



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development

SDIR • NUMBER 055 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Thursday, November 1, 2012

—
Chair

Mr. Scott Reid

Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development

Thursday, November 1, 2012

• (1310)

[Translation]

The Chair (Mr. Scott Reid (Lanark—Frontenac—Lennox and Addington, CPC)): Order, please.

This is the 55th meeting of the Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development. Today is November 1, 2012.

[English]

We are televised today. We are continuing our hearings into the human rights situation in Eritrea.

Today we have as a witness Cliff Davis, who is the president and CEO of Nevsun. He is joining us from Vancouver.

As is our practice when we have a witness, he will give testimony, followed by a period of questions and answers. I will determine the length for each round of questions and answers, based on the amount of time we have available to get us out on time. We'll have a bit of an extra time constraint because, of course, we have to get from this building over to the Centre Block in time for question period.

That being said, Mr. Davis, I turn the floor over to you and I invite you to begin presenting.

Mr. Cliff Davis (President and Chief Executive Officer, Nevsun Resources Ltd.): Thank you, Mr. Chairman. I have a prepared statement before the Q and A.

I'd like to thank the House of Commons Subcommittee on International Human Rights for hosting this hearing and for your interest in learning more about Nevsun Resources Ltd. and our work on the Bisha mine in Eritrea, our only mining operation. We're very conscious of the responsibility we bear, not only to Eritrea but also to Canada.

As you have heard from other speakers, Eritrea is an under-developed country. It presents a challenging environment for a Canadian company, especially a small company like Nevsun. Challenges notwithstanding, Nevsun is unequivocally committed to responsible operations and practices at the Bisha mine, based on international standards of safety, governance, and human rights. All who work at Bisha are there of their own free will. Nevsun does not condone or permit the use of military conscripts at the Bisha mine.

We believe Canadians can be proud of the work we have done in Eritrea. Nevsun has been a positive force for Eritreans, both economically and socially. The mine offers a safe and supportive

working environment, with training, opportunities for advancement, and higher wages and benefits than most other types of employment available in Eritrea.

The owner of the mine is Bisha Mining Share Company—an Eritrean venture that I will refer to as BMSC, to distinguish it from the mine itself. Nevsun owns 60% of BMSC and the Government of Eritrea owns the remaining 40%. That means Nevsun must take into account the views of the Eritrean government in terms of its political sovereignty and as our business partner.

Bisha commenced production as a gold mine in early 2011, and we expect it to continue producing gold until early 2013, when the gold reserves will be exhausted. The mine is now transitioning for copper production, which we expect will start in mid 2013 and continue for at least 11 years.

Over the life of the mine, remittances to Eritrea are likely to exceed \$1 billion. In addition, Bisha will contribute hundreds of millions of dollars to the economy of Eritrea through salaries, wages, benefits, local supply chain purchases, and community assistance.

We adopted the International Finance Corporation's, or IFC's, social and environmental performance standards of April 2006 and developed our mine management plans accordingly. Our commitment encompasses the local community, public health and safety, an emphasis on local purchasing, and responsible environmental practices, amongst other things. Our social responsibility programs and contribution to Eritrea are described in detail in our 2011 CSR report, which has been filed with your committee and I invite you to review, if you haven't already done so.

I would now like to turn to employment and human rights at Bisha. There are currently approximately 1,350 people working at the site, of which 1,194, or 88%, are Eritrean nationals. This reflects our deliberate policy to provide the greatest possible economic and social benefits to the people of Eritrea.

BMSC directly employs the most Eritreans, at 864. Our South African contractor, SENET, employs a further 200 employees. Their pay is far above Eritrean standards. They have free medical care and unlimited amounts of free food at the mine. Those who live in the five nearby communities have free transportation to and from home, while those who live farther away have free accommodation at the mine.

These 1,064 Eritreans, along with approximately 160 expatriates employed by BMSC or SENET, manage and operate the mine, provide the many services required by a mine, and oversee ongoing mine development.

We are not aware of any concerns by human rights organizations regarding these employees. To the extent that there has been controversy at Bisha, it has involved a third group, those employed by an Eritrean subcontractor that BMSC has been required by government to use for certain construction projects since 2008.

