

# # 01

## COMMUNITY RELATIONS IN THE CHINA UNION CONCESSION



BRIEFING | APRIL 2014

# IRON ORE



IS OUR RESOURCES  
a CURSE to us?  
When will we realize  
the benefit of our  
RESOURCES in Fugamah  
District #7?

# # 01

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# IRON ORE

## BACKGROUND

This paper is the first in a series of three briefing papers to be prepared by SDI on community relations inside key iron ore concessions in Liberia. The other two will examine circumstances in and around the ArcelorMittal and Putu Iron Ore concessions. The Australian Department of Foreign Affairs and Trade (DFAT) provided funds for research and publication. This report was independently written by SDI and does not necessarily represent the views of the Australian government or DFAT.



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**BONG MINE BUS STOP**  
**WE OFFER THE FOLLOWING:**  
**DAILY SUSU & YEARLY SUSU**

## METHODOLOGY

SDI researchers and advocates visited the Fuamah District area multiple times between August 2013 and February 2014. During these trips, lengthy interviews were conducted with district officials, tribal leaders, members of community organizations, local media outlets, youth activists, eminent citizens, business owners, China Union employees and contractors, and members of affected communities. Media reports were reviewed and verified during interviews, as was the Mineral Development Agreement (MDA) between the Government of Liberia and the China Union Mining Company.

Central government officials were not interviewed, as the purpose of the research was to capture the experiences of citizens in affected areas; China Union declined to respond to multiple written requests for an interview.<sup>1</sup> The paper is intended to succinctly examine China Union's compliance with the social obligations contained within its MDA, give readers a picture of current events in and around the concession, present the views of affected community members, and offer recommendations for establishing harmonious and beneficial relations between China Union and Fuamah District residents.



footnote

<sup>1</sup> Email requests on file with the Sustainable Development Institute (SDI).



## SUMMARY & RECOMMENDATIONS

### SUMMARY

The China Union Mining Company holds a 25-year Mineral Development Agreement, signed in January 2009 with the Government of Liberia (GoL), to mine iron ore near the town of Bong Mines, Bong County, in Fuamah District.<sup>2</sup> China Union's majority shareholder is the Wuhan Iron and Steel Corporation, one of China's largest steelmakers.<sup>3</sup> China Union's concession area was once the operational site of the Bong Mining Company (BMC), a German company that fled Liberia when fighting broke out in 1990. In February 2014, the GoL announced that China Union had shipped its first significant load of iron ore out of Liberia. This shipment – 50,000 tons – carried an approximate market value of over \$6 Million USD, and company officials have projected that a similar quantity will be shipped every month for the remainder of 2014, with larger volumes to follow. Overall, China Union has pledged to invest \$2.6 Billion USD into its Liberian operations.<sup>4</sup>

Given the strategic importance of the iron ore industry, as well as the significant revenue that the Government of Liberia expects it will receive from China Union's operations, it is critical to have an accurate picture of the relationship between citizens of Fuamah District, local workers, and the company. Residents of the affected area have the right to see the value of resources extracted from their district translate to improvements in their quality of life and the availability of social services in the area. Moreover, a harmonious and mutually beneficial relationship will facilitate peace and sustainable co-existence between China Union and residents of Fuamah District, whereas one defined by conflict, unmet expectations, and mistrust has the potential to destabilize the investment and can easily be capitalized on by unscrupulous political actors.

### footnotes

- 2 Government of Liberia (GoL), "Mineral Development Agreement between the Government of the Republic of Liberia, China Union (Hong Kong) Mining Co. LTD, and China Union Investment (Liberia) Bong Mines Co. LTD," January 19, 2009.
- 3 Rights and Resources Group, "Investments into the Agribusiness, Extractive, and Infrastructure Sectors of Liberia," January 2013, p. 11.
- 4 GoL Press Release, "President Sirleaf Launches China Union's First Shipment of Iron Ore – Expected to Ship 50,000 Tons Every Month," February 13, 2014.
- 5 Census Figures As of 2007. GoL, "Bong County Development Agenda 2008-2012," 2008, p. 5.
- 6 Bowler, Nora, Sustainable Development Institute (SDI), "Where is the Money? Governance of Development Funds Contributed by Mining Companies," 2011.
- 7 SDI Field Interviews, Fuamah District, Bong County, October 14-18, 2013; Singbah, Philip, "ERU Officers Fire At Protestors in Bong Mines," The Analyst (allafrica.com), October 1, 2013.
- 8 Tokpah, Moses, "China Union Embarks on Paving More Roads – As Employment Awaits Fuamah Citizens," The Informer (allafrica.com), November 25, 2013.

Anticipation is high among the people of Fuamah District, who rightly expect meaningful development benefits to accrue from the extraction of lucrative resources located in their backyard. Given the fact that one-fifth of the MDA's lifespan has already passed, it is an opportune moment to examine conditions in and around China Union's concession as well as its relationship with its nearly 40,000 neighbors in Fuamah District.<sup>5</sup>

While China Union and the GoL are understandably celebrating the first shipment of iron ore, the past year has been challenging and reflects problems with the implementation of the concession and the behavior of China Union in Fuamah District. China Union's reputation in Fuamah District is poor, and the vast majority of those interviewed for this paper expressed frustration and anger with the company. Chief among their complaints were the company's laziness in living up to provisions of its Mineral Development Agreement, its poor treatment of workers, and an absence of noticeable improvements to life for average community residents of Fuamah District since the arrival of China Union.

Complicating matters is the fact that the bar has been set high – the Bong Mines Company had an extremely strong relationship with community members during its time operating in the area, and China Union suffers from the inevitable comparison. Additionally, contributions it has dutifully made to the Bong County Social Development Fund (SDF) have only recently been disbursed by the central government to county officials, and as such there have been nearly no projects approved or completed in the area around its mine. Given the history of mismanagement of SDFs and the lack of meaningful reforms since the ArcelorMittal fund was frozen, there is understandable cause for concern over how China Union's contributions will be used.<sup>6</sup>

Tensions in Fuamah District peaked in early October 2013, when a group of disaffected youth comprised of community advocates, students, and workers blocked entrance to the concession, refusing to allow employees or government officials to enter the mining site. This demonstration, which is discussed in detail later in this paper, ultimately resulted in the deployment of the Emergency Response Unit (ERU) of the Liberia National Police (LNP), which dispersed protestors by firing live ammunition into the air.<sup>7</sup> This moment will hopefully have been a wake-up call for all involved parties – China Union has publicly expressed a desire to improve its relationship with the community since then, and has begun working in earnest on rehabilitating a key road leading from Hyendi, Fuamah District's local capital, to Kakata, a major transport and commerce hub.<sup>8</sup>



However, many of the community's key complaints have not yet been addressed, and despite rehabilitating Bong Mines' local high school, providing temporary work for district residents, and operating a hospital, there are serious concerns in Fuamah District regarding China Union's operations that will be detailed and discussed in this paper.

The overriding, central complaint expressed by Fuamah District residents relate to the social and labor provisions of China Union's MDA – to put it straightforwardly, the perception in Bong Mines is that the company is not living up to its contract with the GoL.<sup>9</sup> SDI's research supports this assertion. Multiple interviewees expressed their belief that China Union is cutting corners and attempting to reduce costs, rather than delivering a high standard service as per the terms of its MDA. In particular, the Hyendi-Kakata road was cited as not having been completed in a timely fashion, the hospital was repeatedly cited as having an inadequate supply of drugs, equipment, and ambulances, and Fuamah District residents feel they have yet to benefit from the annual contribution by China Union of \$3.5 Million USD to the GoL for compensatory development projects that are to offset impacts of its mining operations.<sup>10</sup>

In addition, current and former China Union workers made a series of serious allegations to SDI researchers, stating that they were often given less pay than initially agreed, hired and fired in a cycle so the company could avoid the obligations that come when workers hold the status of full-time employees, and even physically abused by China Union supervisors.<sup>11</sup> The company has nearly no Liberian managers on staff, despite being mandated to hire Liberians for senior positions as per its MDA. Elsewhere, the former Bong Mines Company workers who were recently evicted from company housing units after a one-off relocation payment of \$500 USD complained about strong-arm tactics used to force them to accept the settlement despite the sum being insufficient for them to find a new residence.<sup>12</sup>

SDI researchers witnessed some of these former workers, most of whom are elderly, living in squalor in conditions that resembled a refugee camp, with no access to safe drinking water or in some cases even shelter. While their circumstances should not be blamed on China Union, the situation has furthered the perception that the company is callous and unconcerned with the welfare of local citizenry. This perception has been compounded by the treatment of villagers who were told to destroy their homes and relocate from inside the concession area, and who were promised jobs that failed to materialize and paid a paltry sum of \$100-200 USD.<sup>13</sup> Cumulatively, these missteps and the overall carelessness with which the China Union concession has been implemented threaten to damage the long-term viability of the investment and reflect a troubling lack of concern for the welfare of Liberian citizens living in and around the concession.



