

# Barrick Gold and Canadian imperialism—a predatory partnership

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9 October 2022

Recent developments related to Barrick Gold, by some measures the world's largest gold mining corporation, highlight the heavy dependence of Canada's mining companies on the imperialist thuggery of the Canadian state for their continued operations and profits.

In April, the *Globe & Mail* newspaper revealed that Barrick had been ordered to produce as many as 120,000 documents to defend itself in a London UK court. It is being sued by Tanzanian claimants in respect to the killings and injuries of local villagers by Tanzanian police and security forces—paid, fed, and housed by the company—at its North Mara mine. “The claimants,” reported RAID, an anti-corporate malfeasance NGO, “include the family of a nine-year-old girl killed by a mine vehicle driven by police, and four women who were fired upon while gathering around her body. Barrick’s subsidiaries deny liability.”

Over the years scores of villagers have been killed or injured, but leaked documents expose that the Canadian state accepted Barrick’s denials at face value, concerned only to cover up the violence, lest it get in the way of resolving Barrick’s enormous tax and export problems.

The following month the *Globe* reported some of the sordid details of Barrick’s \$190 billion tax and export dispute with Tanzanian authorities, exposing the intimate involvement of Canadian officials and diplomats in Barrick’s negotiations with the Tanzanian government. The *Globe*, as the principal mouthpiece of Canada’s capitalist ruling class, was determined to obscure the political and historical context of its own reporting.

The truth is that Barrick’s profitable Tanzanian operations only exist due to decades of relentless pressure exerted on Tanzania by the Canadian state, which took full advantage of the political bankruptcy and greed of successive Tanzanian bourgeois nationalist governments.

The Canadian International Development Agency (CIDA) first threatened to withhold food aid in 1985 if Tanzania refused to open up its economy to Canadian mining investments. Canadian state pressure played a major role in bullying Tanzania away from its policy of *Ujamaa* or agrarian “African Socialism.” In reality *Ujamaa* had nothing whatsoever to do with socialism. It was a reactionary nationalist and backwards-looking development policy pursued disastrously by the Tanganyika African National Union, (TANU), and then its political successor, the *Chama Chai Mapinduzi* (Party of the Revolution) after independence from British colonialism in 1961.

Subsequent “market reforms” demanded and imposed by imperialism combined with colonialism and state-led post-colonial national capitalist development have restricted Tanzania to a very low level of economic development. Annual per capita GDP is \$2,200, and half the population lives on less than \$1.90 USD per day.

Mining investment is held up by Canadian imperialism as a “solution” to the problem of African development. But the problems of African development are due entirely to capitalism and imperialism. Despite making investors in imperialist countries obscenely wealthy, Tanzania’s entire mining sector accounted for only 6 percent of its meagre US \$62 billion GDP in 2020, including investment, wages and taxes. To compare,

Canada’s 40 largest mining companies had revenues of US \$124 billion in 2020, equivalent to 7.5 percent of Canada’s GDP, with most of this revenue flowing into Canadian markets from foreign mining operations.

Canada is Tanzania’s single largest foreign investor, focused on the removal of billions of dollars of mineral wealth per year from the country, for which the Tanzanian state has historically received a pittance in royalty fees. Similar in many aspects to the political leaders of the former Soviet Stalinist republics, CCM party officials today preside over a corrupt gangster state, with factions battling over control of various rent-seeking and bribe-taking schemes connected to the mining sector and government contracts.

Canadian pressure has only intensified this corruption.

In 1996, in the aftermath of International Monetary Fund (IMF) “structural adjustment reforms,” and after the threat of the withdrawal of hundreds of millions in development loans, “exploration” at what is now Barrick’s Bulyanhulu gold mine was undertaken by a Canadian company, Sutton Resources. Little real “exploration” was required however, as the area was already being mined by more than one hundred thousand small-scale Tanzanian miners, who had been encouraged by the old *Ujamaa* policy.

