTRIES



Source: Global Financial Integrity. Numbers from 2007.

1 http://www.imf.org/external/np/exr/facts/hipc.htm
2 Wilson Prichard & Isaac Bentum 2009: Taxation and Development in Ghana: Finance, Equity and Accountability. Tax Justice Country Report Series. p. 30
3 Wilson Prichard & Isaac Bentum 2009: Taxation and Development in Ghana: Finance, Equity and Accountability. Tax Justice Country Report Series. s. 32 og Christian Aid, London 2009, Breaking the Curse: How Transparent Taxation and Fair Taxes can Turn Africa's Mineral Wealth into Development, p. 15
4 PricewaterhouseCoopers 2007: Mine* Riding the wave, p. 32

Method

The report is a result of a field study in Ghana and desk studies from Denmark done by DanWatch in the Autumn of 2009. The desk studies are based on reports from Ghanaian and international NGOs, ISODEC, Christian Aid, Tax Justice Network, and interviews and correspondence with resource personnel in the area.

As the mining corporations' minimal tax returns in part is due to sub-optimal tax agreements and in part due to accounting techniques, it is not the purpose of this report to find specific examples of illegal tax avoidance, but to give an overview of taxation structures and accounting techniques which minimize the African mining countries' profit of the mining operations.

The report contains the following sections:

- ✗ A presentation of metals and minerals which Danish consumers utilize in their daily lives.
- ✗ An exposition of examples of the mining industry's negative consequences for Ghana.
- ✗ A description of how the mining corporations minimize their tax contributions.
- ✗ Advice to Danish consumers.

Peter Khallash Bengtsen (photo) and Jeppe Wohlert from DanWatch were in Ghana in September 2009. PHOTO: DanWatch

The farmers pay the price

James Sarpong's farm land and his former home is buried under the mountain of waste rock behind him. He is still waiting for his compensation. PHOTO: DanWatch

Ghana is one of the African countries which to a large degree is dependent upon the mining industry. Revenue from the export of minerals and metals in 2007 made up 43 percent of the total export revenue[5]. The industry aids the Ghanaian economy, but the mining operations have severe socio-economic and environmental consequences for the country.

Bauxite, manganese, diamonds and gold are all extracted in Ghana. In 2007 Ghana produced 83,558 kilos of gold[6]. Goldmining operations produce enormous amounts of waste rock, and this is dumped on the surrounding countryside which consequently ends up being covered in veritable mountains of rocks. Often entire villages are forced to move or find new means of income, because their farmland is taken over by the mine. The Ghanaian government has admitted that 20 percent of the country is laid out as concessions to the mining corporations. In certain regions with high amounts of mining activity, that number gets as high as 70 percent[7].

Multiple gold mining corporations operate in the area around Tarkwa, in south-western Ghana, and these operations have massive consequences for the area.

GOLD AND WASTE ROCK

In 2007 Ghana produced **83.558 kg gold.**

Production of **1 gold ring** generates **20 ton waste rock.**

Source: www.nodirtygold.org

James Sarpong is one of the many Ghanaians whose life has been completely changed by the mining industry. He lives in Tarkwa, and as a farmer he provided for his wife and five children by growing yams, coconuts and oranges on his fields. These fields are now buried under piles of waste

5 Thomas M. Akabzaa & Charles A. Ayamdoo 2009, Towards a fair and equitable taxation for sustainable development financing in Africa, p. 4

6 British Geological Survey 2009, World Mineral Production 2003-2007, p. 40

7 Thomas M. Akabzaa & Charles A. Ayamdoo 2009, Towards a fair and equitable taxation for sustainable development financing in Africa, p. 3

rock from the international mining corporation AngloGold Ashanti's mining operations in the area[8].

James Sarpong was offered compensation for his fields but refused. He wants to be relocated and given new land. It is a severe problem that crop farmers often aren't compensated with new farmland. In many cases farmers have instead been given livestock; but as they are unfamiliar with livestock farming they have difficulty achieving anything from them. Instead they often end up selling the animals and thus receiving a one-time amount instead of a livelihood[9].

Ghana's police and military are often involved in clearing the farmland and villages. On several occasions confrontations between the mining communities and the military or police have costs farmers their lives[10].