Sign welcoming visitors to Bong Mines, erected by China Union, Bong Mines, Bong County, August 2013. © SDI

#### footnotes

- 9 SDI Field Interviews, Fuamah District, Bong County, August, September, and October 2013.
- 10 Ibid.
- 11 SDI Field Interviews with China Union Contract Workers, August 5, 2013.
- 12 SDI Field Interviews with Former Bong Mines Workers, January 24, 2014.
- 13 SDI Field Interviews with Affected Community Members in Blemu and Bong Mines, Bong County, October 17, 2013.



Addressing these concerns and repairing relations between local residents of Fuamah District and China Union will take effort. To begin, China Union must complete the Hyendi-Kakata road in a timely fashion, ensure that the Bong Mines hospital is stocked with adequate drugs, equipment, and an ambulance, and offer Fuamah District residents the chance to benefit from scholarships and vocational training programs. China Union should insist that a significant portion of its \$3.5 Million USD per year social contribution is spent inside Fuamah District, and should support efforts to place funds under greater community control, rather than allowing them to become bargaining chips for legislators and county officials who have individual agendas.

Additionally, it is vital that China Union address the criticisms of its labor practices in a meaningful and transparent manner. To start, management must implement a zero-tolerance policy for physical abuse of Liberian workers, with violators subjected to harsh sanctions or dismissal. A grievance process should be simplified and implemented, allowing Liberian workers a channel to complain about mistreatment, with consequences for offenders. China Union suffers from a serious communication gap with its workers, many of whom report being unable to speak to supervisors or understand directions. To correct the communication issues, China Union should hire more translators and keep them on duty during work hours in case employees or contractors need to discuss an issue with management staff, and for when supervisors wish to give directions.

Of significant importance is the need to hire more full-time employees. The practice of keeping workers on as contractors rather than employees is unacceptable and must be curtailed. According to China Union, the company has 232 full-time local employees, although residents of Fuamah District disputed that number, claiming it to be much lower.<sup>14</sup> Most work is performed by contractors, who can be fired at any moment without recourse. The lack of Liberian managerial staff is also a concern, with China Union nowhere close to the mandated 50 percent mark for Liberian upper management, stipulated in the MDA.<sup>15</sup> If China Union does not hire Liberian managers in a timely fashion, the GoL should consider severe penalties and sanctions, as skill transfer is one of the key benefits of extractive projects.

China Union and the government should also consider how best to deal with individuals who were resettled in the course of implementing the concession. Many of these individuals report that promises were made to them – in addition to threats – and that after they moved they were not given the employment opportunities they expected in return for peacefully leaving their homes.<sup>16</sup> While legally there is no obligation for either party to ensure a soft transition for these individuals, there are both moral as well as practical arguments to be made. For one, these individuals and communities have been asked to make significant sacrifices for Liberia's development agenda, and as such are entitled to assistance and support in their transition to new homes and lives – \$100-200 USD is simply inadequate.

It is not unreasonable for these groups to feel marginalized and disaffected, and if they blame China Union for their circumstances it will only feed the dynamic of tension that has existed around the concession in the past year. This includes the need to consider and address the conditions faced by former Bong Mines Company workers, many of whom are presently living in deeply distressing and harsh circumstances, and for whom even the simple provision of hand pumps would serve as an important good faith gesture. Given that these elderly workers and others who had taken up residence in BMC housing units during the war expressed displeasure when initially informed they would have to leave their homes to make way for China Union's employees, there is an obligation by both government and China Union to ensure they are not simply discarded after being given a small cash payment for resettlement.<sup>17</sup>

A key observation of SDI researchers was the gap in Fuamah District regarding what citizens expect from China Union, and what is actually in the MDA it holds with the GoL. Some community members referred to wild expectations of development – such as the wholesale electrification of Bong Mines by China Union – that are very unlikely to be fulfilled. There was overall significant confusion regarding the contents of the MDA itself. This speaks of an inadequate effort to educate citizens and distribute relevant documents in the area. Prior to the arrival of China Union, the GoL should have conducted a lengthy and thorough sensitization campaign. Failing that, mechanisms should now be set up to educate Fuamah District residents about China Union's plans, obligations, and MDA. The MDA and Environmental and Social Impact Assessment (ESIA) should be laminated and held at the Fuamah District headquarters as well as the office of the Fuamah Progressive Platform so citizens can examine them at any time they wish.

#### footnotes

<sup>14</sup> "China Union to Ship 500,000 Tons of Ore," *The New Dawn*, February 13, 2014; SDI Field Interviews in Fuamah District, Bong County, August 5 and October 15, 2013.

<sup>15</sup> GoL, "China Union MDA," Section 11.1.

<sup>16</sup> SDI Field Interviews with Affected Community Members in Blemu and Bong Mines, Bong County, October 17, 2013.

<sup>17</sup> Wandah, Edwin, "Bong Mines Former Workers to Resist China Union," *The Inquirer* (allafrica.com), November 30, 2012.

SDI strongly urges the GoL and China Union to ensure that the ‘social contribution’ made every year by China Union – sometimes called the ‘Social Development Fund’ (SDF) – is not overly politicized. This is absolutely critical to correcting problems in Fuamah District. These funds have been notoriously mismanaged in Liberia’s recent past; a previous SDI report detailed inappropriate procedures and expenditures from the ArcelorMittal SDF.<sup>18</sup> Since then, promised reforms have failed to materialize, and funds have essentially fallen under the complete control of county legislators – many of whom view them as supplemental campaign reelection financing.

Particularly in election years, county legislators will inevitably be tempted to use their influence and authority over the funds as a means to curry favor with potential voters. The central government must find the means to challenge legislative control over these funds and ensure that they are responsibly governed, are used for appropriate purposes, and that significant benefits come directly to Fuamah District. As will be detailed below, local political turf wars over the China Union concession are already creating confusion and heightening tensions in the area.

Thus far, according to SDI’s research, Fuamah District has only benefited from two projects financed by China Union’s social contribution – rehabilitation of a feeder road network, and the renovation of the district headquarters in Hyendi.<sup>19</sup> Neither have had any meaningful impact on the livelihoods of district residents. Troublingly, according to one informant, during a recent meeting of the Bong County Council, the amount of money that was to go to Fuamah on an annual basis was reduced from \$350,000 USD to \$100,000 USD.<sup>20</sup> As China Union’s social contribution is key to compensating residents of Fuamah District for the company’s impact on their lives, both the GoL and China Union has a strong interest in ensuring that Fuamah benefits from the contribution and that legislators are not given leeway to use funds as bargaining chips.

Admittedly, the weak mandate of the central government complicates matters, as its leverage over the legislature appears reduced in recent years, and wresting control over these funds is likely to prove challenging. Nonetheless, China Union’s social contribution has the potential to reduce tension and reward residents of Fuamah District for harmonious co-existence with the company, and thus it is vital that the government expends political capital on ensuring it is wisely and appropriately used. For their part, China Union should pressure lawmakers to use its social contributions for projects in and around Fuamah District.

Finally, China Union must make a better effort of humanizing itself in the eyes of its neighbors. Liberians expect a degree of humility and respect from outsiders conducting their affairs in and around their homes, and thus far China Union has done a poor job of establishing neighborly relations with the Bong Mines community. As difficult as it may be to create channels of cultural communication and

understanding, it is imperative and will pay high dividends. Multiple residents of Fuamah expressed displeasure at the way Chinese workers have isolated themselves from the community, living in modern facilities and rarely interacting with Liberians.<sup>21</sup>

Opportunities for social interaction between China Union’s Chinese staff and Liberian community members can foster long-term bonds and help to build trust. Simple initiatives, such as an annual outdoor festival in Bong Mines sponsored by China Union, sponsorship of local residents who excel at sports and education, and cultural sensitivity trainings for Chinese staff could be a way to integrate the company into the fabric of local life rather than furthering its unfortunate reputation as an unwelcomed outside interlocutor. Patience in this case will be a virtue.

