ARMENIA MUST CHANGE ITS MINING POLICY

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by The Greens Union of Armenia
Translated by Anne Shirinian-Orlando, New Jersey, USA

Individuals become wealthy, while the people loose the life-support systems

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About a decade ago, all plans of exploitation of resources were studied carefully by the corresponding government oversight departments, where each department used to base its conclusions on the conclusions of the studies conducted by its professional staff. Now, the studies have been replaced by the opinions of individual representatives forming an inter-departmental committee, whose conclusions decide the permitting process.

In 2005, the Minister of Nature Protection, dissolved the geology department's scientific council, which used to review and summarize the reports of all geologic investigations, and had a decisive role in the decision making process of permitting (or not permitting) the exploitation of a particular mine. The Minister also dissolved the government committee on ecological/environmental assessments, whose task was to summarize the technical plans of proposed projects and the environmental impact assessments of these plans, which were performed by independent experts. Now, the same Ministry accepts, examines and approves the project plans, evaluates the environmental impacts of the proposed projects and makes decisions/ conclusions whether to exploit a given mine or not, without the support of professional structures to study and to investigate

the proposed projects and their possible consequences.

Thus, it is no accident that today, certain projects, which create very harmful consequences for the people of Armenia and for its government as well, get approved and even get carried out.

No Policy Exists in the Sphere of Mining Industry

In the Republic of Armenia (RA) there is a lack of regulatory codes and standards according to which it can be decided which mines to exploit, which mines to preserve for future generations, which areas to keep out of reach for mining, how fast an underground resource can be mined and depleted, in other words, the annual limits for mining certain minerals, etc. With the current rush to mining minerals and using current mechanization and ore processing methods, Armenia's mineral resources may disappear in a couple of decades, while, if these resources were to be rationally managed, for example, by using efficient processing techniques, the country's mineral resources may last a few hundred years.

During the Soviet period, it was decided to mine the Kajaran's copper-molybdenum mine at such a pace as to have the mineral resource last for about 300 years. Now, annually, 10.8 million tons of ore is being mined at Kajaran, with a plan to mine annually 20 to 25 million tons of ore in the near future, and in the distant future – 40 to 45 tons of ore. This pace of exploitation of one of the world's largest copper-molybdenum mines and the additional exploitation of other smaller copper-molybdenum mines in the country seems to be insufficient for the RA government, since it has given numerous companies permits to explore and to exploit many new mines throughout the country. During the period of 2004 to 2006 alone, 27 permits to explore prospective gold mines (with the intention of exploiting them) were given to both foreign and domestic companies. Note that these are the permits for the gold mines alone. If one considers the additional permits for exploring and/or mining other metals and non-metals during the past 5 to 6 years, then it becomes clear the extent to which the land in Armenia is being ravaged, especially if one considers the small size of Armenia.

The mining companies make their profits, certain government officials and agents gain a certain amount of wealth, while the people in Armenia are left with land devastated and polluted with mine tailings, empty cavities inside the hills and the mountains, destroyed pastures and only memories of forests and of pristine streams, rivers and gorges.

Why is there such a strong motivation on the part of foreign companies to mine in Armenia?

It seems that there is a large interest on the part of foreign companies to mine in Armenia, although after studying the mining project plans and associated documents, it becomes clear that many local influential individuals are partners in these projects. This great rush to mining in Armenia is a result of the ease with which companies obtain access to mines, bypass the laws and gain profits without

any penalties. These huge profits from mining and ore processing are possible only because the mining/milling companies avoid paying the billions of drams (300 dram = 1 US dollar) in taxes and also in polluting fees to the RA government, as should be required by law.

Let's try to elucidate if NOT compensating for the economic damages inflicted upon the local communities and NOT paying fees for dumping mine tailings into the ravines and gorges (into the local waterways), and, if ignoring the disastrous long-term environmental and economic consequences of the current methods of mining, have any rational and/or legal basis.

a. In Armenia, the mining industry is allowed not to compensate for the economic damage it inflicts upon the surrounding communities as a result of its operations. For example, in the proposed Teghut mining Work Plan, we read, "The economic damage characterizes the plant's impact on the surrounding environment. Even though the economic damage is calculated provisionally and is not subject to payment, it (the calculation) allows to estimate the effect of the plant's operation on the surrounding environment" (Volume 7, page 67). It would be interesting to know by what rationale do the legislators and government officials not seek to add to government treasury large sums of money generated from mining industry. For example, in Teghut mining project design document, it is written that the exploitation of the mine will cause an annual economic loss of 2,078 billion dram (300 dram = 1 dollar), yet, the mining company is allowed not to pay that amount into the government treasury. (Note that it has been discovered that the number 2,078 billion dram represents an intentional miscalculation because the real loss is a far greater number). Apparently, mining companies in Armenia own the country.
b. The law of the RA, "Regarding the Nature Preservation Payment Quotas", 3rd paragraph, states: "The dumping (storage) fees for dumping industrial production and consumption wastes into the environment are set as follows, per ton of waste

- for 1st class hazardous wastes the fee is 48,000 dram
- for 2nd class hazardous wastes the fee is 24,000 dram
- for 3rd class hazardous wastes the fee is 4,800 dram
- for 4th class hazardous wastes the fee is 1,500 dram
- for non-hazardous wastes (exempting wastes dumped by mining legal entities and non-hazardous wastes generated by disturbing the land surface and through construction activities), the fee is 600 dra
- for non-hazardous wastes dumped by mining legal entities the fee is 0