Then Canadian High Commissioner to Tanzania, Verona Edelstein pressured the Tanzanian government via diplomatic channels, on Tanzanian television and in the press into evicting the small-scale miners from the area to allow the Canadian mine to be built. In the violent evictions that followed, as many as 60 artisanal miners were buried alive when bulldozers filled in their pits. [1] Barrick subsequently purchased Sutton Resources and Bulyanhulu in 1999.

Barrick has enjoyed the constant support of the Canadian state ever since. Canadian Prime Minister Stephen Harper notably used a 2007 trip to Tanzania to visit Barrick’s operations while Barrick was using scabs to break a strike of more than one thousand Bulyanhulu mine workers.

More recently, Canadian mining industry profits were assisted by the Tanzanian government’s abandonment of any fight against the COVID pandemic. Reporting on any COVID cases or testing in Tanzania is illegal. Former president Magufuli declared the pandemic defeated in June 2020, due to “prayer,” but died of COVID himself in early 2021, along with tens of thousands of uncounted Tanzanian workers.

In 2020, as the pandemic raged, Canadian minerals and mining imports experienced 2.5 percent growth, while the value of all other imports save agriculture shrank dramatically. The value of Canadian mining assets abroad increased by 3.5 percent in 2020. Gold miner’s profit per ounce was a record-setting \$828 in 2020.

According to a sub-secretary in a Latin American ministry of mines, “the Canadian ambassador here is a representative for Canadian mining companies.” [2]

## Canadian imperialism and mining

Canada has 0.48 percent of the global population but is home to 80 percent of the world's mining companies. The total value of Canadian foreign mining investments stood at \$273 billion in 2020, according to Natural Resources Canada. Latin America is the principal target of Canadian mining investment, followed by the US, and then Africa.

The dollar value of these capital investments is deceptive, however. The investments extract 50% of their value in *revenue* each year, (\$143 billion in 2021), much of it from structurally impoverished countries with vast mineral wealth. It has been estimated that between 1990 and 2015, imperialist countries appropriated \$242 trillion dollars from the former colonial and other historically oppressed countries. [3]

If Canada's foreign mining investments are often more profitable than many other sectors of the economy, they are so because of the financial support structures for mining corporations created by the imperialist Canadian state, and the pressure it exerts on various comprador bourgeois governments to repress their workers.

Lax rules for the establishment of mining joint stock companies on the Toronto and Vancouver stock exchanges require listed companies to have neither revenue nor profits. [4] Among mining investors, a saying goes that "a gold mine is simply a hole with a liar at the top." 43 percent of the world's mining companies are listed on the TSX (Toronto Stock Exchange).

Export Development Canada's mining loan portfolio of state-backed credit stood at \$6.5 billion in 2021. The Canada Pension Plan, which invests the state pension contributions of workers which are deducted from their every paycheck by law, holds major investments in Arnico Eagle, Barrick Gold, Fortis, ARC Resources, Ivanhoe Mines, Kinross Gold Corp, Lundin Mining, Nutrien (formerly Potash Corp) Tek Resources, and Wheaton Precious Metals Corp. There are more mining companies in its stock portfolio than from any other sector of the Canadian economy.

The Canadian Government maintains 160 trade commissioners across the globe, whose job is to translate the demands of Canadian capital into local economic policies favorable to the maximization of Canadian capitalist profits. The Federal Ministry of Global Affairs enforces corporate demands with the full power of the Canadian state, demanding that any country where Canadian firms wish to invest tailor its laws to enable the maximum extraction of profits.

The recent history of Barrick Gold in Tanzania illustrates these relationships in stark detail.

### Profits dependent on the Canadian state

When the Tanzanian government inspected Barrick's "gold concentrate" shipments (a semi-processed ore requiring special refining techniques) bound for export in the port of Dar Es Salam in early 2017, it allegedly found that the quantity of gold and other minerals in the concentrates was much larger than the company's officials had declared. [5]

Barrick's then-Tanzanian subsidiary Acacia Mining reported that each shipping container of gold concentrate contained 3kg of gold. But the Tanzanian government's audit determined that the gold content was 7.3 kg per container.

