

West Papua mine paid \$18.5m to military

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By Sian Powell in Jakarta, Australian Herald and Weekly Times

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FREEPORT Indonesia has been forced to reveal it paid more than \$US11million (\$18.5 million) to the Indonesian army over the past two years for security at its operations in strife-torn west papua.

It is the first time the mining giant has admitted the full extent of the military's involvement in the controversial gold and copper mine.

US shareholders in the parent company Freeport-McMoran Copper & Gold Inc demanded a full report on the Indonesian military's involvement in the Freeport operations in west papua.

"Transnational corporations operating in countries with repressive governments, ethnic conflict, weak rule of law, endemic corruption or poor labour and environmental standards face serious risks to their reputation and share value if they are seen to be responsible for, or complicit in, human rights violations," the shareholders' resolution reads.

The shareholders, including a teachers' union, were concerned about reports of human rights abuses by the military in Indonesia, especially in west papua.

There has been discontent with Freeport's west papua operations, leading to riots that have been brutally quelled by the Indonesian army. Last year, a convoy nearing the mine was shot at, killing two US teachers and an Indonesian national. Questions have been raised about the Indonesian army's involvement in the shooting.

Freeport Indonesia told The Weekend Australian yesterday: "The Grasberg mine has been designated by the Government of Indonesia as one of Indonesia's vital national assets. This designation results in the military's playing a significant role in protecting the area of company operations."

Since Freeport Indonesia began operations in west papua, the Indonesian military, along with the police, has had a presence in the working area to provide security.

Conceding that Freeport Indonesia had contributed \$US35 million over a number of years to provide infrastructure for the troops in the area, the company detailed more recent payments.

According to the statement, expenses associated with government-provided security for the mine operations cost Freeport \$US5.8 million in 2001 and \$US5.6 million in 2002.

The support comprised infrastructure costs, catering, accommodation, fuel, transport, allowances to cover incidental and administrative costs, and community assistance programs conducted by the military and police.

Indonesian army spokesman Lieutenant-Colonel DJ Nachrowi said yesterday he would check the information.

"As the chief of TNI (the Indonesian military forces) says, we admit we get support from Freeport, but it's only material support, and it's not as much as has been said."

A spokesman for Rio Tinto, which owns 16 per cent of the parent company Freeport-McMoran Copper & Gold Inc, said that management of the Indonesian mine was the responsibility of Freeport, and it was inappropriate for a minority shareholder to comment.