During the year 2010, the peak year for employment by this subcontractor, it had an average of 440 personnel at Bisha, or 34%, of the Bisha project workforce at that time. For most of 2011, there were no employees of this subcontractor on site.

In the first quarter of 2012, some subcontractor employees began returning to Bisha for the copper development phase. The current level of 130 is what we believe will be the peak for the copper project. That's approximately 11% of the Eritreans and 10% of the total workforce at Bisha.

In the first quarter of 2013, or in the next few months, after the subcontractor's work is completed, all subcontractor employees will leave Bisha.

BMSC is cognizant of the recommendations given by international human rights organizations and their specific allegations that this subcontractor makes use of conscripts. We have taken all appropriate steps to ensure that this is not true of staff used at Bisha.

BMSC established a rigorous process during the gold construction phase to ascertain that all staff were working of their own free will. The process involves a careful inspection of military demobilization documents and state-issued identification papers, supplemented by internal audit after the presentation of these documents. The penalty for non-compliance with the documentation policy is employment dismissal.

In January 2012, which coincidentally is when the subcontractor's employees began arriving at the mine for the copper phase, BMSC added a requirement that all personnel working at the mine carry photo ID to access the mine site. The identification cards are issued once the appropriate demobilizations have been presented. Among other things, the photo ID helps ensure that there will be no switch of personnel after the presentation of demobilization documentation. BMSC conducts random on-site spot checks to ensure that the individuals at Bisha have ID cards, and that the individuals are indeed the rightful holders of the cards.

In the second quarter of 2010, early in the peak period of subcontractor employment at Bisha, BMSC also conducted an investigation of the living conditions at the subcontractor's camp. The results of the investigation indicated that residential conditions were substandard and that food inventories were low.

As a result, BMSC launched a complaint with the subcontractor's senior management. BMSC asked the subcontractor to improve housing conditions, and it did so. In addition, BMSC began providing food directly to the subcontractor camp at no cost to the contractor or its employees.

I should note that the subcontractor's employees also have access to free medical care at a BMSC-supported medical clinic located at the mine site.

We're aware that for 2012 the subcontractor has now established its residential camp at a different location from the one used in 2010. The current location is one that was formerly used by a North American exploration company. It's reasonably modern and was developed to North American standards.

Further, since January 2012 BMSC has provided the subcontractor's employees a hot midday meal at the mine site. The meal consists of an unlimited amount of food at no charge to the employees or the contractor.

With such measures, along with our policy of prohibiting conscripts, we have attempted to address our human rights obligations to the employees of our subcontractor.

Nevsun has only a limited ability to influence and control events in Eritrea, but neither are we without influence so long as we exercise it judiciously. We are practising the tried and true Canadian approach of quiet diplomacy. It is our policy that Nevsun at all times conduct itself in a forthright manner with the Eritrean government, and we intend to continue to do so while respecting the government's sovereign rights.

In summary, in this presentation I've described the valuable work that Nevsun performs in Eritrea and our unequivocal commitment to responsible operations and practices in Bisha, based on international standards of safety, governance, and human rights. I have reviewed BMSC's human rights practices and policies, which prohibit the use of military conscripts for labour at the mine. I've described BMSC's strict enforcement of that policy, especially as it pertains to the Eritrean subcontractor that the government requires BMSC to use. I have described the effort that BMSC took in 2010 to understand and improve the conditions faced by that subcontractor's employees.

I can assure you that Nevsun will continue to use whatever influence we have as a positive force for the people of Eritrea, both economically and socially. We will do so by working cooperatively with the Government of Eritrea and respecting the sovereignty of that government.

● (1315)

We believe our influence is best exercised by demonstrating in a non-confrontational manner that positive change is in Eritrea's best interest.

That concludes my presentation. Thank you for your attention. I welcome your questions.

The Chair: Thank you very much for the presentation, Mr. Davis.

Just by looking at the time we have left to us, I'm going to say that we have time for six-minute rounds of questions and answers.

We'll begin with David Sweet.

Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC): Thank you very much, Chair.

Mr. Davis, thank you very much for your testimony.

I think, if I'm not mistaken, that you actually asked for this opportunity to be able to testify before this committee, so we appreciate that.

Can I ask you, how often have you visited the site yourself?

