

Indonesian government orders police to break Papuan mine strike

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Acting in close cooperation with the Obama administration in the United States, the Indonesian government of President Susilo Yudhoyono has declared its intention to break the two-month strike at the massive Freeport-McMoRan gold and copper mine in the province of Papua.

Police violence is being prepared to disperse the blockades that have effectively shut down the mine, underscoring the alarm that the militant strike by some of the lowest-paid mining workers in the world has caused in both Jakarta and Washington.

Indonesia's newly appointed energy and mineral resources minister Jero Wacik met on Monday with the US ambassador to Indonesia, Scot Marciel, to discuss the Freeport dispute, which last week forced the Arizona-based company to declare a *force majeure* (default) on its copper contracts.

The Yudhoyono government announced that it was sending deputy mineral resources minister Widjajono Partwidagdo to Papua to get the mine operating again before dealing with the demands of the 8,000 strikers for higher pay. Indonesian police set a 48-hour deadline for workers to stop demonstrating or blocking access to mine facilities.

Deputy minister Widjajono said his first priority would be to restore order. "Essentially [Freeport-McMoRan wants] security to return to normal," he told the *Jakarta Globe*. Only after the mine was up and running, he added, would the strikers' demands be discussed.

According to workers, police armoured cars, heavy loaders and bulldozers have been sighted on their way to attack the strikers' blockades. The local police commander, Deny Edward Siregar has issued an ultimatum, accusing the strikers of breaching criminal laws. "The strike has shifted its orientation, and become demonstrations without asking permissions from the police and has blocked access to roads

that are vitally important for the national interest," he stated.

Thousands of miners and their supporters began blockading the company's operations last month, after paramilitary police opened fire on protesting workers in the nearby port of Timika, killing a striker and wounding a dozen more. The Yudhoyono regime has rejected calls for an independent investigation into the shootings.

Workers have been further incensed by the revelation that police have been receiving cash payments from Freeport-McMoRan, underscoring the intimate relations between the company, the government and the security forces.

National Police Chief General Timur Pradopo last Friday admitted that police units had been paid "pocket money" by the company. Human rights group Kontras had leaked a letter from Papua police saying that Freeport paid 1,250,000 rupiah (\$US134) a month each to about 635 police and military personnel, adding up to \$14 million annually.

At a press conference in Jakarta on Tuesday, a company spokesman defended the payments, declaring that they were legal under the "Voluntary Principles on Security and Human Rights," an international agreement initiated by several large companies and governments, including the US and Britain.

This international protocol further demonstrates the extent to which governments and their police and military forces operate at the behest of the world's largest mining companies, enforcing the exploitation of mine workers.

The Freeport miners are currently paid as little as \$1.50 an hour, even though the mountainous Grasberg open-pit and underground complex is the world's largest and most profitable gold and copper mine. Buoyed by soaring commodity prices, the company's first half-year profit jumped to almost \$3 billion, nearly double the figure for the first six months of 2010.

Talks between the company and the All-Indonesian Workers Union (SPSI) broke down last week, despite SPSI cutting its minimum wage claim to \$7.80 an hour. This is far below the initial \$17.50 claim, which was said to be aimed at bringing the Papuan miners more into line with the wages paid by Freeport in its North American operations, which were acquired from Phelps Dodge in 2007.

Company spokesman, PT Freeport Indonesia chief administrative officer Sinta Sirait, dismissed the revised demand out of hand as “too high”. He refused to lift the company’s offer of a 30 percent rise—about seven times less than even the union’s reduced claim.

Freeport briefly halted production in mid-October in a previous unsuccessful bid to break the strike. It said on Tuesday that the mine was still only producing ore at “reduced levels” because workers’ blockades had prevented it from repairing the allegedly sabotaged 110-kilometre pipeline that channels gold and copper concentrates to Timika.

Such is the poverty in Papua that an estimated 10,000 itinerant gold panners work in the river carrying the mine’s waste, or tailings, from the company’s mill. The army and police have also been involved in that enterprise, with military trucks carrying panners to points along the river for 1 million rupiahs (\$US112) each, and the police acting as middlemen for gold shops in Timika.

The Indonesian government itself has a massive stake in the mine, which is its largest single source of tax revenue. It owns more than 9 percent of PT Freeport, with the US parent company retaining the remainder. Since 1991, when the former Suharto military dictatorship renewed Freeport’s licence for up to 50 years, the company has provided nearly \$13 billion to the government, despite paying only 1.5 percent royalties.

The Anglo-Australian mining giant Rio Tinto also has a substantial interest in the mine, in which it was a 12 percent partner between 1995 and 2004. As a result of its 1995 investment in Grasberg’s underground extension, Rio Tinto is entitled to 40 percent of the mine’s production from the expansion.

Yudhoyono, who won the Indonesian presidency in 2004, has presented himself as a political reformer, but his career epitomises the interlocking relations between the government, the military and the mining companies. A former senior general under Suharto, he became mines and energy minister under President Abdurrahman Wahid in 1999. He was later elevated to security coordination minister by Wahid, a post he resumed under President Megawati

Sukarnoputri following Wahid’s ouster in 2001.

The Freeport strikers have begun to win support from the Occupy movement. People from the Occupy Phoenix encampment marched to the Freeport-McMoRan headquarters in the city on Monday. They carried signs such as “Shame on You Freeport” and “Freeport Wages not Bullets.”

US President Obama, who is due to visit Indonesia this month, has strengthened relations with Jakarta as part of Washington’s escalating efforts to combat Chinese influence in the Asia-Pacific region. Freeport is regarded in Washington as a strategic US interest. Its CEO Richard Adkerson is a listed speaker at the Asia-Pacific Economic Cooperation CEO summit, to be held in Honolulu on November 10-12.

The global dimension of the issues raised by the Freeport confrontation are highlighted by the fact that workers at the company’s Sociedad Minera Cerro Verde copper mine in Peru have been on strike since September 29. They are demanding pay rises of 11 percent, while the company has offered just 3 percent.

It is the first strike in the 40-year history of the Cerro Verde operation. However, the union covering the strikers has called on President Ollanta Humala’s government to intervene to establish a new labour agreement. Humala previously declared the strike legal but has demanded a negotiated settlement between the company and the union.

The author recommends:

Freeport shuts Papuan gold mine in new strike-breaking bid

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