Anthony Baidoo is one of the farmers who still has his land. It is located at a distance from where he lives, and in 2005 the road which Anthony and the other farmers used to get to their farmland was buried in waste rock from AngloGold Ashanti's mines. The corporation arranged for two cars to collect the farmers each morning and transport them around the mountains of waste rock to their farmland, and home again at night.

One day in February 2006 the cars did not arrive, so the farmers decided to walk to their fields on foot. On the way they were stopped by armed security guards and police who stopped them from moving on. When tumult arose between the corporations security guards and the unsatisfied farmers, Anthony moved away. Suddenly he felt a sharp pain in his leg, where after he lost consciousness. Anthony had been hit by a bullet in his thigh.

Anthony was hospitalized for 9 months, and since then has been unable to tend his fields. Since October 2008 Anthony has received 100 cedi, the equivalent of 43 British pounds from AngloGold Ashanti. He is considering suing the corporation but is afraid to lose his monthly compensation[11].

Daniel Owusu-Koranteng, president of WACAM, an organization helping communities affected by mine production, points out that the mining industry takes over farmland where many people were previously employed. The mining industry primarily uses a highly educated workforce which is brought into the country from abroad, whilst there are large problems with unemployment in the mining areas.

Anthony Baidoo was shot in the thigh during a clash between guards and farmers. Today AngloGold Ashanti pays him 65 dollars a month in compensation. PHOTO: DanWatch

Mining operations release dust and materials such as lead, nickel and cadmium into the environment, which results in the pollution of the water supply. Ghana's human rights commission has tested the water supply in 28 mining communities and concluded that in 22 of the cases the tests exceeded WHO's limits for at least two materials. According to the mining communities 82 of the streams and rivers have been destroyed, polluted, or dried out because of mining operations[12]. There

8 Interview with James Sarpong, 14.09.09
9 Interview with Steve Manteaw, Isodec, 17.09.09
10 FIAN International : Universal Periodic Review - Ghana http://www.fian.org/news/resources/documents/others/mining-related-human-rights-violations-ghana/pdf - 10.12.09 And Business & Human Rights Ressource Centere - http://www.business-humanrights.org/Search/SearchResults?SearchableText=ghana+%2B+mine+%2B+kill – 10.12.09
11 Interview with Anthony Baidoo 14.09.09 and Wacam August 2009 - http://www.wacamghana.com/app/webroot/img/documents/4af45cc70f34f.pdf -10.12.09

12 Commision on Human Rights & Administrative Justice, Ghana 2008, The State of Human Rights in Mining

Mining in Ghana has very limited positive influence on local communities. Here a commercial for industrial machinery is the most obvious trace of the gold in the Tarkwa underground. PHOTO: DanWatch

are also several incidents of spillings of cyanide, a highly poisonous material used in the extraction of gold. The spillings have resulted in rivers filled with dead fish, and people who have eaten these fish have been poisoned[13].

The mining operations' contribution to Ghana's GDP is estimated at 5 percent[14]. According to Steve Manteaw, one of the country's leading critics of the problems surround mining operations in Ghana, studies have shown that these have a negative effect on the environment which equals between 4 and 10 percent of the country's GDP. Thus, taking the mining operations' environmental consequences into perspective, their real economic effect upon Ghana's GDP is in fact negative [15].

Mining operations in developing countries likes Ghana have almost no positive influences on standards of living, education levels or other developmental parameters. Quite the opposite, in fact, mining operations lead to severe problems both for the environment and for human rights concerns. These negative effects ought to be balanced out by economic contributions to the country, but in 2006 less than 10 percent of Ghana's total tax revenue came from the mining industry[16].

> **If we did a proper cost-benefit-analysis of the mining industry in Ghana, taking into account the environmental and social cost, we'd be getting nothing.**
>
> **Daniel Owusu-Koranteng,**
> **President of WACAM**

Communities in Ghana, p. 174

13 Rainforest Information Centre - http://www.rainforestinfo.org.au/gold/spills.htm – 10.12.09

14 Ghana Minerals Commission 2006 - http://www.ghana-mining.org/ghweb/en/ma/mincom.html – 10.12.09

15 Interview with Steve Manteaw, Isodec, 17.09.09

16 Thomas M. Akabzaa & Charles A. Ayamdoo 2009, Towards a fair and equitable taxation for sustainable development financing in Africa

How corporations avoid paying taxes

AngloGold Ashanti has its own runway in connection with the mine. From here Ghanas gold is transported out of the country to a gold refinery in South Africa. PHOTO: DanWatch

Mining corporations are generally offered favourable advantages on their tax incentives in African countries. They are exempt from a large amount of duties on, for example, fuel and the import of machines, they pay a lower tax percentage, and they can reduce their tax base through special deductions[17]. These advantageous conditions are established to attract foreign investments to an industry marked by considerable fluctuations in the price of metals, large expenses towards exploration and creation of new mines, and specific for mining operations in Africa, political and economic instability.