In pressing China Union to make these changes, there should be no compromise – the company stands to garner billions of US dollars from its mining operations in Liberia, and the GoL should make a strong point of ensuring that it responsibly lives up to its obligations in the MDA in a timely fashion. While it is unlikely that China Union’s adherence to provisions of its MDA alone will reduce all the tensions in Fuamah District, progress toward addressing the concerns outlined in this paper will represent an important start to a healthier and fairer relationship with residents of the concession area. The GoL is widely seen in Fuamah District as more concerned with facilitating a smooth operating environment for China Union than it is with the welfare of local community residents, highlighting the need for the GoL to take steps to ensure that it is seen as an advocate for the Liberian people rather than for foreign investors.

The paper is structured to briefly examine in greater detail the above points. In particular, subsequent sections will examine the Mineral Development Agreement, results of field research into the views of Fuamah District residents on the operations of China Union, the October 2013 demonstration and the concurrent issue of youth group legitimacy, and the context of political infighting amongst Bong County legislators. SDI hopes that this report will adequately inform the Liberian public of circumstances inside the China Union operational area, and that its recommendations and findings can help to establish a long-term dynamic of respect and mutual rewards between China Union and the Liberian communities that are being affected by its operations in and around Fuamah District.

#### footnotes

<sup>18</sup> SDI, “Where is the Money?” 2011.

<sup>19</sup> SDI and Search For Common Ground, “Tracking the Fund: A Citizen’s Approach to Analyzing the CDF and CSDF,” March 2014; SDI Field Interviews in Fuamah District, Bong County.

<sup>20</sup> SDI Interview with Members of the Fuamah Progressive Platform (FPP), March 8, 2014.

<sup>21</sup> SDI Field Interviews, Fuamah District, Bong County, October 14-18, 2013.





## RECOMMENDATIONS

### To China Union

- Design, publicize, and implement a plan for addressing the outstanding provisions of its MDA. It should include a timetable for action in that plan, as well as a review of its current compliance.
- Hold a mass meeting in Fuamah District for citizens to peacefully air their grievances in the presence of senior China Union management officials, without any effort to censor or control the discussion.
- Implement a cultural sensitivity training program for Chinese managers, supervisors, and employees and distribute a clear policy statement indicating that abuse of Liberian workers will not be tolerated under any circumstances.
- Establish grievance procedures for workers who are abused by managers or supervisors.
- Expand employment opportunities and cease the unfair practice of using contract workers as a substitute for employees.
- Construct hand pumps in the area where former Bong Mines Company workers have taken up residence as a means of establishing goodwill.
- Ensure that the Bong Mines hospital is fully stocked with all necessary equipment and medication at all times no matter what the circumstance, and that an ambulance is functional and operational. Ensure that all visitors are able to receive medical care and drugs, with "reasonable" fees as stipulated in the MDA.
- Hire additional translators so that workers and supervisors can clearly understand one another.
- Engage more consistently with residents of Bong Mines. Set up an annual celebratory event for the community where China Union workers and managers can socialize with Fuamah District residents, and look for opportunities to build social bridges.
- Pressure lawmakers to utilize its social contributions in Fuamah District, free from election-related manipulation.
- Institute an ongoing plan to engage with local residents in a formal, regular townhall meeting, where managers, community liaisons, and community members can speak openly and frankly about their concerns and expectations.

### To the Government of the Republic of Liberia

- Monitor China Union's compliance with its MDA and issue sanctions when provisions are not met in a timely fashion. Request and publicize a timetable for fulfillment of key provisions of the MDA.
- Monitor the treatment of workers in the China Union concession, and respond quickly to allegations of abuse.
- Establish a board of inquiry to examine accusations of abusive treatment and workplace deaths in the China Union concession and determine adequate redress for victims or their families.
- Expend political capital to ensure that social contributions are not manipulated by legislators' election agendas, and that at least \$350,000 USD per year is directed to Fuamah District from China Union's contribution.
- Examine the circumstances faced by former Bong Mines Company workers and other resettled community members; provide livelihood alternatives and adequate compensation for past damages.
- Set up a task force to examine the relationship between China Union and residents of Fuamah District. Ensure that the task force gives equal weight to complaints made by residents as it does to the needs of China Union, and that it engages constructively with the Fuamah Progressive Platform.
- Reinstate the clan chiefs who were fired for their support of the Fuamah Progressive Platform and do not engage in acts of retribution towards district officials who speak publicly about their concerns regarding China Union's operations.
- Make available copies of the MDA, ESIA, labor law, and other relevant documents for all residents of Fuamah District. Copies should be held at administrative headquarters, with all citizens able to examine them at any time.

**To the Fuamah Progressive Platform**

- Refrain from conducting any violent acts, and avoid becoming entangled in political battles with legislators or county officials.
- Reach out to civil society organizations working on issues of governance and natural resources for training, assistance, and support.
- Continue to peacefully pressure China Union and the GoL to live up to the company's MDA.

**To Communities in Fuamah District**

- Engage with media, lawyers, and civil society advocates to pressure China Union to deliver promised benefits to Fuamah District. Ask for help when needed.
- Do not be afraid to speak publicly about the community's feelings about China Union.
- Demand that representatives and senators in Bong County allocate a good amount of money from the social contribution to be used in Fuamah District, and that the community has a voice in how the money is spent.
- Learn and understand what is in the MDA so there is no confusion about what China Union is supposed to do for Fuamah District.
- Establish organizations that can advocate on behalf of Fuamah District, free from manipulation by politicians.
- Hold China Union and the Government of Liberia to their obligation to provide benefits to Fuamah District, ask for deadlines and concrete details.

**To the United Nations, INGOs, and Liberian Civil Society**

- Continue monitoring the circumstances around the China Union concession, and publicize mistreatment of workers and community members when observed. Raise key issues with the GoL on an ongoing basis.
- If possible, assist in development projects in Fuamah District that can help to reduce tension or compensate for past mistreatment by China Union or the Liberian government.

**footnotes**

- 8 Global Witness & International Transport Workers Federation (2001). "Taylor-Made: The Pivotal Role of Liberia's Forests and Flag of Convenience in Regional Conflicts." Global Witness Limited, United Kingdom.
- 9 Interview Protocol Answers provided on September 8, 2013.



## CHINA UNION'S MINERAL DEVELOPMENT AGREEMENT (MDA)<sup>22</sup>

The MDA that China Union holds came into force on the day it was signed, January 19, 2009. According to one provision, the MDA is to be subjected to a 'periodic review' every five years.<sup>23</sup> As the first five-year window opened in early 2014, it is an appropriate and meaningful moment to take stock of how well China Union has adhered to key social responsibility provisions contained within its MDA.

The agreement grants China Union the right to mine iron ore in an 'Initial Concession Area' spanning 59,000 acres, which during the life of the project may increase in size to a total of 153,000 acres. The location of the concession is in Bong County, north of Kakata and approximately three hours from Monrovia.<sup>24</sup> Under the terms of the agreement, China Union will mine ore in its concession area, ship it to the Freeport via a railroad that it is to rehabilitate, and pay the Republic of Liberia a percentage of the market value of each ton of ore it ships, as well as a portion of the company's profit margin. The MDA includes a series of provisions that mandate it to repair infrastructure, provide benefits for workers, and offer some measure of development assistance for the surrounding community as well as the counties in which it operates.<sup>1</sup>

### footnotes

- 22 See generally: Government of Liberia (GoL), "Mineral Development Agreement between the Government of the Republic of Liberia, China Union (Hong Kong) Mining Co, LTD, and China Union Investment (Liberia) Bong Mines Co, LTD," January 19, 2009.  
 23 Ibid, Section 30.2.  
 24 Ibid, Section 3 – 'Concession Area: Term of the Agreement,' pp. 14-16.  
 25 Ibid, Section 6 – Construction and Operations, p.31;  
 26 SDI Field Observation, January 24, 2014.  
 27 "Public Works Inspects New Bong Mines Road – Acting Minister Expresses Concern," The Informer (allafrica.com), June 2013.  
 28 SDI Field Interviews, Fuamah District, Bong County, October 14-18, 2013.  
 29 Ibid.

