

# Mining and Reconciliation: Negotiating the Future of the Panguna Mine in Bougainville



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In 1989, the massive Panguna copper mine, which was at the centre of a decade-long conflict in Bougainville, was forced to close. Twenty-five years on, Bougainville is readying for a deferred referendum on independence — one of the central pillars of the Bougainville Peace Agreement — to be held sometime between 2015 and 2020. As the territory contemplates its political future, and how it will generate the revenue needed to support either meaningful autonomy or an independent state, the possibility of reopening the Panguna mine is prominent on the political agenda. Three of the options being considered are: 1) The mine never opens again; 2) The mine opens again under Bougainville Copper Limited (BCL); 3) The mine opens again under control of some other company. This *In Brief* focuses on one of these possibilities: reopening the mine under BCL. In particular, it discusses a variety of local expectations in relation to material and symbolic reparations that face BCL, operator of the closed mine, if it were to resume operations in Bougainville.

## Consultations on a Return to Panguna

To gauge local support for the resumption of mining at Panguna, the Autonomous Bougainville Government (ABG) and the Papua New Guinea Government agreed in 2008 that the 1967 Bougainville Copper Agreement (BCA) should be reviewed. As the agreement has not been reviewed since the 1970s, landowners and the Bougainville Government have been left with uncertainty on a number of important issues such as the availability of revenues from Panguna in the future, and responsibility for stabilising the mine site if it is never to reopen.

But by 2010, all parties agreed that if Panguna were ever to reopen, it would require not just a review of the BCA, but an entirely new agreement. This was based on a view expressed in public consultations that it would be unacceptable ‘for the first Bougainville mining law to give any form of recognition to the BCA, or to any mining exploration or development licences granted to

BCL under the grossly unfair colonial mining law operating in the 1960[s]’ (Regan 2014:90). When the ABG passed the August 2014 Bougainville Mining (Transitional Arrangements) Bill, BCL was stripped of all lasting tenements, instead vesting it with an exploration license over its former Special Mining Lease. In response, Rio Tinto, majority (53.83 per cent) shareholder in BCL, [announced a review of its investment in BCL](#).

In spite of uncertainty about Rio Tinto’s involvement, there has been ongoing engagement of ABG and landowner leaders with BCL since July 2012 about a potential return to mining at Panguna under BCL. This interest is based on the belief that ‘better the devil you know’, implying that BCL is open to righting previous wrongs by adhering to social and environmental best practice — something, it is feared, a new company may not. Underlying this seeming openness to BCL is also a trust that the company has learned from its mistakes, and, as a consequence, would be more committed to protecting the rights of landowners and their environment in the future.

Support for BCL and large-scale mining, however, is far from universal. There are significant fears that reopening the mine could jeopardise Bougainville’s peace process and lead to a resurgence of the social and environmental problems that plagued Bougainville during the operating years of the mine. [The inclusivity of the ABG’s landowner consultations has also been challenged](#), especially regarding the involvement of youth, women and children — although this is contested by [President Momis](#).

## Material and Symbolic Reparation

Given that there is at least some interest in considering a return to mining at Panguna under BCL, it is worth considering what might be expected of the company if it were to be invited back to Bougainville. Research I have conducted in Bougainville suggests an expectation that the company would make both material and symbolic reparations for the contribution of mining to the Bougainville

conflict (McKenna 2014). For example, there is a strong expectation for BCL to resolve the outstanding issue of 1990 compensation and rent payments. Despite the firmness with which compensation is being demanded, Bougainvilleans are also suggesting that an apology and/or reconciliation with BCL should take place. While the ultimate aim of this would be to rebuild relationships, reconciliation would be the start of this process, not the end.

Local reconciliation efforts have been central to conflict resolution in Bougainville. While it is recognised that the experiences of the conflict will not be healed overnight, there is a seeming sense of confidence that if BCL were to engage in the 'Bougainville way' of reconciliation, there would be a strong foundation for a new working relationship with locals.

### Prospects and Obstacles

It is possible that BCL executives will want to avoid participation in this type of reconciliation, primarily through fear that any admissions of responsibility might be used in litigation. However, even allowing for these risks, engagement in reconciliation could be a win-win scenario for both BCL and landowners. For example, the regulatory literature suggests that where an apology is given, victims are less likely to seek redress through judicial mechanisms (Healy 2011:269). On the other hand, a non-judicial redress mechanism may be viewed by critics as an 'easy way out' for a company accused of [war crimes](#).

An argument in favour of a process that holds local meaning, however, is that BCL could be in a better position to demonstrate awareness of the social and environmental damage that mining brought to the island. If landowners then invited BCL to reopen Panguna, it would send a strong message to both current and future shareholders that Bougainville copper represents a secure investment. For landowners, reconciliation would be a test for how culturally sensitive BCL would be if it were to reopen Panguna.

A customary reconciliation process known as *Bel Kol* (translated as a cooling of the heart) between BCL, landowners, ABG, ex-combatants and community leaders is now under consideration. Consideration of this began when Paul Coleman

(as PNG Manager for BCL) visited Buka in 2012 and met the ABG and about 40 Panguna landowner representatives. Landowners said they wanted BCL to re-establish a presence in Bougainville to begin evaluation on the extent of the environmental damage, to assess local community needs, as well as to conduct impact studies required before negotiations (Momis 2014:5). The landowners decided that before a presence could be established, *Bel Kol* was essential. [BCL agreed to this suggestion](#) and it was anticipated to occur in 2014, but has since been delayed until after the 2015 Bougainville elections.

### Conclusion

There are no guarantees that acknowledgement of previous errors through customary reconciliation practices will result in a more considered approach in the future. Even if BCL is invited back to Bougainville and is willing to make reparations for the past, future harmful practices — intentional or otherwise — will always be a risk. There are many possibilities that could unfold on Bougainville as it approaches the referendum on independence. While mining companies are not generally imagined as 'peace builders', BCL's participation in local reconciliation is one of the possibilities that may eventuate to bring Bougainville closer to reopening the Panguna mine, which is seen by some as crucial for future economic autonomy.

### Author Notes

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### References

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