

Opening the black box: Local insights into the formal and informal global mercury trade

IUCN NL & Partners

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Audience

Mainly NGO representatives and some guest from private sector in the audience, few government officials as official meetings went over time (more government officials in the second part of the event)

Panel

1. Richard Gutierrez (Artisanal Gold Council), Philippines partner (representative of BAN Toxics)
2. Griffins Ochieng (CEJAD), Kenya partner / East Africa
3. Oscar Campanini (CEDIB), Bolivia partner
4. Yuyun Ismawati (Nexus3/BaliFokus Foundation) - as a representative of the UNEP/Grid-Arendal project "Illegal trade in chemicals", including a chapter focusing on mercury, Yuyun is one of the lead authors of grass root voices of the report. Peter Maxson, lead author of the mercury chapter of the report was also in the audience

Moderator: Yves Bertran (ARM)

Theme 1 Data vs. reality & dynamics of trade routes

Yuyun Iswamati:

- Minamata Convention and its implications (ban of mercury (Hg) in certain products, improve monitoring and control of mercury trade, reduce the use of mercury in artisanal and small-scale gold mining (ASGM), safely manage and dispose of mercury containing wastes)
- main consumption of Hg in South America, Sub-Saharan Africa and East and South-East Asia
- sources of Hg changed since implementation of Minamata, now main suppliers of Hg are Mexico, China and Indonesia
- main mercury supply hubs (both legal and illegal) are Singapore, Hong Kong, Turkey, the United Arab Emirates, Panama, India and Vietnam
- estimated Hg use a lot higher than imports to most countries, so Hg must enter the countries informally
- Trade strategies:
 - o Falsifying documents by declaring the wrong classification of goods or by shipping commercial quality mercury disguised as low-value mercury or waste
 - o Transporting mercury without documentation
 - o Evading tariffs or tax payments by double invoicing schemes
 - o Shipping goods through third countries to disguise the country of origin
 - o Failing to obtain the required permits or licenses
 - o Smuggling goods via an unauthorized point of entry
 - o Disguising controlled goods within a shipment of uncontrolled commodities, or simply hiding mercury among other goods
- Enforcement:
 - o In some countries, inadequate and unclear government enforcement responsibilities encourage non-compliance (UNEP 2005)

- In many States, much of the import and sale of chemicals occurs beyond the control of government oversight
- What to do?
 - Risk reduction: Should assume a key role in controlling mercury supplies at the source such as mercury mines, chlor-alkali facilities, and by-product of mineral or gas processing, building capacity and targeting financial resources to use Hg-free alternatives, tax incentives and other commercial benefits for using Hg-free processes
 - Governance and enforcement: Better control of the production and marketing of gold and the harmonization of gold-export regimes, standardized regional mercury specific trade frameworks, anti-corruption campaigns at the local and national levels, criminal and civil liabilities or penalties along the entire illegal supply chain, seizures of property or equipment used to conduct illegal activities

Richard Gutierrez:

- Hg trade in Philippines related strongly to Indonesia, no more primary mining in the Philippines; major imports coming from Indonesia and other Southeast Asian countries. All Hg imported through both formal ports and informal ports
- Philippines has 3 main islands, most Hg used in the northern islands comes via Singapore or Hong Kong via multiple ways of entrance (smuggling, mis-declaration, etc.)
- In the study focus on Hg trade within Mindanao: smuggling in Mindanao follow traditional trading routes for centuries, covering all kinds of goods, but illegal trade rising
- UN Comtrade data cannot capture total trade, even in one mining site in Mindanao estimates for Hg usage is already in excess of the amount of what is officially imported
- Change will take time, there is no fast fix, we need long-term projects to change behaviour, we need to tackle it from all sides as it is all interlinked:
 - ➔ official data is not reliable yet, we need to put efforts into making it more accurate
 - ➔ improve legal trade and reporting on legal trade as pursuing smugglers alone is not going to work
 - ➔ keep working on mercury free techniques
 - ➔ it's also linked to poverty, so that needs to be addressed
 - ➔ enforcement must be realistic, at the moment officials lack jurisdiction, often there is no valid evidence and understanding of what is enforced is lacking, etc. -> Need to adapt legal system
 - ➔ storage of mercury needs improvement – too often confiscated mercury disappears and is unaccounted for

Comment Yuyun:

- Concerning the smuggling from Indonesia, officials know but some get involved
- Informal trade is very open, e.g. advertisements on social media
- Indonesia ratified Minamata in September 2019, a lot of articles and media coverage, but little enforcement
- Little communication between agencies (police and ministry) concerning raids, seizures, etc.
- Once Hg is confiscated, it is easy for it to disappear

Theme 2: The process of the study and how it was in the field

Griffins Ochieng:

- In East Africa, they followed Hg flow from the bottom up, starting in mining areas where interviews were easy as miners were talking freely
- Miners explained that they get Hg from mine owners, who only come to the mining sites infrequently
- Mine owners get the Hg from gold dealers who bring it from major hubs, e.g. Nairobi
- In Nairobi it is sold in special shops for chemicals, in these shops information is hard to get, nobody wants to talk
- shop owners either work with importers or are importers, shops are licensed, declare Hg for dental amalgam or industry (which is legal), but Hg gets diverted to ASGM
- some shops only have 1 buyer, so large traders involved, high money return

Question Yves Bertran: Is Hg trade disconnected from gold trade? -> No, gold buyers are often also Hg traders or give Hg to miners

Oscar Campanini:

- In Bolivia the mining sector is huge, it's a very important political actor with much political and economic impact
- Hg imports are legal, in total there are 47 registered importers, but just 6 import 70% of all Hg, 4 of them are related to Peruvian traders
- enforcement is important for these big players, focus should rather be put on them than on the individual miners
- ASGM is a traditional activity, however, it evolved, and with more technology came more efficiency. The sector received capital from foreign companies and takes advantage of flexible laws concerning ASGM
- There is a diffused border between formal and informal Hg trade and gold as miners only report max. half of the gold they extract
- Link between informal Hg & gold trade and other illegal activities, e.g. human trafficking, drugs, etc. In some regions in Bolivia the involved actors have control so that researchers and government officials can't go there (blockages, etc). E.g. in the north of La Paz, researchers couldn't get information, local people didn't want to talk to them including people who weren't related to miners, people recommended to not ask and leave! Especially around the border to Peru research was difficult, even police officials recommended to leave right away and not ask questions

Question: What about the Gender dynamics in Hg trade?

Reply Griffins: In East Africa more men are involved in Hg trade as they are owners of mines, women are usually workers at the mines.

Reply Yuyun: In Indonesia, ratio is not easy to generalize as many cultural differences prevail. In some areas women are sellers and gold buyers who also burn mercury.

Reply Richard: Philippine situation similar to Indonesia, research shows existing gender dynamics in ASGM communities put women at a great disadvantage, contributing to greater Hg exposure. Women are believed to be more honest, thus, they are assigned to watch over amalgam burning -> more exposure to women.

Theme 3: Key recommendation related to you experience on the field, or specific points that should be taken into account.

Oscar Campanini:

- While a lot of activities & initiatives are being prepared by the government, they are often just on paper, and there is a need for social pressure, and activities should include civil societies

Richard Gutierrez:

- Improve, adapt approaches and adjust timing for the long-term
- Strengthen formal trade to also address informal trade, look at what we can control and improve
- Capacitate and adapt enforcement system to respond to illegal trade in Hg and chemicals

Griffins Ochieng:

- Increased cooperation between ministries and actors
- More research is needed to understand the supply chain at a regional level

Yuyun Iswamati:

- Improve regulatory framework, e.g. prohibit import and export, use, etc.
- Improve framework for Hg confiscation, it needs a more transparent approach, increase communications between actors in enforcement, regulation on ways how to store and make Hg unusable, etc.

Comment Yves: In Burkina Faso, the Hg trade is controlled by gold traders at the high level, counter flow of gold and mercury on same routes, traders on local level control miners through giving them Hg for a cheap price but then forcing them to sell gold to only them, so miners cannot stop using Hg, -> more control on trade routes of gold is needed as well. The power relation is key here.

Comment Peter Maxson: Global overview in Grid-Arendal/UNEP report: ca. 50% on average of Hg used in ASGM is not recorded by official data.

- ➔ Need for capacity building in customs, what should customs look for, how to handle mercury, awareness on Hg and Minamata Convention
- ➔ Need for more awareness raising on the health effects of Mercury (especially/also for indigenous communities), although many miners still insist that the job and income are more important than possible effects to their health.