## INFRASTRUCTURE REHABILITATION

The MDA mandates China Union to conduct a series of repairs to dilapidated infrastructure in key areas. Most significantly, this includes paving the road from Fuamah's district capital, Hyendi, to the major trade hub of Kakata. In addition, China Union is to rehabilitate the Bong Mines railroad and recondition roads in the areas near its mining operations (the 'non-Goma' roads).<sup>25</sup>

**Status:** The road from Hyendi to Kakata has become a symbol of China Union's failure to live up to the terms of its MDA in a timely fashion. While there is no definitive timetable for completion of the road included in the MDA, five years have passed and the road remains unfinished.<sup>26</sup> In 2013, the company was ordered to stop work on the road by the Ministry of Public Works, which found the materials that were being used by China Union to be substandard and inappropriate.<sup>27</sup> The continued poor condition of this road was mentioned by nearly all of those interviewed for this paper – the consensus is that it represents one of the primary social benefits of China Union's operations in Bong County.<sup>28</sup> To its credit, since the high-profile unrest in Bong Mines in October 2013, China Union has begun work on the road again and significant progress is visible.

The 'non-Goma' roads have been reconditioned, although their utility is almost entirely for the company and its operations, as there are few settlements in that area. However, there is some confusion regarding an expenditure of over \$500,000 USD from the Social Development Fund (SDF) for reconditioning some roads in Bong Mines; some interviewees maintained that those roads were part of the 'non-Goma' roads and thus SDF money should not have been spent repairing them.<sup>29</sup> This confusion indicates the need for public clarity by the Ministry of Lands, Mines, and Energy on whether in fact some portion of those roads – renovated in 2011 – were 'non-Goma' roads and thus whether their renovation should have been financed directly by China Union as part of its MDA.



The railroad remains in disrepair. While the MDA mandates their renovation to have been completed within five years of the signing date, the bulk of the railroad is rusted and overgrown with weeds and foliage.<sup>30</sup> China Union built an extension linking Bong Mines to its current mining site, but has not yet renovated the lengthy section leading from Bong Mines to the Freeport in Monrovia. It appears that China Union has not fulfilled its obligations under this portion of its MDA, electing instead to ship ore along the dilapidated portion of the railroad. This is a troubling sign – if the railroad is in adequate shape to ship ore, China Union may not feel pressured to perform renovations unless the GoL is willing to push the issue and set a new deadline. For its part, the GoL has much work to do in determining how it will address the many structures and residences near the railroad –high-ranking officials have publicly declared that a “fair process” will be employed to determine compensation and other related actions.<sup>31</sup>

## LAND USE

The Constitution of the Republic of Liberia grants the government ownership rights over all mineral resources, allowing it to extinguish individual and collective land claims when issuing exploration licenses or extraction agreements.<sup>32</sup> Under the China Union MDA, the government is compelled to bear the costs of relocating individuals and communities that must be moved as a result of China Union’s operations. For its part, China Union is mandated to make a contribution of \$100,000 USD toward such costs.<sup>33</sup>

**Status:** A number of communities have been asked – and even threatened – to vacate their land to make way for China Union’s operations. Their experiences will be detailed in a subsequent section. At least one town has resisted calls to relocate, with community members expressing skepticism of the GoL’s willingness to pay fair compensation for the move and of China Union’s ability to deliver promised benefits such as jobs. Money was paid to some of those who were relocated, but the amount was extremely low, typically \$100-200 USD – barely enough to cover rent in a shack for a year in Bong Mines.<sup>34</sup>

## footnotes

- 30 SDI Field Observations, October 16, 2013.  
 31 “Government Will Act Responsibly: Lands and Mines Clears Way for China Union,” *FrontPageAfrica*, April 9, 2012.  
 32 “Constitution of the Republic of Liberia,” 1984, Article 22(b).  
 33 GoL, “China Union MDA,” Section 7.1.  
 34 SDI Field Interviews with Affected Community Members, Blemu and Bong Mines, Bong County, October 17, 2013; Rogers Walker, Nathaniel, “China Union Under Fire – Citizens Vent Anger Over Social Agreement,” *The Analyst* (*allafrica.com*), November 30, 2012.  
 35 *Ibid*, Sections 8.1 & 8.2.  
 36 *Ibid*, Section 14.  
 37 Lomax, Selma, “Surrounded By Water, Nothing to Drink in Bong Concession Area,” *FrontPageAfrica* (*allafrica.com*), February 5, 2014.



Downtown Bong Mines; unpaved and neglected, Bong Mines, Bong County, August 2013. © SDI

## COMMUNITY RESOURCES

The section dealing with community benefits is vague, mandating China Union only to carry out its operations “in a manner that is consistent with the continuing economic and social viability of centers of population that have formed and which may form as a result of operations during the term of this Agreement.” There is, however, a high-profile clause in which China Union agrees to make a ‘social contribution’ of \$3.5 Million USD per year, which is to be used “for the benefit of Liberian communities in the counties affected by its operations.”<sup>35</sup> This represents one of the key social benefits of the China Union concession. China Union is also mandated not to destroy water sources used by locals, or to provide compensatory sources if such damage is unavoidable.<sup>36</sup>

**Status:** The lack of meaningful development in the Bong Mines area was a near-universal complaint heard during all research visits. According to residents, there have been nearly no changes to their overall standard of life since the arrival of China Union in 2009. This view is buttressed by the lack of visible recent improvements to the town and its surrounding villages aside from the rehabilitation of some main roads. However, it appears that China Union has been responsible about making its required annual social contribution; in this case the problem appears to be with management of the fund at the county level. More details are contained in a later section. Water sources appear to show signs of runoff contamination, with locals claiming that the poor water quality is a result of China Union’s operations – as of early 2014, there have been no efforts by China Union or the GoL to provide alternate water sources in Bong Mines.<sup>37</sup>

The road from Hyendi to Kakata has become a symbol of China Union's failure to live up to the terms of its MDA in a timely fashion.



## EMPLOYEE BENEFITS

The MDA compels China Union to provide a number of direct benefits to its employees. In particular, they are to receive clean and safe drinking water, housing for their families, hygienic sanitation facilities, and free medical care. In addition, China Union is to establish vocational training programs for Liberian citizens and implement a process by which 50 percent of its senior management positions will be held by Liberians within five years of the signing of its MDA, and 70 percent within ten years.<sup>38</sup>

**Status:** Circumstances surrounding the treatment of workers were a source of concern among many interviewees. The number of full employees is low, 232 according to China Union, with the vast majority of Liberians who work for the company doing so as low-paid contractors with limited rights and protections.<sup>39</sup> The MDA mandates China Union to rehabilitate the housing units that were occupied by former Bong Mines Company workers prior to their December 2013 eviction; the arduous government-led negotiations over those evictions have prevented China Union from renovating the units and offering housing to its non-Chinese employees.

If vocational training programs have been set up, they have been inadequately publicized, as no interviewees expressed any knowledge of their existence. There are also nearly no Liberian managers – researchers found evidence only of one, a former district development official who was given a senior position as a Public Relations Officer.<sup>40</sup>

## SCHOLARSHIPS

The MDA compels China Union to provide \$200,000 USD worth of scholarships to Liberian students every year. In addition, it is to make an annual donation of \$50,000 USD to the University of Liberia for the creation of a Mining and Geology department.<sup>41</sup>

**Status:** Respondents said they knew of no one from the Bong Mines area who had received a scholarship, and it is unclear whether any scholarships have been given at all. One interviewee stated that China Union's system is to directly grant scholarships rather than giving money first to the GoL.<sup>42</sup> In a public statement, the Bong County Superintendent stated that three years worth of scholarship monies were due to be delivered in October 2013.<sup>43</sup> China Union's

lack of response to SDI requests for an interview prohibited researchers from determining whether such a program has been set up or not. According to the most recent Liberia Extractive Industries Transparency Initiative (LEITI) Reconciliation Report, released in May 2013 and covering the period of mid-2010 to 2011, the company made a payment of \$50,000 USD to the University of Liberia, as well as a \$100,000 USD contribution to 'Mineral Development and Research' at the Ministry of Lands, Mines, and Energy.<sup>44</sup>

## HOSPITAL AND HEALTH FACILITY

As a benefit to its workers, the MDA mandates China Union to provide health facilities inside its concession that can be used free of charge by employees and government workers, and which are open to the public, who may have to pay limited fees.<sup>45</sup>

**Status:** China Union assumed control of the Bong Mines Hospital in order to fulfill this clause in its MDA. Researchers visited the hospital and saw clean facilities with some new equipment, and witnessed contract workers being treated free of charge. However, the hospital has been the source of community and worker complaints. Multiple respondents stated that they were not able to receive needed treatment, and there was a near-universal perception that there were inadequate drugs in stock.<sup>46</sup> Prior to the October 2013 hiring of a Liberian doctor, Chinese staff were unable to treat Liberians, as they did not speak English. When a Liberian doctor was finally hired, there was some dispute over his being paid less than the Chinese doctors, and he was publicly critical of the facility, telling the press that it "lack[ed] basic medical equipment," including X-Ray and oxygen machines.<sup>47</sup>

## footnotes

- 38 GoL, "China Union MDA," Sections 9.3-9.5, Section 10, Sections 11.1 & 11.2.
- 39 "China Union to Ship 500,000 Tons of Ore," *The New Dawn*, February 13, 2014; SDI Field Interviews with China Union Contract Workers, August 5, 2013.
- 40 SDI Field Interviews with Officials from Fuamah District, Bong County, August 5, 2013.
- 41 *Ibid*, Section 11.3.
- 42 SDI Interview with Members of the FPP, March 8, 2014.
- 43 Kollie, Namotee, "Bong Superintendent Denies US\$200,000 from China Union," *The New Dawn*, October 2, 2013.
- 44 Ernst & Young, Liberia Extractive Industries Transparency Initiative (LEITI) "4th EITI Report for Liberia," May 15, 2013.
- 45 GoL, "China Union MDA," Section 10.
- 46 SDI Field Observations and Interviews, August 5 and October 14-18, 2013.
- 47 "Bong Mines Hospital Deplorable," *The New Democrat* (allafrica.com), October 8, 2013.



