
Madagascar: IMF opens up the country to mining

Called the “naturalist’s promised land” by French explorer Phillippe de Commerson in 1771, Madagascar is one of the most ecologically rich countries in the world. Twelve thousand species are found on the island the size of Texas; 80 percent are endemic, existing nowhere else. Nine new species of lemur were recently discovered in Madagascar, placing the country only behind Brazil in the number of primates that call it home.

In 1996, the Malagasy government accepted a three-year, \$118 million loan and bowed to IMF pressure in their agreement to further liberalise trade policies and open its economy to foreign investment. Among the measures adopted were allowing foreigners to own land and eliminating export taxes.

The liberalisation of Madagascar’s trade and investment policies has encouraged the pursuit of mining plans by a subsidiary of Rio Tinto, a London-based mining company. Ranking as the world’s largest mining company, Rio Tinto has an abysmal track record of environmental and human rights violations, stretching from Indonesia to South Africa (under apartheid) to Brazil.

The controversial “Mineral Sands Project” would involve the extraction of ilmenite, which is processed into titanium dioxide, used to produce a white pigment for paint, plastics, and other products. Extracting an estimated 350,000 to 700,000 tons of ilmenite each year, the mine would yield between \$25 million and \$50 million annually.

If the mine is approved, it would cover an expansive 15,000 acres and stretch along 40 miles of coastline. The site for the proposed mine includes more than two-thirds of the unique littoral forests that exist on Madagascar’s south-eastern coast. The plant diversity of the mining area is high, including 16 species that exist only where the mining would occur. These species face potential extinction if the mine moves forward; also threatened is the brown collared lemur, which is locally endemic.

Several actions by the company and the government indicate that the mine will be approved. In 1998, the Malagasy government agreed to reduce the tax rate on the proposed Mineral Sands Project to two percent from the standard five percent rate. The Rio Tinto corporation has already spent at least \$30 million assessing the mineral deposits, and has undertaken an extensive environmental impact assessment. The Malagasy government has agreed to make its decision whether to grant or withhold approval by December of 2001, once Rio Tinto has completed their environmental assessment.