

Freeport shuts Papuan gold mine in new strike-breaking bid

Mike Head
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Mounting resistance by striking miners at the huge Freeport-McMoRan gold and copper mine in the Indonesian province of Papua forced the company to suspend operations on Monday in a fresh bid to break the five-week strike for higher wages.

Nurhadi Sabirin, a vice president for PT Freeport Indonesia, said in a video conference with journalists and investors that the decision would affect all operations at the Grasberg open-pit and underground mines. The company refused to say how long the closure would last.

The shutdown came a week after para-military police, mobilised by President Bambang Yudhoyono's government to back the company, opened fire on protesting workers in the nearby port of Timika, killing striker Petrus Ayamiseba and wounding a dozen more.

Over the past week, incensed by the shooting, hundreds of miners and their supporters have blockaded the mine, barring access to strike-breakers and contractors, and cutting off supplies, including food. The protesters have also blocked the local airport and port, further disrupting supplies to the Grasberg complex in Tembaga Pura and Kuala Kencana.

In addition, the 110-kilometre pipeline that channels gold and copper concentrates from the mountainous mine to Timika has been cut in several places. Last Friday, three contractors were killed and three injured in a reported ambush on a road leading to the mine.

It remains unclear who was responsible for the sabotage and killings. In the past, the Indonesian military has been implicated in orchestrating such attacks, in order to justify the build-up of the military and the police in the region, and to reinforce protection rackets operated by the military. The US-based company has previously admitted paying military commanders millions of dollars per year to provide

security against its workers, displaced local villagers and separatist guerrillas.

Police spokesman Senior Commander Wachyono indicated that a large-scale police operation was underway. Officers with sniffer dogs were combing the area, he said, looking for six gunmen who attacked the Freeport vehicle.

Although the company blamed "sabotage" and "security issues" for the mine closure, it appears that the week-long workers' action was a greater cause of the shut down. Freeport spokesman Ramdani Sirait said: "The mob outside of the Freeport complex is still blocking the way," adding that the protesters were using heavy digging and earth-moving machinery to enforce their blockade.

"The blockades automatically closed access to and from our work area. One of the effects is that many containers carrying [supplies for] the operational needs and daily needs of families at the mining sites have been stranded at the harbour," Ramdani said.

Since the former Suharto military regime handed Freeport a licence to open the mine in 1967, successive Indonesian governments have fiercely protected its operations. It has become the world's largest and most profitable gold and copper mine, while paying miners as little as \$1.50 an hour.

In keeping with this backing, Yudhoyono's government has rejected calls by family members and non-government organisations for an independent investigation into the police shootings that killed Petrus Ayamiseba and maimed other workers. A presidential spokesman, Julian Aldrin Pasha, last week told reporters that the police were investigating the incident

and “we are waiting for the results of the investigation.”

While retaining its strong backing for the Arizona-based company—the Indonesian government’s largest single source of tax revenue—the Yudhoyono administration has urged the management to resolve the strike by taking it to the country’s industrial court.

The Freeport Labor Union, affiliated to the Confederation of All-Indonesian Workers Labor Union (SPSI), has not only agreed to abide by the court’s verdict but also has cut the strikers’ minimum pay claim to \$7.80 an hour, far below the initial \$17.50. SPSI spokesman Juli Parorongan told Reuters: “The union is willing to consider [lowering] the demand to an ideal level.”

The union representative complained that the police shootings had complicated the prospect of settling the dispute. “This is a result of unstoppable emotion of the people who were angered by the death of a worker. The union can’t do anything about this,” he told journalists.

While the union is seeking to make a deal to shut down the strike as soon as possible, Freeport-McMoRan is also attempting to break an almost equally long strike by its copper miners in Peru. Some of the workers at the Cerro Verde mine launched a hunger strike on Monday, in a bid by their union to pressure the Peruvian government to intervene into the strike, which broke out on September 29.

The Peruvian workers are demanding an 11 percent pay rise. President Ollanta Humala’s government has declared the strike legal, meaning that the strikers cannot be sacked outright, but is apparently nervous about the response of strikers if it unilaterally imposes a pay settlement. Instead, it has been calling on the company and the union to reach a negotiated solution.

On both sides of the Pacific, governments and trade unions are working hand in glove with the giant American corporation to allow it to continue its cheap labour exploitation. According to its own data, the profit rates from the company’s 14 mines in North and South America, Africa and Indonesia are phenomenal. For the first half of 2011, Freeport reported that the average realised price for its Indonesian copper was \$US4.23 per pound. It paid just \$0.16 in royalties and,

after various adjustments, only \$0.02 in net cash costs.

In July, Freeport McMoRan announced net income of \$2.9 billion for the first six months of 2011, almost double the \$1.5 billion recorded in the first half of 2010. Chairman James Moffat and CEO Richard Adkerson commented that “favourable pricing for our products” had helped generate “attractive returns for shareholders”.

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