Bong Mines Hospital sign, Bong Mines, Bong County, August 2013. © SDI



## RESULTS OF FIELD INTERVIEWS WITH COMMUNITY MEMBERS IN FUAMAH DISTRICT

**SDI researchers visited Fuamah District on separate occasions in August and October 2013, and then again in January and February 2014. The following section briefly details the results of these fact-finding missions.**

Without any doubt, the reputation of China Union is almost universally poor in Fuamah District. While there is significant disagreement about how best to push the company to amend its behavior and live up to the terms of its MDA, researchers found nearly no interviewees who were willing to unequivocally praise China Union. In fact, there was significant mistrust that seemed to fall on nationalistic lines – community members in the area repeatedly referenced their dissatisfaction with ‘the Chinese,’ making unfavorable comparisons to the Germans who worked for the Bong Mines Company in the 1970s and 80s. The following sections will broadly detail the overarching themes of discontent that were expressed during interviews and field visits.<sup>48</sup>

### FAILURE TO LIVE UP TO THE MDA

Community members were acutely aware of China Union’s sluggishness in fulfilling critical obligations contained in its MDA. As was detailed in the above section, China Union has failed to meet some of the most significant clauses of its MDA, leading to widespread frustration and even anger. There is a popular sentiment that the central government has not done enough to hold China Union to its obligations, and many interviewees shared their perception – rightly or wrongly – that county officials and legislators have received money from the company to look the other way.<sup>49</sup> While there has been significant process recently – particularly in the construction of the Hyendi-Kakata road – there is still much that remains to be done before the MDA’s provisions are fully met.

### LACK OF DEVELOPMENT IN FUAMAH DISTRICT

The most common complaint related to the lack of meaningful impact that China Union has so far had on the day-to-day lives of residents of Fuamah District. Respondents and interviewees were aware of the huge investment that the company has already made in its mining operations and were frustrated that the investment has so far failed to make a difference for the surrounding community. Traveling up to the initial mining site, it is clear that China Union is capable of massive advanced engineering projects, as its iron extraction operation is modern, impressive, and quite obviously very costly. However, the town of Bong Mines remains unelectrified, with inadequate water sources, unpaved roads, and nearly no modern amenities or services.

#### footnotes

<sup>48</sup> SDI Field Interviews in Fuamah District, Bong County, August 5 and October 14-18, 2013.

<sup>49</sup> Ibid.



As is the case with many concessions across Liberia, part of the underlying challenge is the gap between expectations and reality. There was an inadequate effort to distribute copies of the MDA in Fuamah District, and sensitization appears to have been minimal. Interviewees often related their expectations for development benefits such as electricity and schools that are not mandated in the MDA and which legally China Union has no obligation to provide.<sup>50</sup> This gap between expectation and reality is problematic and virtually guarantees continued dissatisfaction in the area.

Critically, the \$3.5 Million USD per year contribution made by China Union for social development purposes has failed to be meaningfully used in Fuamah District for compensatory projects. Compounding the problem of poor management – which has been the case for social funds set up by other mining companies as well – is the fact that recently the amount of money allocated directly to Fuamah per year was revised downward, to \$100,000 USD, according to an attendee of a recent hearing in Gbarnga.<sup>51</sup> Multiple interviewees stated their belief that the legislative fight over where the social contribution is disbursed is based in election year politics, reflecting the value of the fund in gaining voter support. Residents of Salala District, near Fuamah District but not directly in China Union’s concession, publicly praised Senator Jewel Howard-Taylor for her role in ensuring funds would be spent in their district.<sup>52</sup> This is not to say that other districts do not deserve a portion of the fund, but rather that Fuamah District should be the first priority and should receive a substantial portion of China Union’s annual contribution.

According to county officials, China Union has paid its social contribution on a regular basis. The most recent report from LEITI showed that China Union paid \$3.5 Million USD in 2010-2011, and the national budget reflects that a total of \$7 Million USD has been disbursed to Bong County.<sup>53</sup> A significant portion was likely used to rehabilitate feeder roads in Bong Mines, although as stated above, there is some confusion about whether or not China Union was to have reconditioned some portion of those roads with their own money.

Despite China Union’s payments, only two projects have been completed in Fuamah District: the road rehabilitation and renovation of the Hyendi district headquarters.<sup>54</sup> Multiple interviewees shared their view that the Bong Mines community would like to spend money on a bridge that could connect a nearby portion of Fuamah District that lies across a major waterway. Respondents indicated that a bridge would link the district with Gbarpolu, Lofa, and Sierra Leone, increasing trade flows.<sup>55</sup>

#### footnotes

- 50 Ibid. Separate interviews were conducted during scoping missions with a diverse range of local actors, including district officials, civil society activists, women’s organizations, and local affected community members.
- 51 SDI Interview with Members of the FPP, Monrovia, March 8, 2014.
- 52 Tweh, Ethel, “Citizens to Benefit from China Union’s Social Funds,” *The New Dawn* (allafrica.com), December 4, 2013; “Bad Blood in Bong Caucus,” *The New Democrat* (allafrica.com), November 5, 2013.
- 53 LEITI, “4th EITI Report for Liberia,” May 2013; GoL, “2012-2013 Budget,” p. 221.
- 54 SDI Field Interviews with Officials from Fuamah District, Bong County, October 15, 2013.
- 55 Ibid, SDI Field Interviews in Fuamah District, Bong County, October 14-18, 2013.

## POLITICAL DYNAMICS IN FUAMAH DISTRICT, BONG COUNTY

Throughout Fuamah District, individuals who were interviewed for this report discussed the political dynamics amongst legislators and officials in Bong County, saying that they were having a significant impact on management of the China Union concession and the government’s responsiveness to their demands. In particular, decisions surrounding how China Union’s social contribution will be used in Bong County have been the source of controversy and disagreement, with allegations that legislators are manipulating fund disbursement for their own political benefit.

The Representative for Fuamah District is Corpu Barclay, a member of President Sirleaf’s Unity Party. On the other hand, the senior Senator for the county is Jewel Howard-Taylor, a member of former President Charles Taylor’s National Patriotic Party (NPP). Senator Taylor is also former President Taylor’s wife. The chairman of the Bong County legislative caucus is Rep. George Mulbah, also a member of the NPP, from a nearby district. Reps. Mulbah and Barclay are allies (despite their party affiliation), and have presented a relatively united front regarding the China Union saga. They came into open and very public conflict with Sen. Taylor over her praise for China Union, which was expressed at precisely the moment that the legislative caucus had sent a letter to the company’s management, decrying its bad practices in Fuamah District. Sen. Taylor’s statements resulted in her being expelled from the caucus, an act which she publicly decried as illegitimate.

The caucus’ action ignited a feud between Sen. Taylor and Reps. Mulbah and Barclay, further muddying the waters of an already complex environment in Bong Mines. When local advocacy groups began directing harsh criticism at Rep. Barclay, she accused them of having been financed by Sen. Taylor. Many interviewees suggested that the social development fund was at the heart of the dispute, with various legislators seeking to maximize the amount of the fund that would be allocated to districts that are key to election campaigns. Sen. Taylor is up for re-election in 2014; at the most recent Bong County Council, the amount of money from China Union’s social contribution that was to have been allocated to Fuamah District was revised downwards from \$350,000 USD per annum to \$100,000 USD per annum. Beneficiaries of the reallocated money praised Sen. Taylor for her assistance in helping them access the fund.