Mining corporations naturally avail themselves of the tax incentives which they are offered by Ghana in an attempt to attract foreign investors to the mining sector in Ghana. But through aggressive tax planning these corporations further minimize their tax payments to Ghana.

17 Open Society Institute of Southern Africa, Johannesburg; Third World Network Africa, Accra; Tax Justice Network Africa, Nairobi; Action Aid International, Johannesburg; Christian Aid, London 2009, Breaking the Curse: How Transparent Taxation and Fair Taxes can Turn Africa's Mineral Wealth into Development, p. 21

MINING CORPORATIONS IN GHANA

Anglogold Ashanti Ghana Ltd.

Country: Ghanaian and South African

Production: 17.577 kg gold a year

Gold Fields Ghana Ltd.

Country: South African, Canadian and Ghanaian

Production: 26.612 kg gold a year

Golden Star Ltd.

Country: American and Ghanaian

Production: 5779 kg gold a year

Newmont Gold Ghana Ltd.

Country: American

Production: 5.727 kg gold a year

Chirano Gold Mines Ltd.

Country: Canadian and Ghanaian

Production: 3606 kg gold a year

Source: CHRAJ report 2008 – numbers from 2007

Moving profit to tax havens

The African countries typically collect between 30 and 35 percent in corporation taxes from the mining industry. Ghana only collects 25 percent of the mining corporations' profits in corporation taxes[18]. However, many corporations manipulate their profits in Ghana so they appear lower than they really are, sometimes even making them so low that they are exempted from paying any corporation tax at all.

Price fixing

Corporations can move their profits to countries with low or even no taxation. The most commonly used method for moving profits is transfer mispricing. This method works by corporations declaring lower prices on their sales or higher prices for their purchases. Hereby these corporations profit is lowered and their taxation base is lowered.

For example, a mining corporations' expenses in Ghana on wages and fuel supply capital to the Ghanaian economy. But expenses on e.g. machines and materials which are bought abroad, add nothing to the Ghanaian economy as these are often exempt from VAT (value added tax) and duties. Mining operations demand a high level of specialized equipment, which is imported from the global market, often through their mother company. The sale of products and services among associates of the same international corporation allows corporations ample opportunity to manipulate their prices. If a daughter company in Ghana pays unnaturally high prices for products bought through the concern they can declare higher expenses and reduce their profit. This profit instead ends up with the mother company, but if the latter is situated in a tax haven the corporation as a whole can reduce its taxes.

Transfer mis-pricing is illegal, but it is difficult for African tax authorities to check these dealings. In part because it is highly resource demanding to cross check the mining corporations' declarations of income and expenses, and in part because it is difficult to estimate the real prices of specialized equipment.

For example, mining production applies geological research and advanced technology. Both are immaterial products whose price it is difficult to estimate. Companies' 'intellectual property' can be placed anywhere that is especially advantageous for tax benefits. Intellectual property can be trademarks, patented technology or business secrets. International corporations can establish a daughter company in a tax haven and transfer the property rights of intellectual property to this daughter company[19]. When other daughter companies buy this intellectual property, perhaps even at inflated prices, the profit is effectively moved and taxation avoided.

Ghana is amongst the 10 low-income countries in the world who lose most of their entitled taxation as a consequence of price fixing. Since 2007 Ghana has thus lost approximately 36 million euros[20]. Transfer mis-pricing constitutes the main part of the illicit commercial capital flight from the developing countries, at about 89 billion euros.

Royalties

The mining corporations pay a certain percentage of the value of extracted metals and minerals in the form of royalties towards the state. Royalties, as opposed to income taxation, are independent of the costs of extracting these metals. The corporations have to pay royalties of the value of the metals and minerals, even if the costs of extraction exceed this value. The royalty rate for mining production varies within the African countries from 2 percent in the Democratic Republic of Congo to 10 percent in Malawi.

