

Will Fairtrade Gold bring social, environmental and economic justice to Africa's small scale miners?

LSE's Dr John Childs addresses the continuing challenges for the Fairtrade Labelling Organisation (FLO) one year after it launched Fairtrade and Fairmined certified gold.

On Valentine's Day 2011, the Fairtrade Labelling Organisation (FLO) and the Alliance for Responsible Mining (ARM) launched Fairtrade and Fairmined certified (FT/FM) gold "in a groundbreaking effort to secure a fair deal for gold miners and their communities". This represents the long overdue recognition that policy efforts to improve the performance of artisanal and small-scale mining (ASM) have historically failed.



ASM is a significant economic sector which employs over 13 million people worldwide and it is thought that up to 200 million depend on its income for livelihood security. Most of its participants are caught in a poverty trap where the reliance on inefficient and rudimentary equipment fails to extract significant returns on their gold. Besides poor prices, ASM operators face dangerous working conditions, threats to their health (through the use of mercury in the gold extraction process) and may cause environmental damage and deforestation.

Fairtrade's intervention pledges to counteract these issues and offers great promise for miners in sub-Saharan Africa. Indeed, following initial successes in 9 sites in Latin America, the Fairtrade movement has started certifying gold in Kenya, Tanzania and Uganda. Of these countries, it is Tanzania with 500,000 active participants where ASM numbers are most significant.

Despite the incentive of better prices for their gold, the greatest strength of Fairtrade certification for African ASM operators lies in their recognition as members of a valued and responsible economic activity. For decades, miners have been represented by both policy makers and the press as criminals with little regard for environmental concerns. Fairtrade changes that by calling for the recognition that miners are, instead, victims of an unfair system and are constrained only by a lack of institutional support. Such calls for justice are truly important for a more sustainable ASM sector, but caveats exist regarding its adoption. Some challenges, outlined below, must be answered by the Fairtrade movement in ensuring that a "fairer" form of ASM goes beyond rhetoric and is practically realised.

Ensuring that the Fairtrade price really is the best price

Conventional thought has it that ASM operators are being substantially underpaid for the gold that they produce. While this line of thought has some merit, much of the evidence on which it is based is anecdotal and lacking in rigour. ASM markets are often clandestine in nature and tracing “who” and “how much” gets paid for gold is an inexact science. It is also of critical concern that the Fairtrade movement has a solid understanding of the way in which these markets work given their intention to offer the best available price. This is even more the case given an increasing number of informal buyers (called *makota* in Tanzania) who are able to buy gold at prices above the global market rate. Revealing the (often iniquitous) processes by which this seeming anomaly occurs is of central importance for genuinely “fair” gold.

Counteracting a mistrust of previous development interventions in the ASM sector

A second challenge facing the Fairtrade movement relates to the need to overcome the putative mistrust of outside development intervention by ASM operators. Historically, this has first manifested itself in the interactions with large-scale mining corporations where resettlement and conflict are commonplace. Secondly, and more persistently, such scepticism is a product of misdiagnosed ASM policy from states and multilateral intervention that has been overly technical in nature (focusing on the mercury problem) and has marginalised more deeply rooted political and environmental injustices. As one miner in Tanzania recounted during fieldwork, “when I see Fairtrade gold, I just think ‘here we go again’”.

Separating Fairtrade from “greenwash” and other ethical mineral initiatives

A final challenge relates to the burgeoning “ethical turn” in the metals and minerals sector in sub-Saharan Africa. Indeed, we have recently seen the emergence of a wide range of high-profile, more “responsible” initiatives that have labelled minerals as variously “fair”, “peace”, “development” and “conflict-free”. Fairtrade must work hard to show not only consumers, but also producers how it is substantively different from these labels and the various private initiatives that trade under the terms “Fair Trade” and yet remain substantively and ideologically separate. In short, the “Fairtrade and Fairmined” gold movement’s calls for greater justice, based on certification criteria must go beyond simple words. It must ensure that it is inclusive and that it makes the move towards a more responsible ASM sector a new gold standard for its operators in sub-Saharan Africa.

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