



FEATURE



GOLD RUSH IN MONGOLIA

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Badamtseren (many Mongolians only use one name),
an artisanal gold miner at a river valley near Olt, Mongolia, September 2007.

Photo: Jackson Lowen





A gold rush in Mongolia is leading to an epidemic of mercury poisoning affecting gold diggers, local people and the environment. →



UYANGA SOUM It smells of dry dust, the kind that dries out moisture in mucous leaving a scab around the noses of the five-year-olds who are helping their mothers dig in the pile of earth next to us. Badamtseren, a man of 48, sets aside his gold pan and takes a West cigarette from his trouser pocket.

What do you think about all day long? "I think about gold. That's all you can think about here," says Badamtseren. Like an estimated 75,000 other Mongolians, he has become involved in a frantic gold rush. As much as 20 per cent of Mongolia's population has come to depend on the "ninjas", as the small-scale gold diggers are called. According to local lore, this name came about when security guards caught a group of miners trespassing on land controlled by a legal mine. As the miners ran away with their green gold-pans on their backs, someone thought they resembled the teenage mutant ninja turtles of the comic-strip series.

estimates that Mongolia potentially has 25 per cent of the world's gold deposits.

MERCURY EPIDEMIC

The ninjas are important for a country where 27 per cent of the people live below the poverty line. Thanks to the mining industry, both legal and illegal, Mongolia's economy has begun to grow by seven to eight per cent a year. The problem is mercury, the toxic substance that is used to separate gold from ore. "Mongolia is on its way to a mercury epidemic. This concerns thousands of households!" says Robert Grayson. In the book *Alice in Wonderland*, a tea party is depicted with a mad hatter. Formerly mercury was used in hat making. It caused changes in personality, hence the English phrase "mad as a hatter". That is a fate that also awaits many ninja diggers.

Grayson tells about a river 40 km long in the north where the threshold values are sometimes exceeded by as much as 3,000 times. A discharge of several tons is moving toward Lake Baikal. It is getting into the fish and drinking water. And in southern Mongolia herdsman have begun to find pools of cyanide and mercury mixtures in the desert (cyanide is also used to extract gold). That toxic cocktail trickles down into the groundwater and poisons humans and livestock.

Mongolia is the second largest landlocked country, and the least densely populated with only 2.9 million inhabitants, of whom almost half live in the capital. The country is thus one of Asia's few remaining untouched wildernesses. But the ongoing mining boom is threatening its clean rivers and its fauna. In the township of Khongor, the inhabitants have called for help since their animals began to give birth to deformed calves or simply to lie down and die. A study by the health department found that of the 2,000 inhabitants in Khongor, 1,132 exhibited symptoms of poisoning. Once mercury enters the body it is impossible to get it out. It damages the brain and kidneys.

"One of the symptoms of mercury poisoning is shaking. In the end you shake so much that you can't eat. You also get tunnel vision. With pregnant women the mercury goes through the placenta into the fetus. The worst part is that the mother doesn't feel the poisoning while the child ends up handicapped and brain-damaged," says Peter Appel of the Geological Survey of Denmark and Greenland (GEUS), which has conducted a three-year baseline survey of artisanal and small-scale mining.

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An artisanal gold miner and his daughter, known locally as ninjas, search the bottom of a pan for gold, Olt, Mongolia, September 2007. Ninja miners often work in family groups, with children labouring alongside their parents.

Photo: Jackson Lowen



The scene here in the Olt valley, 500 kilometers southwest of the capital Ulan Bator, could have been taken from the California gold rush of 1849. The ground is strewn with vodka bottles, gnawed off sheep legs and filth. Badamtseren tells how the children are in the habit of tumbling down in dug out holes. Sometimes the mineshafts collapse over the ninja diggers when they are working down in the earth.

The gold they find is smuggled over the border to China. This is usually accompanied by fights with legal mining companies. In the middle of the interview a guard in military dress and armed with a pistol begins to push people back. A front-end loader then drives right into the pile of earth while gold diggers are still standing on it. Because their activity is illegal, the authorities do not care. Worldwide at least 20 million people are active in similar small-scale mining operations, and another 100 million depend on them. Indeed, there are more "ninja diggers" in the world than people employed in the traditional mining industry. And that figure is rising rapidly as the price of metal increases.

