

# Thousands of workers on strike at Freeport mine in Papua

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As many as 9,000 workers are continuing strike action at the Grasberg copper and gold mine, operated by the Indonesian arm of Freeport McMoran in the province of West Papua.

The stoppage was called at the beginning of May, against furloughs imposed by the US-based company in response to a contractual dispute with the Indonesian government. The strike has been extended for another month, with reports that 2,000 strikers have been laid off.

The strike reflects mounting social unrest among Indonesian workers, spurred by widening inequality, along with ongoing anger in West Papua over widespread poverty and the corporate exploitation of the region's resources.

The trigger for the dispute was the introduction of new mining laws by the Indonesian government of President Joko Widodo in January. The changes meant Freeport could no longer operate the mine on the basis of previous contracts, but would require a "special mining permit." The current contract was signed in 1991 and was set to expire in 2021. Freeport was seeking an extension.

Under the new permit, the company would have to pay taxes and royalties from which it had been exempt, divest 51 percent of stock in its Indonesian unit to the government, and build a second smelter at the mine.

The legislation was a result of intense pressure on the government from sections of the Indonesian business elite, pushing for a turn toward economic nationalist measures, amid a slump in commodity prices, upon which the Indonesian economy is heavily reliant.

The Widodo administration has repeatedly granted concessions to foreign exporters. However it is locked in a political conflict with 2014 presidential candidate Prabowo Subianto and other figures, who have

advocated increased taxes on foreign corporations and greater government intervention in the economy.

Grasberg is the world's second largest copper mine, and among the most profitable. Some \$3.1 billion worth of copper and gold was extracted from the mine in 2015 alone. According to critics of the company, it currently pays around \$600 million in taxes and royalties per year.

Widodo's move was also an attempt to head off growing social unrest. Mass discontent found distorted expression in the participation of tens of thousands of people in demonstrations called by right-wing Islamist organisations in the lead-up to last month's Jakarta elections for governor, based on a chauvinist campaign against the incumbent, and vague populist appeals. Those who led the demonstrations are opponents of Widodo. There have also been protests across the country calling for Freeport Indonesia to be nationalised.

Freeport McMoran responded with unalloyed hostility to the changes, which put a halt to immediate exports of copper concentrate. In February, it served notice it would attempt to force international arbitration if no deal were reached within 120 days.

In a signal of the company's clout, US Vice President Mike Pence reportedly raised the dispute in talks with Widodo last month. That followed a government decision to allow a resumption of the mine's new copper concentrate exports.

The *Jakarta Post* said at the time there was "no legal basis" for the move, and the company was receiving "red-carpet treatment, again." Carl Icahn, the third-largest shareholder in Freeport internationally, has close ties to the US administration of Donald Trump.

In mid-April, the company introduced a furlough policy, effectively laying off 2,000 workers with little

notice, for an extended period and cutting back production. The workers faced the prospect of losing benefits, along with accommodation. Around two-thirds of the 30,000 workers at Grasberg are on contracts.

The Chemical, Energy and Mine Workers Union (CEMWU) called the strike at the beginning of the month, initiating it with a May Day demonstration. Workers demanded an end to the furlough policy, and the abrogation of their conditions. Freeport responded by declaring that the strikers “voluntarily resigned.” Over the past two weeks, around 2,000 workers have received letters terminating their employment.

The potential for the dispute to provoke explosive struggles was underscored by the police shooting of workers near the mine on April 20. A group of miners had staged a protest outside the Timika district court, in opposition to the prosecution of one of their colleagues on embezzlement charges. Six miners were reportedly injured after police opened fire. The authorities claim they are investigating the incident.

Commentators in the Indonesian and international press have voiced fears that the strike could intersect with unrest and discontent among Papuans, who are subjected to discriminatory policies by the Indonesian government. Some 634 of the fired workers are reportedly Papuan.

The CEMWU has made clear it is willing to strike a sell-out agreement with the company and the government. The union denounced Freeport management for bypassing the company’s Special Arbitration Panel, on which members of the CEMWU sit, when introducing the furloughs. CEMWU leaders said they would have preferred not to have taken strike action.

Underscoring its right-wing, pro-business character, the union engaged in backroom discussions with US embassy officials on May 24, and talks with Indonesia’s Manpower ministry.

Freeport mines have been at the centre of major industrial struggles for a number of years. The company began operations in Indonesia in 1967, signing a sweetheart deal with newly-installed military dictator Suharto.

In October 2011, workers at the Grasberg mine went on strike for three months over a wages dispute. The company responded by shutting the mine. Police

opened fire on protesting strikers, killing at least one worker. Clashes during the dispute resulted in a total of nine deaths. Former President Susilo Yudhoyono’s government collaborated closely in the attempts to break the strike.

In December 2011, the CEMWU signed an agreement ending the industrial action. The deal provided for a pay increase of just 37 percent over two years. The miners, who were paid as little as \$1.50 an hour, were demanding a 300 percent rise. The latest dispute underscores that the union-company agreement did not resolve any of the issues confronting miners.

As it did in 2011, the union is seeking to isolate the strikers at Grasberg from the struggles of miners around the world. In March, 1,300 workers at Freeport’s Cerro Verde mine in Peru went on strike, demanding a greater share of the mine’s profits, improved healthcare and involvement in the investigation of work-related accidents. In February, workers at BHP-Billiton’s Escondida mine in Chile, the largest copper mine in the world, took industrial action over wages and conditions.

In each instance, the trade unions have sought to prevent the development of an international movement of miners, who operate a strategic sector of the global economy, in opposition to the relentless assault on jobs, wages and conditions prosecuted by the transnational mining behemoths.



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