## TREATMENT OF WORKERS

An entire report could likely be written about China Union's treatment of its workers. Allegations made by contractors were shocking and could constitute criminal behavior by China Union staff if true. Multiple workers reported a dynamic of perpetual mistreatment and even outright abuse by Chinese supervisors.

While many Liberians from Fuamah District have obtained paid, if temporary work from China Union, wages have been extremely low even by Liberian standards. According to media reports – which repeated allegations made to SDI researchers firsthand – workers can be on duty for up to 12 hours a day, are not given weekends or holidays off, and can receive as little as \$50 USD per month.<sup>56</sup> Some workers told stories of having to plead with China Union staff to receive their full salary. Interviewees also reported being kept on as contract laborers rather than full employees despite having worked for the company for as many as three years. By keeping such workers on contract rather than making them full employees, China Union is able to escape giving them benefits outlined in the MDA and the Labor Law. Speaking to the press, one worker said, "This is a new form of modern slavery we are going through ... We drink from dirty water the Chinese do not even drink from. They have their toilets right next to it."<sup>57</sup>

More troublingly, multiple interviewees reported being physically abused by Chinese supervisors, describing instances when they were punched, kicked, or slapped. The majority of China Union supervisors do not speak English, and according to workers some become quickly frustrated and occasionally violent when their gesticulations and attempts to communicate work responsibilities in non-verbal forms are not understood by Liberians. Some made reference to a Liberian worker who was killed by a Chinese supervisor in early 2013, after which the supervisor was rushed out of the country.<sup>58</sup> This allegation was made in repeated interviews, and was mentioned in the press by one of the leaders of the October 2013 demonstration. China Union's Executive Director told a Monrovia-based newspaper that the LNP had exonerated the company from any wrongdoing for beating a worker.<sup>59</sup> According to one media report, another death resulted when a supervisor mistakenly crushed a worker in a piece of mining equipment.<sup>60</sup>

These shocking and highly concerning allegations were made by workers in front of large gatherings of their peers; there was never any dispute amongst them over the treatment their colleagues described receiving from China Union.

## RESETTLEMENTS

The MDA grants China Union the right to request resettlements of any community or individual who could be endangered by their proximity to mining operations or whose presence disrupts work efforts.<sup>61</sup> Thus, a number of small settlements in the 'non-Goma' area were asked by the government to relocate. According to residents of these communities, they were promised a significant resettlement package as well as guaranteed employment by China Union in exchange for dismantling their settlements. However, once they broke their structures down, they reported having been given very low compensation – as little as \$100 USD – and were ignored when they asked about employment opportunities.<sup>62</sup> Following similar practices in other concessions, the GoL has allowed extraordinarily low payments to community members for food and cash crops that were destroyed by investors.<sup>63</sup> One woman visited by SDI staff reported that she had been reduced to the status of a "beggar," living with her young children in Bong Mines after leaving her town, unable to survive without the generosity of neighbors.<sup>64</sup>



Families forced to resettle after the former Bong Mines workers were evicted from their homes by the GoL, Bong Mines, Bong County, February 2014. © SDI

### footnotes

- 56 Lomax, Selma, "Bad Labor Practice' – Liberian Workers at China Union in Bong Mines Strike," September 7, 2013; SDI Field Interviews with China Union Contract Workers, Bong Mines, Bong County, August 5, 2013.  
 57 "China Union Employees Claim Modern Slavery," *The New Dawn* (allafrica.com), October 8, 2013.  
 58 SDI Field Interviews with China Union Contract Workers, Bong Mines, Bong County, August 5, 2013.  
 59 "Protest Ends at China Union," *The Inquirer* (allafrica.com), October 3, 2013.  
 60 Wandah, Edwin, "Death Causes Riot in Bong Mines," *The Inquirer* (allafrica.com), February 21, 2013.  
 61 GoL, "China Union MDA," Section 7.1.  
 62 SDI Field Interviews with Affected Community Members in Blernu and Bong Mines, October 17-18, 2013.  
 63 Ibid; Rogers Walker, Nathaniel, "China Union Under Fire – Citizens Vent Anger Over Social Agreement," *The Analyst* (allafrica.com), November 30, 2012.  
 64 Ibid.

Members of one community have so far refused pressure to relocate, despite reporting having been threatened by government officials that the ERU would forcibly remove them if they did not willingly leave. This town – Blemu – is less than a mile from the Chinese residential area, and a significant portion of those living in the town clearly stated their desire to either stay in their area or be offered an adequate resettlement package to leave. Interviewees related their concern over the promises made to other towns that were then broken. This conflict has yet to be resolved.<sup>65</sup> Similar situations are likely to occur once the railroad rehabilitation begins, as a number of adjacent structures have been marked for demolition by the Ministry of Public Works in Bong Mines, and more will certainly exist along the railway to the Freeport.<sup>66</sup> President Sirleaf has publicly called individuals living in these structures, “squatters.”<sup>67</sup>

## EVICIONS OF FORMER BONG MINES COMPANY WORKERS

The saga of the Bong Mines workers began with the Christmas Eve, 1989 outbreak of conflict. Due to security concerns, the BMC was forced to close its operations, evacuating its staff and securing what equipment it could. After the war ended, the company declined to return to the area, instead making a payment of \$14 Million USD to the GoL for benefits and back salary for its Liberian workers. This payment was made during the Charles Taylor administration, which paid approximately \$5 Million USD to those workers in 2000. A number of workers who lost their jobs when the BMC fled Liberia remained in housing units that were built for them in Bong Mines, and were joined by some other local residents.<sup>68</sup>

As a part of China Union’s MDA, it is obligated to renovate these houses for the benefit of its present day workers. Thus, the continued habitation of the housing units by elderly former BMC workers has been a hindrance to that portion of the MDA, and the government was negotiating with leaders of the former BMC workers union in Monrovia over compensation and relocation payments for the past few years. Former BMC workers living in Bong Mines described inadequately low offers of as little as \$200 USD; meanwhile they have

been referred to in media reports as “squatters,” despite once being employed by BMC. In late November 2013, an agreement was reached to pay \$500 USD to each former worker as a resettlement package, and the Ministry of Finance committed to paying \$4 Million USD in back wages. The settlement was signed by an elated Finance Minister Amarah Konneh, appearing in the press with a representative of the former BMC workers.<sup>69</sup>

In Fuamah District, however, the story is not quite as celebratory. Former BMC workers who had been living in the old housing units were quite literally thrown out on the street in the space of weeks, with a one-time cash payment of only \$500 USD. For those with family who could take care of them, the adjustment was possible, but many others found themselves homeless and without enough money to build a suitable replacement structure.<sup>70</sup> Construction of a mud-brick Liberian home, even without zinc roofing, costs over a thousand US dollars. In February 2014, SDI staff members visited the area where many of these workers have moved, discovering that many are living in appalling conditions without access to clean water or adequate shelter. The scene was reminiscent of a refugee camp, with makeshift structures constructed with sticks and branches serving as shelter for elderly former BMC workers.<sup>71</sup>

When asked why they accepted the low compensation package despite expressing strong opposition to leaving their homes, interviewees stated that they feared government reprisals if they refused the eviction agreement signed in Monrovia. Many said they didn’t feel able to challenge the decision of their representatives in the city, and said that they had been informed by government officials that police would forcibly remove them from the houses if they attempted to stay.<sup>72</sup> While this situation primarily concerns former BMC workers and the Liberian government, there is a perception among many of the newly homeless men that China Union made no attempts to assist them in the transition, adding to dissatisfaction in the area. A high-ranking official with the Ministry of Lands, Mines, and Energy told the press that over \$400,000 USD would be paid to the heads of 828 families – interviewees in Bong Mines did not appear to be expecting such a payment.<sup>73</sup>

### footnotes

- 65 Ibid; SDI Field Interviews with Affected Community Members in Blemu, January 24, 2014.
- 66 Teh, Lewis, “GoL, China Union Launch Resettlement Plan,” *The New Dawn* (allafrica.com), September 17, 2013.
- 67 “Be Responsible Citizens – Ellen Appeals to Liberians, Still Hopeful of Great Future,” *The New Republic Liberia* (allafrica.com), July 23, 2013.
- 68 “Give Former Bong Mines Workers US\$8.9 Million Deserved Severance Pay,” *The New Democrat* (allafrica.com), April 23, 2013; SDI Field Interviews with Former Bong Mines Workers, Bong Mines, Bong County, October 15, 2013; January 24, 2014.
- 69 Williams, Wade, “‘Tremendous Breakthrough’ – Liberia, Bong Mines Workers Finalize Decade-Long Farce,” *FrontPageAfrica* (allafrica.com), November 28, 2013.
- 70 SDI Field Interviews with Former Bong Mines Workers, Bong Mines, Bong County, January 24, 2014.
- 71 SDI Field Observations, Bong Mines, Bong County, January 24, 2014.
- 72 SDI Field Interviews with Former Bong Mines Workers, Bong Mines, Bong County, January 24, 2014.
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**Former BMC workers and their families struggle to construct shelter after being evicted from their homes and given \$500 USD to resettle, Bong Mines, Bong County, February 2014. © SDI**