A ninja digger earns about 200,000 tugriks (US\$170) per month. That is more than what a teacher or policeman makes in Mongolia, according to Robert Grayson, who runs Eco-Minex International, an environmental and mining consulting firm. I met him in Ulan Bator at a big conference organized by Communities and Small-Scale Mining (CASM), an agency sponsored by the World Bank that works to fight poverty in small-scale and artisanal metal extraction. He



An artisanal gold miner holds her days find in a 500 Tugrik note (Mongolian currency). The gold is sold to local traders who smuggle it across the border into China where they can garner a higher price. Mongolia has potentially 25 per cent of the world's unexploited gold reserves.

Photo: Jackson Lowen



"It takes four to six years to go mad and eight to nine years before you die."

Peter Appel, Geological Survey of Denmark and Greenland (GEUS)

"We see the same problem in Asia and Africa. Countries like Zambia, Zimbabwe and Bolivia have also been hard hit. Growing populations and higher metal prices force people to choose between moving to the city or out to the bush to dig gold.

"We haven't seen too many cases of poisoning in Mongolia so far. That is because the gold rush only started recently," says Appel. "It takes four to six years to go mad and eight to nine years before you die. But poor people often don't care when they are warned about something so far in the future. Their concern is to get food for this week."

Appel and Grayson are at the CASM conference to advocate alternatives to mercury. Borax is one substance that works just as well and is also cheaper, they claim

(but others, such as Bern Klein of the Institute of Mining Engineering of the University of British Columbia, think the advantages of borax are overrated). Grayson says that he has documented 75 ways to extract gold without mercury. The difficulty is to convince the ninjas. They live in isolation and are suspicious of the authorities and of society.

DEVELOPMENT OPPORTUNITIES

"The fundamental problem is that the ninjas' activity is illegal," says Gotthard Walser, who works in the CASM secretariat. "We want to turn the mining industry into a means of development. But as long as they (the ninjas) are illegal, it won't work."



Ninjas run from a security guard who is employed by a small scale private mine that operates near Olt, Mongolia. Ninjas generally scavenge for gold in areas that have already been dug up by larger operators as this gives them easy access to the subterranean dirt that contains gold. Occasionally they trespass on active mine sites. For this reason many mining companies employ armed security guards to protect their claims.

Photo: Jackson Lowen





A site popular with artisanal gold miners in a river valley near Olt, Mongolia. Mongolia was a satellite state of the Soviet Union until 1990. The fall of communism led to economic collapse and social marginalization in Mongolia. Only in recent years has the economy begun to recover.

Photo: Jackson Lowen



"There are many good examples from South America. In Ecuador, for example, conditions were medieval. But five years after legalization, what we see is orderly development and improved earnings. In Mongolia the trend has been rather toward an increase in raids against the ninjas. In the areas around the mines such as Zaamar the mining company managed to get the police to declare something resembling a state of emergency in which the ninjas are arbitrarily thrown in prison."

Mining minister Lu Bold has not mentioned any plans to legalize their activity. All political energy in Mongolia is presently devoted instead to Oyu Tolgoi, an enormous mining project in the Gobi Desert to be run by the Canadian firm Ivanhoe. It has the potential to become the world's biggest gold and copper producer. After years of negotiations, the agreement has been brought before parliament. If it goes through, other western and Asian companies will be lining up to get a piece of Mongolia's rich mineral deposits. For example, there is Tavan Tolgoi, which is estimated to have enough coal to cover all of China's imports for three years. And China is the world's biggest consumer of the stuff. That could potentially lift Mongolia out of poverty. But examples from other countries rich in natural resources such as the Congo are terrifying. Mongolia is a democracy. Ivanhoe investment projects have led to angry protests from pressure groups. They are afraid that the foreigners will take too large a share of the profits out of the country. Many also fear the proceeds will end up in the pockets of corrupt politicians.