In Ghana the royalty rate is calculated so that the minimum rate is 3 percent, but is raised accordingly with the corporations' profit up to 6 percent. Before 2006 the scale went up to 12 percent. With the methods described above the corporations can manipulate with their profit so that they ensure a low royalty rate. In practice no mining company has ever paid more than 3 percent in royalties[21].

LOST ROYALTIES

From 1990 to 2007 Ghana has foregone royalties corresponding to:

US$ 388 mio. if mining companies had paid 6 percent rather than 3 percent.

US$ 1.163 mio. if mining companies had paid 12 percent rather than 3 percent.

This sum by far exceeds the remission of debt Ghana has been granted in the same period.

Source: Thomas M. Akabzaa & Charles A. Ayamdoo 2009, Towards a fair and equitable taxation for sustainable development financing in Africa25

18 Ibid p. 25
19 Richard Murphy 2009, Country-by-Country Reporting, p. 21
20 (32 mio. GBP, in the trade between low income-countries and the EU and USA) Christian Aid 2009, False profits: Robbing the poor to keep the rich tax-free.
21 Open Society Institute of Southern Africa, Johannesburg; Third World Network Africa, Accra; Tax Justice Network Africa, Nairobi; Action Aid International, Johannesburg; Christian Aid, London 2009, Breaking the Curse: How Transparent Taxation and Fair Taxes can Turn Africa's Mineral Wealth into Development, p. 29

It is not required of international corporations that they report their profit in the individual countries in which they operate. They merely have to disclose a collective annual report for the whole concern. It is thus impossible to establish whether the corporations are transferring profits to tax havens to avoid paying taxes and royalties.

Stability contracts

In Ghana the mining corporations have the opportunity to negotiate stability agreements. These agreements can ensure that in a period of up to 15 years they are exempt from changes in the law which might affect their companies negatively.

Corporations who invest more than 500 million US dollars can negotiate further tax advantages[22]. In this manner the largest corporations gain even larger tax advantages, despite the fact that they have the highest profits, and are the least integrated with the rest of the Ghanaian economy.

In its original mining law Ghana collected an extra tax from windfall – unexpectedly high profits. But with the mining law of 2006 this tax was abolished. Today Zambia is the only African country which has a special law concerning windfall and taxes for variable profits. The mining corporations are strongly opposed this type of taxation. They want the states through taxation advantages to reduce their risk of operating in the mining business, but when the variations in prices and costs are to their benefit they refuse to share their profits with the African states[23].

International tax regulation

Several international institutions are aware of the inconsistencies between taxation and development and the challenges of taxing the international corporations.

OECD, the organisation for economic cooperation and development, underlines the importance of international corporations' contributions through taxation to the public finances of the countries in which they operate. According to OECD the corporations ought to work in accordance with both the 'spirit and the letter' of the laws on taxation. This means that corporations must obey these laws, supply the authorities with correct information to deduce the appropriate levels of taxation, and to pay their taxes within the established timeframes. OECD particularly emphasizes compliance with the arms length principle (of dealing within arms length) when they buy and sell between subsidiaries of the same corporation – that is that they do not avail themselves of transfer mis-pricing to move their profits away from the countries they operate in. Further, these corporations must "refrain from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to [amongst others] taxation[24]".

Despite this it is estimated that international corporations' capital flight cheats the developing countries of 160 billion US dollars annually of their tax incomes[25]. The majority of this capital flight from the developing countries occurs through illegal methods, through, e.g. price fixing. As described above the tax avoidance takes place in part through methods which are not directly illegal, through advanced corporate structures and accounting techniques.

It is impossible to estimate whether the corporations are paying a fair amount of tax to the developing countries, because they are only obliged to produce an annual report which covers their entire corporation. Annual reports per country, called country-by-country reporting, would provide governments, populations and NGOs the opportunity to evaluate the corporations' tax contribution to the country. It is the International Accounting Standards Board (IASB) who decides in which manner annual reports are provided. The IASB have not yet decided to make country-by-country reporting the standard practice for corporations.