By what rationale are the mining legal entities allowed not to pay fees for dumping their wastes into

the environment? During the Soviet period, since all natural resources and their exploitation belonged to the government, and hence the government was responsible for waste handling and storage, remediation, etc., there were no dumping fees set for mining operations. However, now, the country has given the right to exploit its natural resources to private entities, often to foreign companies (i.e., the copper-molybdenum mine at Kajaran, the gold mine at Sotk, etc.). While mining has been privatized, the process of handling the mining waste has remained the same. Especially the long-term waste management, which requires large financial commitments, has remained the responsibility of the government. And how can the government pay for the expense of handling such large volumes of waste, when most of the profits go to mining entities? It is necessary to note that mine waste, in particular mine tailings and associated storage sites, require hundreds of years of management in order to prevent continuous contamination of the environment from these sites.

According to my calculations, as a result of the law, "Regarding the Nature Preservation Payment Quotas", which exempts mining entities, the mining/milling plant at Kajaran, avoided paying 36 billion drams to the government treasury in 2007 for dumping rock waste and for the storage of mine tailings (10.65 million tons). In that same year, the plant processed 10.8 million tons of rock. Since, for each ton of "useful" rock mined, 2.4 tons of waste rock is mined, the company generated 25.9 tons of waste rock. In addition, the company generated 10.65 million tons of mine tailings from processing the 10.8 million tons of "useful" rock.

Currently, the waste rock is considered to be non-hazardous, while mine tailings are classified as 4th class hazardous waste. However, it is well known that both types of wastes contain heavy metals and chemical compounds harmful to life – both wastes can be teratogenic, mutagenic, damaging to the immune system, to the central nervous system, also can cause damage to various organs, etc. The main difference between the 2 types of wastes is that the tailings are a much more concentrated form of waste, the heavy metals and the chemicals in that waste are soluble, are readily available to the environment, are dispersed by the wind as dust, etc. The classification (or rather, the mis-classification) of both wastes is scientifically unfounded.

After a close examination of these wastes, it can be confidently stated that using an unbiased approach to classification, the mine tailings can be considered as a 1st class hazardous waste, while the waste rock, depending on the characteristics of the waste rock, perhaps a 3rd class hazardous waste. For example, depending on the heavy metal content of the waste rock, it can be classified even as very hazardous. Thus, it is clear that by classifying mine waste as non-hazardous and not charging the mining entities fees for their waste storage and waste discharge into the environment, the government is allowing Armenia to be looted of its natural resources without compensation. The above mentioned law, "Regarding the Nature Preservation Payment Quotas", encourages the

exploitation of mines with low mineral content, which will obviously produce environmental and other disasters on a far greater scale. These disasters are:

- very fast consumption of the remaining mineral deposits
- large scale destruction of the natural landscape and ecology, and a permanent contamination of the environmen
- destruction of fresh water sources, also contamination and thus, deterioration of the quality, of the remaining water supply
- loss of arable land, forests, orchards, pastures, with large tracts of land becoming useless and contaminated
- loss of agricultural/food production, also loss of farming jobs and food processing jobs, contamination of the produced food, meaning deterioration of food quality
- lowering of soil productivity due to contamination
- deepening and spreading of poverty
- increase in disease occurrences for the remaining wildlife and humans
- immigration to outside countries
- further weakening of government

Armenian people have always been proud of their natural resources and have considered them to be a way to prosperity and a treasure for future generations. However, presently, when these resources are being exploited using most inefficient processes, with a greedy fast pace, and, at the same time contaminating/destroying the living space, obviously without much benefit to the local people, possessing these natural resources has become a national calamity for Armenia, (especially since the generated wealth from mining operations are benefiting a limited number of individuals).

Mining industry can be economically useful only when its activities are contained and regulated. Exploiting mineral resources at large scales and also, exploiting many mines concurrently, produces many insurmountable problems. Especially given the size of Armenia, covering only 30 thousand square kilometers, very soon it will become impossible to sustain agriculture and normal conditions to support human life in the country because of the current rush to mining.

In planning future development for the country, one has to consider the fact that everyday less and less of the non-renewable mineral resources are left in the ground. Armenia has a high altitude terrain of volcanic origin, and therefore is rich in multi metal deposits. If we do not change our policy toward the exploitation of underground mineral resources into a development policy that is safe for the people and its government, we will end up with one huge mining enterprise covering all of the surface of Armenia in a very near future.

It should be the primary interest of the RA to tame the mining interests, to return the right of

exploitation of natural resources to the government, to forbid the export of mineral rock concentrates (production of these rock concentrates represents the dirtiest phase of ore processing, and is carried out inside Armenia), to establish metallurgical operations, which use new and efficient extractive technologies that are safe for the environment, and which can extract rare and expensive metals from the waste stream (instead of losing most of these metals to the tailings dump). Also, al least for now, the government of RA should charge fees to the mining industry for the economic damages it causes as a result of its operations, and dumping fees for the waste rock and mine tailings, both of which end up contaminating the environment. In other words, the mining interests must be adjusted to the needs of the people and its government.

Hakob Arpak Sanasaryan, August, 2008