"It would be better if the ninja activities were legal. Then there wouldn't be such chaos here," says Badamtseren as he looks out over the Olt valley. No mercury is used here. But even so, the effects on the environment are still evident. There used to be a river here, but now it's been ruined. Downstream the herdsman are complaining that the water is polluted and that there is no longer enough of it. When the water runs out, they will be forced either to join the ninjas or move to the growing slums of Ulan Bator.

"I sometimes feel pain when I see this, it looks dreadful! But we have to survive; I don't know what to say... The big companies ought to restore the land," says Badamtseren. He himself used to be a herdsman on a collective farm. But when the Soviet Union collapsed, he lost his job. He says he misses the security of Soviet times. And for an old herdsman who believes that nature is sacred it is difficult to collaborate in destroying the environment. Then his wife suddenly shouts: "Look at this!" she says smiling, holding up a straining cloth. In it is a glittering flake of gold, as big as the head of a pin.

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Badamtseren, artisanal gold miner

MONGOLIA'S UNION ON THE OFFENSIVE

"This is not Burma, this is a country with a glorious history and a democracy. The foreign investors have to learn to understand that," says Ganbaatar Sainkhoo. In June he was elected as president of the Confederation of Mongolian Trade Unions (CMTU), the national centre of 14 national sector unions that represents 450,000 members and affiliated to the International Trade Union Confederation in 1994. (The IMF does not have any affiliates in Mongolia.)

The transition to capitalism in the 1990s was a shock for the CMTU. Their methods and organization were left over from the Soviet period. Over the last 16 years they have struggled to adapt to a modern society.

Recently the CMTU has been actively learning from Mongolia's lively civil society. During the autumn, the CMTU conducted a strike that succeeded in forcing up the price of coal and thus the miners' wages. Ganbaatar used to be the leader of "Just Civil Society", which protested against the government's stability agreement with foreign companies such as Ivanhoe.

"If we had not taken up the struggle, our ancestors would have punished us. We have nothing against Canadian investors per se, but they can't just come in here and grab whatever they want." Afterwards Ganbaatar was pleased with the protests.

"It was worth the struggle. At first Ivanhoe gave the Mongolian people only two per cent of the profits. Now we get 34 per cent. That means a lot to us, it corresponds to hundreds of hospitals, schools, libraries and theaters." At the same time, Ganbaatar stresses that the CMTU does not want to be seen as a troublemaker, it wants to contribute to constructive solutions.

Additional research / **Jargal Byambasuren**

He says that Mongolia's politicians are not experienced enough to be able to negotiate against shrewd multinational corporations.

Next year the CMTU will concentrate on defending its members' interests. "We won't be able to work with the ninja gold diggers before 2009. They are part of our program to organize the informal sector. Step by step we will come closer to these groups," says Ganbaatar.

He explained that 70 per cent of Mongolia's population worked in the grey, informal economy. "The ninja gold diggers are a result of the government's failed policy. We have to create more jobs that pay more than what they can make by digging."

Ganbaatar thinks that the situation for the unions in Mongolia is quite good compared to that in most Asian countries. "We are independent of party politics and we work exclusively for our members' interests."

A few months ago they signed a National Tripartite Agreement. The concept comes from the United Nations' labour organization, the ILO. It is a forum that brings together the government, the union and the employers' organization. They negotiate inter alia national and regional collective contracts. Ganbaatar sees that as great progress since it gives the union real influence at the level of the authorities. So far the CMTU has had no experience with union activity in big foreign mining projects.

"The foreign companies used to ignore us. But now they have to realize that they need us, since according to the tripartite agreement the CMTU has the right to take part in the licensing process for strategically important foreign investments," says Ganbaatar.



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**Ganbaatar Sainkhoo, President,
Confederation of Mongolian Trade Unions (CMTU)**



The miners live in Ghers (traditional Mongolian tents). The landscape is dotted with holes dug by the miners. Different social classes, students, teachers and herdsmen have been drawn into the gold rush. The peak was reached in 2002 when there was a "zud" winter and livestock died off.

Photo: Jackson Lowen