## CULTURAL MISCOMMUNICATION

One of the most subtle, and yet critically important themes repeated by Fuamah District residents related to the gap in expectations and social customs between Chinese workers and Liberians. Interviewees stated their belief that “the Chinese” were cold and reluctant to socialize or interact with Liberians, preferring to live in a far removed part of the concession area – which is electrified and air-conditioned, providing another source of resentment.<sup>74</sup> Part of this mistrust is likely due to the language barrier; Chinese workers who cannot speak English are unlikely to attempt socializing with members of the local community for obvious reasons. This constitutes another example of where China Union is suffering from comparisons to the Bong Mining Company – residents of Fuamah District remember enjoying friendly relationships with German staff, some of whom married Liberian women and found occasional space for socializing with residents.<sup>75</sup>

In addition, some interviewees shared their perception that the Chinese were not used to the Liberian concept of free speech and democracy, given that China’s governance model is much more overtly authoritarian than that of Liberia. For some, this was at the heart of the confusion over China Union’s treatment of workers.<sup>76</sup> Of all the challenges faced by China Union, this is perhaps one of the easiest to solve – increased efforts to integrate into life in Fuamah District and the utilization of English-speaking staff as ambassadors to the wider community are likely to pay high dividends, as are strict practices prohibiting any abusive treatment of workers at any time.

### footnotes

<sup>74</sup> SDI Field Interviews in Fuamah District, Bong County, October 14-18, 2013.

<sup>75</sup> Ibid.

<sup>76</sup> Ibid.



## POLITICAL DYNAMICS IN BONG COUNTY, THE FUAMAH PROGRESSIVE PLATFORM, AND THE 'STRIKE' OF OCTOBER 2013

In early October 2013, tensions around the above issues erupted into a multi-day 'strike' at the concession gates, with hundreds of youth staging a demonstration in which they blocked entrance to the mine and seriously disrupted China Union's operations. Ultimately, Liberia's most militarized police detachment, the Emergency Response Unit (ERU) was deployed to the area. The protest ended once the ERU fired live ammunition from a rifle into the air, disbursing participants.<sup>77</sup> To understand the reason for the demonstration and some of the underlying social cleavages that are involved, it is useful to sketch a rough timeline of events that led to the situation.

According to interviews conducted in Fuamah District, tensions began to escalate last summer, when the Bong County legislative caucus publicly boycotted the high-profile July 30, 2013 launching of China Union's 'Phase One.'<sup>78</sup> The event was attended by President Ellen Johnson-Sirleaf and a number of high ranking government representatives. Caucus members echoed many of the same observations made in this paper, publicly declaring that China Union would not make any iron ore shipments until it addressed its labor practices and delivered funds to the County.<sup>79</sup> In particular, Rep. Corpu Barclay, Fuamah District's representative, and Rep. George Mulbah, the caucus chairperson, were vocal with their views on the company's shortcomings.<sup>80</sup>

During the 'Phase One' launch, local officials privately presented President Sirleaf with a position statement detailing the concerns held by citizens of Fuamah District, including poor treatment of workers, limited development benefits, and delays in construction of the road.<sup>81</sup> According to interviewees, the President expressed displeasure at the state of the health facilities, asked residents of the district to be patient, and vowed to send senior government officials to conduct a thorough investigation of the situation.<sup>82</sup> During this period, district officials were vocal about their dissatisfaction with the operations of China Union, echoing public statements made by local legislators. As a result of the petition, representatives from the Ministry of Internal Affairs were sent to Bong Mines to examine circumstances on the ground and calm tensions down.<sup>83</sup>

### footnotes

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- 78 Lomax, Selma, "Senator Taylor Defies Suspension, Represents Bong Caucus at Court Opening," *FrontPageAfrica* (allafrica.com), August 20, 2013.
- 79 Lomax, Selma, "China Union Glitch Grips Bong – Company's Failure to Pay One Million Draws Ire," *FrontPageAfrica* (allafrica.com), July 31, 2013.
- 80 Lomax, Selma, "Fuamah Residents Laud Representative, Caucus in China Union Saga," *FrontPageAfrica*, August 8, 2013.
- 81 SDI Field Interviews with Officials from Fuamah District, Bong County, August 5, 2013.
- 82 Ibid; SDI Field Interviews with Staff Members at the China Union Hospital, Bong Mines, Bong County, August 6, 2013.
- 83 Kollie, Namotee, "Internal Affairs Engages China Union, Bong Citizens," *The New Dawn* (allafrica.com), August 12, 2013.

Around this time, a youth group by the name of the 'Fuamah Progressive Platform' (FPP) began organizing local dissent and making critical statements to the press, threatening to prevent ore from leaving the district until social provisions of the MDA were met. Members of the FPP advocated for a hardline stance against China Union, believing that the company was bribing government officials to look the other way while the company shirked its social responsibilities in Fuamah District. The FPP was harshly critical of Reps. Mulbah and Barclay, believing that the caucus' critiques of China Union were self-serving and that they were not pressing hard enough to address the community's grievances.<sup>84</sup> For his part, Rep. Mulbah has called the FPP 'agent provocateurs,' and one media report quoted Rep. Barclay as saying that its members are "thugs and paid agents" working for Sen. Taylor.<sup>85</sup>

The FPP provokes divided responses when their name is brought up in the district, and some youths have distanced themselves from their tactics.<sup>86</sup> Many FPP members were raised in Bong Mines but are now based in Monrovia where they are attending university and working; some district officials referred to them as 'non-residents.'<sup>87</sup> Others, however, consider the group to be an effective community advocacy platform, and point to the many members and supporters who live in Fuamah District year-round. The FPP is comprised of mostly young men, although at a rally held by the FPP and observed by SDI staff in February 2014, nearly 200 men and women of varying ages were in attendance, with many speaking to the crowd about their frustrations with China Union. The FPP is not popular with district officials, who feel insulted by them and consider them too willing to use confrontational tactics rather than dialoguing with the central government.<sup>88</sup>

It is, however, clear that the FPP is able to mobilize large numbers of youth and that it enjoys a strong reputation among many members of Fuamah District. FPP leaders strongly deny receiving money from politicians, and while SDI cannot speak to the truth of those allegations, in our engagement with Fuamah District we have observed absolute consistency in the FPP's stated goals: pressing China Union to adhere to all provisions of its MDA.<sup>89</sup> Given that Senator Howard-Taylor's public position has been to praise China Union for its good work, we find the allegation that she is secretly manipulating the FPP to be unconvincing. The FPP has all the hallmarks of a legitimate grassroots organization, and while passions have become inflamed, overall the group is functioning as a strong advocate for community interests in Bong Mines.



Demonstrators at an FPP-organized protest in downtown Bong Mines, Bong County, February 2014. © SDI

For their part, FPP members openly state their belief that local legislators have received money from China Union, and express a strong view that the government is "100 percent in the company's pocket."<sup>90</sup> Administrative officials in Fuamah interviewed for this report had a different perspective, arguing that the problems with China Union would be best solved by allowing the central government to proceed on its own speed, and that the most effective local activity would be to continue writing reports on the company's behavior and submitting them to government officials.<sup>91</sup>

#### footnotes

- <sup>84</sup> Ibid.  
<sup>85</sup> "Rep. Corpu Barclay Reacts to Media Reports," *The Analyst* (allafrica.com), November 5, 2013.  
<sup>86</sup> Wandah, Edwin, "Citizens Resist Division in Bong County District," *The Inquirer* (allafrica.com), September 23, 2013; Lomax, Selma, "Commitment to Peace: Bong Youths Denounce Violence, Caution Politicians," *FrontPageAfrica* (allafrica.com), November 3, 2013; SDI Field Interview with District Youth Chairman, Fuamah District, Bong County, October 15, 2013; SDI Field Interviews in Fuamah District, Bong County, October 14-18, 2013.  
<sup>87</sup> Ibid.  
<sup>88</sup> SDI Field Interviews with Officials in Fuamah District, Bong County, October 16, 2013.  
<sup>89</sup> While accusations were made by local officials, and in particular allies of Rep. Barclay, SDI staff never observed any cause to believe the demonstration and subsequent actions by the FPP were motivated by cloak-and-dagger political gamesmanship.  
<sup>90</sup> SDI Field Interviews with Members of the FPP, Bong Mines, Bong County, October 15, 2013.  
<sup>91</sup> SDI Field Interview with Hampton Giddings, District Commissioner, Fuamah District, Bong County, October 16, 2013.