Because the Tanzanian government's agreement with Barrick and other gold miners levied a royalty of 4 percent of the gold value exported, long-term under-reporting of the gold content in "concentrates" would mean

that the Tanzanian government was being cheated of significant royalties for decades; "significant" at least in terms of the pittance offered to it by its old contract with Barrick.

The Tanzanian audit determined that the total value of the gold in concentrate really being exported from the country by Barrick was in excess of \$1.8 billion per year, as opposed to the \$1.045 billion as declared by the company, and for which the Tanzanian government would have been paid approximately \$72 million, instead of the \$42 million it actually received. This came on top of ongoing tax disputes dating back to 2000 worth \$500 million. Acacia had claimed to be "non-resident" in Tanzania for tax purposes, as it was incorporated in the UK, and that Tanzanian law therefore did not require it to pay *any* taxes.

In response to the findings of the audit, the Tanzanian government enacted a ban on the export of gold and copper concentrates, seeking to pressure the miners to establish gold smelting resources in Tanzania. There was then only a single gold smelter capable of refining .999 pure gold on the entire African continent, in South Africa.

The Tanzanian government next levied a bill of \$190 billion in back taxes, royalties, and penalties on Acacia, causing Barrick's stock value to plummet. This crisis for Barrick's shareholders immediately became the business of the Canadian state. Email communications of Canadian government officials obtained by Ottawa-based researcher Ken Rubin, many highly redacted, document the relentless pressure applied by the Canadian government to force the Tanzanian government into compliance.

At each step, Canadian officials translated Barrick's demands into their meetings with Tanzanian officials. Barrick Gold's executives pointed Canadian trade officials towards the Canadian government's foreign aid to Tanzania, including \$2.9 million for the Minerals Audit Agency which had challenged Barrick's claims. "The federal officials seemed ready to cite this funding in their discussions with the Tanzanian government, although the details are redacted from the released e-mails," reports the *Globe*. The verb "cite" is more likely a polite euphemism for "threaten to cut off."

The Canadian trade commissioner met about the matter with the Tanzanian Minerals Minister Sospeter Muhongo, who was himself fired only weeks later, accused of being party to a much larger tax evasion scheme together with Domenik Rwekaza, the head of the Tanzanian Minerals Audit Agency. [6] Muhongo was previously dismissed in 2015 in connection with the embezzlement of up to \$800 million from the Tanzanian Central Bank in the "Tegeta escrow scandal."

"Talking points for the meeting, prepared by a Canadian trade commissioner, suggested the high commissioner could try to resolve the tax dispute by promoting Acacia's offer to pay for a *study* of a possible copper smelter [7] in Tanzania, and by urging the minister to consider using a Canadian-funded legal support facility to settle the tax issue," according to the *Globe*. This refers to a 1997 tax treaty which favours Canadian investors.

Knowing the legacy of violence and state-repression against the local population at Barrick's North Mara gold mine might come up, the trade commissioner also made the ridiculous assertion that the situation there "had normalized."

Barrick President Kevin Dushinsky also met with Canadian deputy trade minister Timothy Sargent to plan a joint strategy. While the *Globe & Mail* article states: "Canadian officials said Mr. Sargent could suggest that Barrick should 'spell out' to Tanzania that the dispute might cause a loss of jobs and revenue and could damage Tanzania's reputation as an investment destination," this is another euphemism. What they were really referring to are Canadian government threats of an investment strike against Tanzania, and the cut-off of government aid. Canadian officials went all the way up to then Tanzanian President Magufuli, "to advocate on Acacia's behalf." Specific details of official Canadian government

“advocacy” were redacted from the released documents.

