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Dried cocoa beans are weighed before sale to merchants in a village outside of Kumasi, Ghana.

Photographer: Jan Hahn/Bloomberg via Getty Images

News



Illegal Gold Undermines Ghana's Thriving Cocoa Industry

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By Diosa B.G. Woods

- *Illegal gold miners, cocoa farmers at odds in West African nation*
- *Government, together with companies like Nestle, Hershey, focuses on stabilization through sustainability*

Ghana has been known for centuries for two valuable commodities: cocoa and gold.

The cocoa beans that go into Nestle morsels, Cadbury bars, or Lindt truffles all come from Ghana, the world's second-largest cocoa producer. But cocoa farming has always competed with the mining industry for land, and in recent years, the competition has become fierce. Whether the two can coincide in harmony remains to be seen.

Many locals in Ghanaian farming communities turn to artisanal mining to supplement their income either by direct participation or by selling their land to

supplement their income, either by direct participation or by selling their land to foreigners, not realizing they are harming their land and their main source of income.

“Galamsey is the biggest threat to cocoa production,” said Pomasi Ismael, chairman of the Cocoa Abrabopa buyers collective in Kumasi.

The Ghanaian term galamsey is derived from the phrase “gather them and sell,” and it describes illegal small-scale, or artisanal, gold miners who independently mine or pan for gold using their own resources.

“Artisanal and small-scale miners are often simultaneously engaged in subsistence farming and other similar low-income livelihoods. It is most commonly practiced in economies with old mining activities and where the commodity has a high value relative to its mass,” said the Ghana Minerals Commission in Accra.

Small-scale mining and illegal mining aren’t necessarily the same thing. Illegal mining takes place without proper licensing permission, land rights, exploration, or mineral transportation permits, and illegal miners typically don’t adhere to environmental regulations.





Illegal gold panners scrap the riverbed as they look for speck of gold in the Kibi area of southern Ghana.

Photographer: Cristina Aldehuela/AFP/Getty Images

Legally documented miners are required to restore the land they mine, replant trees and foliage, and properly dispose hazardous waste. They are also expected to adhere to localization regulations and corporate sustainability projects, and contribute to the local economy.

Some locals say illegal mining will never disappear completely because so many of those who have the power to prevent it—the military, government officials, and landowners—also stand to benefit the most from it, due to bribes and the need to supplement low-pay income.

Unequal Opportunities

Galamsey also has opened the door for countries such as China to exploit gold mining opportunities. An estimated 50,000 Chinese gold miners are operating in

Ghana, and the government has deported more than 5,000 for illegal mining since 2013

“Foreign nationals, especially the Chinese, have made the problem [of environmental damage] a lot worse,” said Charles Wereko, spokesman for the Ministry of Lands and Natural Resources in Accra. “Unlike Ghanaians, they have access to huge funds which they have been using to bring an enormous number of excavators into the country, which can destroy large areas of forest in just one day. The rate of destruction is such that, if it is not stopped, Ghana will not have any forest left.”

“The tragedy in all this is that the smaller miner is not being lifted out of poverty,” said Paul Hollesen, vice president of environment and community affairs at AngloGold Ashanti Ltd. in Zimbabwe, the world’s third-largest gold producer.

Tribal chiefs and anyone with capital to invest in equipment are the ones making more of the money, according to observers.

Toxic heavy metal leaching into soil and groundwater is another concern. Mercury is used in small-scale mining industries, because it is a cheap, efficient way to capture gold. But it poses significant health risks for processors, as well as those living and farming near and downstream from mining activities.

“If illegal miners continue to let loose heavy metals such as mercury into the environment and it’s absorbed by crops, Ghana faces the potential of its cocoa being boycotted on the international market,” said Dr. Kwaku Afriyie, minister of the Western Region, where most of Ghana’s cocoa is produced. “This must be addressed.”

Cocoa Sustainability

Some international food companies are trying to do just that.