Disagreements over the best method of pressuring China Union to change its behavior erupted in September 2013. On September 4 and 5, the FPP, supportive community members, and disgruntled contract workers staged an initial demonstration outside of the China Union concession gates, gathering 200 young men and blocking company trains. Workers complained of mistreatment and low wages, with one saying, “We work for seven days in a week and earn peanuts.”<sup>92</sup> When Reps. Barclay and Mulbah traveled to Fuamah District the next week, they were booed and heckled by FPP members and their supporters.<sup>93</sup>

On September 28, youth from the FPP and others again gathered at the gate, stopping traffic and preventing workers from entering the concession site. According to eyewitnesses, the demonstration swelled to nearly 400 people, lasting throughout the weekend and into the week of September 31. On that day, a high-level delegation arrived in Bong Mines to investigate and seek a resolution to the situation. According to interviewees, this delegation included Reps. Mulbah and Barclay, the Minister of Internal Affairs (Morris Dukuly), the District Commissioner (Hampton Giddings), and a number of other government officials.<sup>94</sup>

When members of the delegation arrived at the demonstration and attempted to pass to the China Union management office on the other side of the gate, eyewitnesses state that they were jeered, booed, and even physically assaulted.<sup>95</sup> While members of the FPP denied that there were physical attacks, multiple sources allege that profanities were shouted at Rep. Barclay and that Minister Dukuly was pushed. Some demonstrators were said to have shouted that the delegation would not be permitted to enter the China Union management office, as they were only interested in receiving bribes. The delegation retreated from the area and traveled back to Monrovia.<sup>96</sup>

The following day, ERU forces arrived on the scene with a mandate to end the demonstration, likely as a result of the report made by the previous day’s delegation. A.B. Kromah, a senior commander in the Liberia National Police was also on the scene.<sup>97</sup> According to interviewees who witnessed events, the ERU ordered protestors to disperse via a bullhorn, and when they refused to obey, the ERU began firing warning shots in the air from a rifle. Demonstrators ran for cover, with some sustaining minor injuries, and the demonstration was effectively ended.<sup>98</sup> One media report stated that prior to the shooting, protestors had thrown stones at an ERU vehicle. Members of the Women in Peace Network (WIPNET) arrived on the scene after hearing the shots, and pleaded with officers not to harm the FPP, and to recognize that many in the community agreed with the reasons for the demonstration.<sup>99</sup>

FPP leaders were asked by Kromah to accompany him on a trip to Monrovia, where they would be able to see the Minister of Justice and air their grievances to central government officials.<sup>100</sup> WIPNET representatives accompanied FPP leaders and two local clan chiefs who were supportive of the FPP, to Monrovia. Upon arrival, members of the FPP were arrested, spending the weekend under police supervision until seeing a judge on Monday morning.<sup>101</sup> They were charged with disorderly conduct, rioting, and criminal mischief; the case remains open although according to those arrested, it is not being actively pursued.<sup>102</sup> For their part, the two clan chiefs were dismissed by the government for supporting the FPP demonstration.<sup>103</sup>

Subsequent to this event, progress on the Hyendi-Kakata road began in earnest, and China Union’s senior manager pledged to “try [their] best” to live up to the terms of its MDA.<sup>104</sup> China Union vowed to provide 5,000 jobs in the next seven years, and even FPP leaders stated in early 2014 that the situation had “improved.”<sup>105</sup>

However, the FPP remains able to mobilize significant numbers of youth to rallies, and while there have been no subsequent blockages of China Union’s operations, it is clear that popular discontent in the concession area has the potential to cause serious problems and could even lead to violence or sabotage by frustrated community residents and workers. While FPP leaders state their view that conditions are better than in Fall 2013, they say that the key complaints of community members have not been addressed. In February 2014, SDI staff witnessed an FPP rally in Bong Mines that drew a crowd of over 200 district residents, young and old, men and women, many of them holding signs while angrily denouncing China Union.

## footnotes

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- 94 SDI Field Interviews in Fuamah District, Bong County, October 14-18, 2013.
- 95 Ibid.
- 96 Ibid.
- 97 SDI Field Interviews with Members of the FPP and WIPNET, Bong Mines, Bong County, October 15, 2013.
- 98 Ibid; SDI Field Interviews with Affected Community Members, Members of the FPP, District Officials, and WIPNET, October 14-18, 2013; Singbah, Philip, “ERU Officers Fire At Protestors in Bong Mines,” The Analyst (allafrica.com), October 1, 2013.
- 99 Ibid.
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- 102 “Protest Leaders Detained,” The New Democrat (allafrica.com), October 4, 2013; SDI Interviews with Members of the FPP, Monrovia, October 21, 2013 and March 8, 2014.
- 103 SDI Field Interviews in Fuamah District, Bong County, October 14-18, 2013 and January 24, 2014.
- 104 Tokpah, Moses, “China Union Embarks on Paving More Roads – As Employment Awaits Fuamah Citizens,” The Informer (allafrica.com), November 25, 2013.
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## CONCLUSION

Speaking privately, one individual who has worked with the GoL in Monrovia referred to China Union as the “worst concession in the country.”<sup>106</sup> Without question, the company suffers from an extremely poor reputation in Fuamah District amongst the majority of community members that were interviewed for this paper. There exists an urgent need to repair this relationship immediately and for both China Union and the Liberian government to address the concerns and expectations of the community in order to mitigate future conflicts.



Children of former BMC workers, evicted from their homes in early 2014, Bong Mines, Bong County, February 2014). © SDI

The China Union concession has the potential to be of immense benefit for Liberia – the value of the ore shipped from the concession could lead to huge royalties and the skills transfer, infrastructure rehabilitation, development financing, and employment that is to be generated as per the MDA could be transformative for Fuamah District. Thus, it is imperative that a healthy relationship be fostered between China Union and the surrounding community, and that the concerns in this paper are addressed in a timely fashion by all stakeholders.

(However, it is important to note that the MDA and revenue law’s royalty and tax provisions could easily be abused, and that it is possible that the concession will result in lower-than-expected direct payments to the GoL. This unfortunate possibility is given credence by ArcelorMittal’s announcement that despite shipping 4.5 million tons of iron ore in 2013 – with a potential market value of over \$600 Million USD – it paid the GoL only \$7.6 Million USD in taxes and royalties.)<sup>107</sup>

Repairing and strengthening its relationship with the local community is deeply in China Union’s interest. While the current government is supportive of the needs of investors and has been a friend to concessionaires, China Union’s contract still has 20 years to go before it ends. The ideology and attitude of future governments are unpredictable, and China Union could easily find itself in a standoffish relationship with an unforeseen government. In such a case, a bank of goodwill toward China Union in Fuamah District would be a major asset.

On the other hand, continued tensions have the potential to destabilize the investment and lead to a cycle of sustained hostility – not to mention that such tensions are likely to reflect a continued lack of improvement to life in Fuamah District, where the lucrative iron ore is located and extracted. In the interest of all parties, compromises must be reached and benefits must be speedily delivered if 2014 is to be different for China Union and Fuamah District than 2013.

### footnotes

<sup>106</sup> SDI Interview with Consultant for the GoL, Monrovia, August 2014.

<sup>107</sup> ArcelorMittal Liberia, “Presentation to Stakeholders,” Buchanan, Grand Bassa County, February 2014.



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# 01

COMMUNITY RELATIONS  
IN THE **CHINA UNION CONCESSION**



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# IRON ORE



The Sustainable Development Institute (SDI) works to transform decision-making processes in relation to natural resources and to promote equity in the sharing of benefits derived from natural resource management in Liberia. The organization's vision is a Liberia in which natural resource management is guided by the principles of sustainability and good governance and benefits all Liberians. Its activities cover a range of crosscutting issues including governance and management, the environment, state and corporate social responsibility, economic and social justice for rural populations, and the democratic participation of ordinary people in government management of natural resources. The organization received the Goldman Environmental Prize (the world's largest prize honouring grassroots environmentalists for outstanding environmental achievements) in 2006.

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