22 Thomas M. Akabzaa & Charles A. Ayamdoo 2009, Towards a fair and equitable taxation for sustainable development financing in Africa, p. 17

23 Open Society Institute of Southern Africa, Johannesburg; Third World Network Africa, Accra; Tax Justice Network Africa, Nairobi; Action Aid International, Johannesburg; Christian Aid, London 2009, Breaking the Curse: How Transparent Taxation and Fair Taxes can Turn Africa's Mineral Wealth into Development, p. 26

24 OECD guidelines for multinational Enterprises 2000 - http://www.ekf.dk/B8ED9B08-D2FE-4792-9BD9-4CBE3B5B5742

25 Christian Aid 2008 - Death and Taxes: the True Toll of Tax Dodging

CSR-projects – a consolation prize

With projects like this mill, mining corporations attempt to compensate the communities for among other things the loss of farm land; but in Tarkwa the local farmers are not content. PHOTO: DanWatch

On the various websites belonging to the mining corporations there are prominent examples of what these companies do to help the local communities surrounding their mines in Ghana. This could, for example, be the creation or renovation of facilities such as wells or electricity. These sorts of projects are presented as a part of the corporations' policies for sustainability and social responsibility.

For example, on their website, AngloGold Ashanti claim that they strive to ensure that the local communities surrounding their mines gain economic and social benefits from the presence of their mines[26].

Some of the communities in the mining areas are critical of the projects. They state that they do not have an influence on how these projects are carried out and on which facilities receive funds[27].

Critics claim that these projects to a large degree are only really beneficial to the corporations' images, as opposed to the local communities or the countries as a whole. For example, GoldFields sponsored the Ghanaian national football team, the 'Black Stars', with over 2 million US dollars[28]. Furthermore expenses such as these are tax-deductable. In this manner goodwill projects can reduce the corporations' taxes even further.

Such projects and sponsorships of sports teams hardly help to reduce the severe negative impact which mining is responsible for on the environment and agriculture of Ghana.

26 AngloGold Ashanti - http://www.anglogold.com/Social+Responsibility/About.htm – 10.12.09

27 Commision on Human Rights & Administrative Justice, Ghana 2008, The State of Human Rights in Mining Communities in Ghana, p. 190

28 Thomas M. Akabzaa & Charles A. Ayamdoo 2009, Towards a fair and equitable taxation for sustainable development financing in Africa, p. 14

What you can do as a consumer

As a consumer it can be difficult to get a sufficient impression of which metals and minerals are in the products we use every day. It is even harder to know whether these originate from sustainable conditions and corporations who pay a fair amount of taxes. But you can help to put focus on the problem.

Improved taxation of international corporations

You can help to encourage the international accounting corporations to use their influence with IASB to introduce legislation concerning country-by-country reporting through the organization Christian Aid:

www.christianaid.org.uk/ActNow/the-big-tax-return/background.aspx

The Danish developmental-organization IBIS focuses on the taxation of international corporations in developing countries. Amongst other goals they strive towards establishing the payment of taxes as a part of corporations' and investors' social responsibility (CSR). IBIS attempts to gain support in 'Folketinget' (the Danish Parliament) to start a dialogue with the corporations, investors, and the national Centre for Social Responsibility.

FURTHER INFORMATION:

www.christianaid.org.uk

www.publishwhatyoupay.org

www.taxjustice.net

www.ibis.dk

Sustainable metals

Ask questions concerning the metals which are used in the products you wish to buy, such as mobiles or computers. Ask where the metals come from, and how they are extracted.

Contact the producers of the mobile phones, computers, and batteries to help make them aware of the problems within the mining industry and your concern as a consumer about these issues.

FURTHER INFORMATION:

www.makeitfair.org

Gold and diamonds

Diamonds are particularly well known as a factor in the conflicts in Africa, where they help to finance rebels and rebellion against legitimate governments. When you purchase jewellery with diamonds, make sure that they are certified by the World Diamond Councils and are included in their guarantee that these diamonds are extracted in accordance with the UN's resolutions on this subject, and that they haven't been involved in conflicts.

Sadly the certificate doesn't guarantee that environmental and human rights concerns have been fulfilled during their extraction.

As gold is bought and sold on stock markets and retained as objects of investments, it is very difficult to trace which mine it originates from. The best method with which to avoid buying gold from mines that damages the environment and violates human rights, is to re-melt old gold into new jewellery.

FURTHER INFORMATION:

www.stopblooddiamonds.org

www.nodirtygold.org