“Chocolate and cocoa companies take food safety and product quality very seriously and are aware of the issue of heavy metals in cocoa,” Jeff Beckman,

director of corporate communications for Hershey in Hershey, Pa., told Bloomberg Environment

“At Hershey, we closely monitor the incidence of heavy metals in the cocoa supply chain through testing conducted by Hershey suppliers and by Hershey itself,” he said. “Chocolate and cocoa are safe to eat and can be enjoyed as they have been for centuries.”

Cocoa is a commodity vital to the socioeconomic development of Ghana, and any disruption in the industry could have dire consequences for the country’s economy, according to Alhaji Alhassan Bukari, national chief farmer for Ghana Cocoa, Coffee, and Shea-nut Farmers Association in Accra.

The government has more than tripled the price of a bag of cocoa beans since 2009 to boost the financial status of struggling cocoa farmers. Ghana’s military police have arrested and deported illegal miners and even burned down their facilities, but this doesn’t always discourage them from returning.

“We are aware of the issue of illegal mining activity and the consequent environmental degradation,” said a Nestle corporate spokesperson, who asked not to be named, citing company policy, in an email to Bloomberg Environment.

“Cocoa farmers face numerous challenges such as income levels, aging or diseased trees, poor farming practices, and labor shortages. Through the Nestle Cocoa Plan, we provide training in better agricultural practices. We also work with partners such as the World Cocoa Foundation’s CocoaAction, an industrywide strategy for cocoa sustainability,” she said.





A farmer holds an open, ripe cocoa pod on a farm outside Kumasi, Ghana.

Photographer: Jane Hahn/Bloomberg via Getty Images

Hershey told Bloomberg Environment, “Although higher cocoa prices do put pressure on our company’s margins, we have many inputs that go into the total costs to produce and distribute our snacking products. We reported our Q1 earning today and noted that our gross margins are down as a result of an increase in our overall input costs. As we work on our sustainable cocoa strategy, we are focused on improving the livelihoods and household income of cocoa farmers and their families.”

Nestle said it shares “any concerns about current cocoa price levels being unsustainable,” adding that it’s a real challenge for farmers.

Mars Inc. didn’t respond to Bloomberg Environment’s requests for comment.

Ghana Goes Into Action

The Supreme Consultative Council of the Ghana Cocoa Board, which oversees the country’s cocoa industry, has called on authorities to disband illegal small-

The country's cocoa industry, has called on authorities to curb illegal small-scale mining activities in cocoa growing areas and on landowners to refrain from selling or releasing lands to illegal miners for mining, according to Chairman Hassan Idris.

It's also appealed to the Ghana Minerals Commission to stop issuing licenses to mining companies to operate on mining concessions within cocoa growing areas since the practice negatively affected their farms, surrounding water bodies and the environment.

The government isn't against small-scale mining, but rather against illicit mining destructive to the environment, said John Peter Amewu, Ghana's minister for lands and natural resources.

The ministry recently launched the Multilateral Mining Integrated Project in partnership with the mineral commission. The five-year project seeks to involve all Ghanaian factions in the mining sector.

The Ghana Minerals Commission gave Bloomberg Environment an exclusive look at the plan.

Some of the key objectives in the document include: providing mineable areas for small-scale mining; employing more than 500,000 small-scale miners over a five-year project period; creating 20,000 acres of oil palm plantation and other sustainable trees annually; educating miners on the dangers of mercury; and reclaiming 7,140 square kilometers (2,756 square miles) of mined-out land over the life of the project.

The government also recently invested millions in the purchase of drones and equipment-tracking devices to better monitor land, particularly in remote regions.

"As a country, as a government, as Ghanaians, we cannot continue allowing people to destroy our river bodies, destroy our forests, destroy our lands, and every Ghanaian who thinks the water we drink is more beneficial than the gold we mine, should be part of this fight," said Amewu.

"This operation is going to continue until all illegal miners are removed," the land ministry's Wereko said

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