Human Rights Report: Forced Labor Used in Mine Project

Mike Blanchfield, The Canadian Press

OTTAWA - A highly critical human rights report scheduled for release Tuesday is expected to shed new light on the darker implications of the Conservative government's ambitions for Canadian mining companies in Africa.

The report by Human Rights Watch says Vancouver-based Nevsun Resources Ltd. (TSX: NSU) failed to ensure that forced labour was not used in the construction of its mine in Eritrea, the hermit-like pariah state on the Horn of Africa.

Though the company was concerned when the problems first came to light and tried to investigate, it was blocked by its state-owned partner, says the report by the New York-based agency.

Nevsun said it has since instituted rigorous screening practices at its Bisha mine project and taken steps to ensure that forced labour is no longer used.

"When Nevsun began building its Bisha mine in Eritrea in 2008, it failed to conduct human rights due diligence activity and had only limited human rights safeguards in place," Human Rights Watch said.

The Eritrean government insisted that Segen Construction Company, a local Eritrean contractor, carry out construction of the mine in 2008. Segen — owned by the ruling People's Front for Democracy and Justice — routinely exploits conscript workers that the government assigns to it, the report alleges.

The agency said Eritrea's conscripted workers, some of whom are forced to labour for over a decade, face torture and other serious abuse, and revenge is extracted on their families if they desert their posts.

Nevsun addressed the report in a statement on its website that was posted four days ago in anticipation of Tuesday's report.

Nevsun said it became aware of the allegations involving the Segen employees in 2009, and had to expand its employee safeguards to cover those employees. It obtained a written guarantee from Segen not to use conscripts at Bisha.

Nevsun said the last of the 140 Segen employees still working at the mine — one-tenth of the mine's total workforce — will be gone by the end of August when their current work is completed.

"The Company expresses regret if certain employees of Segen were conscripts four years ago, in the early part of the Bisha Mine's construction phase," Nevsun said.

Chris Albin-Lackey, a senior researcher at Human Rights Watch, said Nevsun allowed itself to be bullied by the state-backed local contractor.

"This should be a lesson to other mining firms working in Eritrea — if they wait until there is a problem to address the human rights risks of working there, it may well be too late."

The Canadian company controls a 60 per cent interest in Eritrea's first fully functioning mine. It began gold production in 2011 and has produced $614 million worth of ore, said Human Rights Watch.

Another Canadian company, Sunridge Gold Corp. (TSXV:SGC), is among a handful of companies from Australia and China that are also hoping to make inroads in Eritrea's resource sector.

Sunridge said it expects to begin its mine construction later this year, and will strive to avoid human rights problems.

"We will be very, very careful going forward not to fall into the same category. And we'll have to make sure we fully screen future employees," Gregory Davis, Sunridge's vice-president for business development, said in an interview.

"We are aware of that issue and we do everything we can to make sure that doesn't happen on our project."

Last week, as part of his government's ongoing commitment to help Canadian resource companies gain an equal footing in thriving African countries, Harper announced new measures in the sector.

"The development of mining, oil and gas resources in Africa is critical to the future prosperity of the continent," Harper said during a visit of Thomas Boni Yayi, president of Benin and chair of the African Union.

Harper announced support for the African Mineral Development Centre to help advise African countries manage their extractive industry "responsibly and transparently."

Eritrea is an isolated, repressive country that counts the Islamists of the failed state of Somalia as allies.

It was the subject of United Nations sanctions in 2009 because of its support for the groups, which are trying to overthrow Somalia's recognized government.

A UN Security Council monitoring group concluded that Eritrea was behind an unsuccessful attempt to bomb the African Union leaders' summit in Ethiopia in 2011.

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