The dispute took nearly four years to resolve, with Barrick agreeing to pay \$300 million of the \$190 billion tax claim, (0.15 percent) and to restructure its operations into a 50/50 joint venture with the Tanzanian government, which now operates Barrick’s three Tanzanian Mines as “Twiga Minerals.”

While the capitalist press in Canada has presented the Tanzanian push for a gold smelter simply as a question of jobs and “economic development,” this is another cover story.

The practice of exporting unrefined gold concentrates for refining offshore permits all gold miners in Africa—not just Barrick—to lowball their taxes and royalty payments on those exports. Refining all gold in the country where it was mined would make such practices much more difficult, if not impossible. That was likely not the entire focus of Tanzanian government officials however, as most gold concentrates are refined by copper smelters, not gold smelting facilities.

The smelting of partly refined “doré” gold bars produced by mine refineries into .999 monetary bars is jealously guarded by finance capital. Switzerland has 70 percent of the world’s gold refining capacity, followed by Germany, Japan and South Africa. Switzerland is the world center of private banking, and most “good delivery bars,” which can back metals futures contracts on the LME, are produced by only seven large refiners, four of which are Swiss. There are very lax controls for reporting about the origins of the gold which arrives in Switzerland. [8]

Further, virtually all the gold bullion banks which make up the London Bullion Market Association, and which purchase much of the world’s gold, including Credit Suisse, BNP Paribas, Citibank, Goldman Sachs, HSBC, ICBC, JPMorgan Chase, and Merrill Lynch, have been convicted in multiple tax avoidance, bribery and global money laundering schemes involving billions of dollars. Many of these scams have been connected to projects in the developing world. Tanzania’s demand for a .999 fine gold smelter needs to be seen in this context – Tanzanian government officials were likely making a bid to be “cut in” on yet another lucrative aspect of the global gold trade.

A joint venture between Tanzania, and investors from Singapore and Dubai finally established a .999 gold smelting facility in 2021 in response to the Barrick scandal, but this will accept mostly doré bars from small-scale miners, and export refined gold into the Middle East. [9] Barrick’s Twiga joint venture continues to export its gold concentrates for refining offshore.

### **Canadian mining profits rely on savage political repression**

The intense extraction of super-profits in Tanzania, and brutal competition for a share of the spoils at the top levels of the state, creates a climate of repression and violence at all levels of society, from the political opposition and journalists down to the level of the villagers who are displaced by its operations.

The violence at North Mara stems from the periodic incursions into the mine by impoverished and desperate local villagers, who attempt to find bits of gold, and also from social protests. The mine’s tailings pond has poisoned a local water supply.

Mining Watch Canada documented 22 killings and 69 injuries of locals at the North Mara mine between 2014 and 2016, and Acacia has acknowledged an additional 28 “intruder fatalities” from 2014 to 2017. A 2016 Tanzanian Parliamentary inquiry found 65 killed, and 270 injured. In released emails, Canadian officials simply repeated that Acacia “made a statement fully refuting the reported allegations...”

The allegations continue to pile up. The British aid group RAID (Rights

and Accountability in Development) has documented four additional deaths and two injuries since 2019: “Three of those killed were attempting to leave, or had been chased from, the mine site. Two were shot with live ammunition while the third was struck with a large projectile, possibly a teargas canister or sound bomb, in the back of his head.”

According to the *Globe*, “A former security officer at North Mara, who worked at the mine for many years, said he often witnessed abuses by Tanzanian police against trespassers at the mine site. ‘On a regular basis, you’d see them beating up intruders with big long sticks, shooting them, just abusing them’ ... He said he witnessed dozens of incidents in which the police fired live ammunition at trespassers, including three shootings that caused deaths. The incidents were always reported to the mine’s management,” according to the former officer, who now fears for his own life.

Those who speak out against the operations of Canadian mining companies in Tanzania often have cause to fear for their lives. The *Toronto Star* reported in 2019 that reporters investigating numerous accusations of fraud related to Barrick’s Tanzanian activities received anonymous threats.

