



# Madang-based University Students' Perspectives on the Impacts of the Ramu NiCo Mine in PNG

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In 2023, as a pilot research project, the authors surveyed 114 current and former students of Divine Word University in Madang Province, Papua New Guinea (PNG), where the Ramu NiCo mine project is located. A total of 33 questions were asked, covering the participants' background information, especially in relation to the mine project, and their views of Ramu NiCo's corporate social responsibilities (CSRs) and PNG–China relations. The survey was conducted online via SurveyMonkey and the students were granted anonymity to protect their privacy.

Currently, Western powers are competing with China for influence in the Pacific, and Pacific Island states are also closely watching China's activities in their region. This research aims to contribute to the debates on China. It reveals some local concerns about Ramu NiCo's CSRs and the limited benefits local communities have received so far.

China's Guidelines for Social Responsibility in Outbound Mining Investments (Guidelines) focuses on compliance with all applicable laws and regulations, covering areas such as business practices, human rights, rights and interests of employees, environmental management, reduction of ecological footprint and relations with stakeholders. The survey in this paper covers some of these aspects.

The Chinese government and its state-owned company – the Metallurgical Corporation of China (MCC) – took an interest in the potential for mining in the Kurumbukari Plateau of Madang Province during then Prime Minister Sir Michael Somare's tenure in 2004. With an investment of US\$2.1 billion, MCC is responsible for 100% of the funding of the Ramu NiCo project and holds an 85% stake. Based on the Mining Development Contract Amendment Agreement signed with China in 2006, the Somare government granted MCC multiple economic concessions including waiving excise and import duties, stamp duty and GST, and granting the developer a 10-year income tax break. Construction work commenced in 2008 and the project started operation in 2012. The estimated production includes an annual aggregate of 31,000 tonnes of nickel and 3000 tonnes of cobalt.

## The survey and discussions

The survey participants had a good knowledge of the mine project through their family members, relatives, friends and neighbours in the local communities; they also were doing a major in international relations. They were diverse in terms of age, gender, residential area (Madang or other provinces; within or outside the special mining lease area) and length of residence in Madang Province, minimising the risk of bias.

The survey findings suggest that the surveyed university students have concerns about Ramu NiCo's CSRs. Table 1 illustrates the participants' rating of 10 indicators, which, though not exhaustive, relate to a company's CSRs in key areas such as good corporate governance and ethics, responsibility for people, responsibility for the environment and contribution to development. The mean of each score is less than 5 on a scale of 1 to 10 (1: very bad, 10: very good). The low standard deviations suggest that the data are clustered tightly around the mean.

For example, in terms of management–worker relations, more than 60% of the respondents answered no to the question 'Can PNG employees easily get on well with Chinese managers?'. By contrast, more than half of them said PNG employees can get on well with Chinese fellow workers.

Regarding the environmental impact, nearly all the participants (98%) replied affirmatively to the question

**Table 1: Rating of Ramu NiCo's corporate social responsibilities**

Indicator	Mean	Standard deviation
Accountability of governance	4.29	2.24
Tackling corruption	3.97	2.20
Protection of PNG employees' safety in the workplace	4.78	2.53
Protection of PNG employees against gender discrimination	4.71	2.36
Ensuring PNG employees have fair wages compared to same level Chinese workers	3.74	2.21
Ensuring PNG employees have equal opportunities for promotion compared with same level Chinese workers	3.76	2.17
Compliance with local environmental laws and regulations	3.51	2.32
Disposal of production waste in a responsible manner	3.31	2.40
Clean-up after accidental spills into local rivers and the sea	3.09	2.34
Meeting the development needs of local communities	4.10	2.30

Source: The authors

'Are you concerned about the environmental pollution of Ramu NiCo?'. This is largely due to the severe concern shared by many locals on deep-sea tailings and waste spillage into local rivers. For example, in 2007, there was a legal issue involving Ramu NiCo and the landowners over the use of the sea to dispose tailings (Coumans 2019). The company was able to address the issue in 2011 and proceeded with the building of the deep-sea tailings placement system. Furthermore, the mine was shut down for an indefinite period in 2019 due to a slurry spill into Basamuk Bay. The company worked with the PNG government to contain the spillage, resulting in the reopening of the mine.

Nearly 85% of survey participants think Ramu NiCo uses too many Chinese workers, while 94% think it is an issue that many Chinese workers have poor English language skills in comparison to PNG workers. Overall, nearly 60% of the participants do not think the Ramu NiCo project has benefited PNG. As a result, only 30% said they would welcome further Chinese investment in PNG's mining sector.

Among others, four particular factors have contributed to the participants' negative views of Ramu NiCo's CSRs. First, information dissemination is an obstacle. A senior PNG expert on Ramu NiCo told the authors in November 2023 that the company has done more on CSR than it publicises: 'if MCC didn't come onboard, the remote communities would still live in the dark world'. The landowning communities face obstacles in finding information about the project to make better decisions in order to benefit from the various CSR initiatives of the company. Kemp et al. (2015) argue that the aim of written materials, especially newsletters and magazines, distributed by the company, was to share the company's programming priorities rather than to inform landowners. The company has not pitched content at different levels to address the informational needs of various stakeholders inside the special mining lease (SML) area.

The second challenge relates to CSR implementation strategies and human resources. Imbun (2017) argues that the implementation of Ramu NiCo's community development projects could be improved if CSRs are embraced and supported by well-thought-through strategies and enough human resources that fully engage communities in the SML areas. He finds the CSR strategies are reactionary and ad hoc, do not effectively take into consideration the community development needs and marginalise the communities in the SML areas.

Third, the high proportion of Chinese labour employed at the mine during the construction phase is a controversial issue (Smith 2013). The result has been the marginalisation of the local skilled labour force, which has caused local resentment and created communication difficulties between Chinese managers and their non-Chinese subordinates.

Fourth, the benefits accruing to small and medium enterprises (SMEs) in the SML area have been disappointing. Owned by the communities of landowners, these SMEs were set up to participate in spin-off business activities. However, they have not been financially successful despite the financial assistance provided by the Ramu NiCo joint venture partners and the national government through the Memorandum of Agreement, in comparison to SMEs from Lihir, Ok Tedi and Porgera mines (Seip 2013). This initiative to support SME development in local mining communities as stated in China's Guidelines has been beneficial to selected groups within the landowner communities. The SMEs have not evolved into large enterprises that could benefit not just landowning communities but all the local communities in the province. In addition, the SMEs and associations have not been successful in disseminating information about the Ramu NiCo company to individuals in the SML area.

## Conclusion

Despite China's huge investment in the Ramu NiCo mine and their CSR projects, this paper has shown that the surveyed university students hold some concerns about fulfilment of the Chinese company's CSRs. How to improve local perceptions will be a test for MCC in the future.

## Author notes

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