In July of 2017, Tanzanian newspaper *Mawio* was banned by the government the day after publishing an article suggesting that former Tanzanian Presidents Benjamin Mkapa and Jaya Kikwete were parties to fraud in various mining deals struck with foreign firms dating back to the 1990s. [10] The ban on the paper was only lifted in February 2022, after the death of Magufuli and his replacement by President Samia Suluhu Hassan. Mining contracts in Tanzania signed before January 2021 have been treated as secret by successive Tanzanian governments and are often not even reviewed by Parliament.

Wikileaks’ exposure of US diplomatic cables also revealed that Tanzania’s Public Prosecutor Edward Hoseah also received death threats after his investigations into official corruption approached senior officials around former President Kikwete, and that the upper reaches of the CCM were “untouchable.” [11] The UK’s Serious Fraud Office investigated Acacia in 2017 in response to whistleblowers who accused Acacia employees of bribing Tanzanian government officials.

In September 2017, unknown assassins shot Tanzanian opposition leader Tundu Lissu with more than 32 machine gun rounds. Lissu, who has led multiple campaigns against Barrick Gold and other foreign miners for the last 25 years, survived but only after many surgeries. Lissu was forced to flee to exile in Belgium. Opposition politicians and activists are regular targets for beatings, outright murder, trumped up charges and imprisonment.

Emails from Canadian officials concerned with Barrick’s tax dispute expressed concern only about how to best cover all of this up: “If the Canada brand is to accompany this project, along with any other work we do on behalf of Barrick, we’ll need to do some serious work on the CSR [corporate social responsibility] front.”

Behold, the serious work:

Barrick Gold has now committed to spend \$6 out of every gold ounce produced at North Mara and Bulyanhulu on “improving healthcare, education, infrastructure and access to potable water in their communities.” It has allocated \$70 million for projects including training mine workers at Tanzanian universities. [12] Barrick earned \$488 million in Q2 2022, up from \$411 million in Q1 2021.

In 2018, as it was busy advocating for Barrick’s Tanzanian profits, the Trudeau government pledged to create a new watchdog with the power to investigate the activities of Canadian mining companies abroad, in the form of the “Canadian Ombudsperson for Responsible Enterprise.” After receiving “an onslaught of mining industry lobbying,” the Trudeau government quietly gutted the office, which has no enforcement power. Established in 2019, it has received 15 complaints, all of which remain in the initial stages of investigation.

<https://miningwatch.ca/blog/2002/4/15/bulyanhulu-special-investigative-report-men-who-moiled-gold>

[2] As cited in Yves Engler, “Stephen Harper’s Endless Campaign for Mining Profits,” *The Tyee*, Nov 22 2012.

[3] Jason Hickel et al. “Imperialist appropriation in the world economy: Orbanism in global South by Virginia M. Macchi 2022, 1990–2015,”

<https://www.bennettjones.com/Blogs-Section/Canadas-Stock-Exchanges-Favour-Natural-Resource-Issuers>

<https://www.theeastafrican.co.ke/tea/business/just-how-much-gold-does-tanzania-have--1366954>

<https://www.mining.com/tanzania-ousts-mining-minister-alleged-collusion-companies-evade-taxes/>

[7] Note that because gold concentrates are often bound up with copper, many, but not all gold concentrates are actually refined at copper smelters, which have the technology to handle this type of ore.

[https://www.swissinfo.ch/eng/business/multinationals\\_the-shady-origins-of-gold-refined-in-switzerland/44621040](https://www.swissinfo.ch/eng/business/multinationals_the-shady-origins-of-gold-refined-in-switzerland/44621040)

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<https://www.theeastafrican.co.ke/tea/news/east-africa/tanzania-slaps-2-year-ban-on-newspaper-for-linking-kikwete-mkapa-to-mining-row-1367604>

<https://www.theguardian.com/world/us-embassy-cables-documents/116436>

[12] <https://www.barrick.com/English/news/news-details/2022/q2-2022-results/default.aspx>



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