Mr. Cliff Davis: Many, many, many times; in the last several years, I've gone eight to nine times a year. This year I've gone five or six times so far, and I'm going in a few weeks from now. So I visit regularly.

• (1320)

Mr. David Sweet: Give me an idea of the duration of your stays when you do visit, Mr. Davis.

Mr. Cliff Davis: In the country, it varies. In prior years it would vary from as short as a few days to a week to two weeks. More recently it has been an in-country average of about a week.

Mr. David Sweet: So when you make the statement that all who work at Bisha are there of their own free will, you've had the opportunity to be on the ground, to be able to talk to these individuals yourself, and know that there has been no undue pressure by the Eritrean government for them to be there for any reason other than they want to be there to work for you?

Mr. Cliff Davis: A significant system's in place...and if I may, I would just digress a bit. Back in 2008, when we really started this development project, we recognized that there was a potential national service issue with respect to the subcontractor, when we started employment with the subcontractor, engagement with the subcontractor. We hired an independent consultant that was recommended by World Bank institutions, and they developed a process—quite a comprehensive process. Over the past number of years, naturally, that process has even further developed. I mentioned some of it in my earlier statement.

We're very comfortable with our process. It's been very well enhanced and it's reactive, and it has been reactive, to any situations.

Mr. David Sweet: Thank you.

I mean, you're working in an atmosphere.... You've probably read some of the testimony that we heard here before this committee regarding Eritrea and the amount of human rights violations in the country itself. Being positioned in the middle of that atmosphere, I was just wondering exactly the kinds of sophisticated systems that you'd have to have in order to make sure those things are happening, as you mentioned, with this consultant, etc., that you have hired. You've obviously put those into place.

I want to bring your attention to two items that I found after just minutes on the Internet. You had mentioned that no human rights organization had brought up anything to you. There have been two items now that have been posted on the Internet for, it looks like, over a year. There's "Asmarino Independent: the Revolution of the human spirit!", and there's also a YouTube video regarding some alleged employees of your organization who made their way out of Eritrea and were interviewed.

I'll just repeat it here for you: The story that is emerging is a story of two different groups of workers: one mostly foreign, well-fed, well-quartered, well paid, well insured and working in a safe environment; and the other group: natives, poorly fed, poorly quartered, poorly paid, overworked, nominally insured and working in an unsafe environment.

Were you aware that this was out there publicly?

Mr. Cliff Davis: I believe you're referring to the allegations of an individual by the name of Ghebremeskel, who at one time was employed by the subcontractor. He was actually employed from late 2008 to late 2009, and we have verified that he wasn't actually employed by that contractor.

You may recall from my preliminary statement that we made investigations, starting in 2010, when we were actively involved in the development, about...and not reacting to those assertions at all. Rather, they initiated initially by our contractor on site due to productivity issues. That investigation was fairly challenging. In trying to make inquiries with the subcontractor, we asked to visit the site and interview some of their people at their camp. That was initially denied, so we had to comply with their framework of investigation.

We ended up investigating through further subcontractors. We found there were causes to some of that productivity, and some of the causes were some issues of substandard accommodation and lack of food.

We immediately reacted to that. We complained to the subcontractor. We supplied additional food to ensure that people were well fed.

So as soon as we were aware of the situation, and certainly well before these assertions came out on the Internet, we reacted accordingly.

• (1325)

Mr. David Sweet: Thank you, Mr. Davis.

It appears that my time is—

The Chair: Just about up, Mr. Sweet.

Mr. David Sweet: Yes.

Thank you very much, Mr. Chair.

[Translation]

The Chair: Mr. Jacob, you have the floor.

Mr. Pierre Jacob (Brome—Missisquoi, NDP): Thank you, Mr. Chair.

Mr. Davis, thank you for being here with us this afternoon.

In your opening remarks, you stated some premises, namely that Eritrea is an underdeveloped country and that you must take into account the views of the government of the country in terms of its political sovereignty and as a business partner.

Apart from that, what concrete steps would your company be prepared to take...

[English]

The Chair: Sorry; some of the sound was lost there.

Mr. Jacob, perhaps you could start that again.

[Translation]

Mr. Pierre Jacob: Okay.

I understand that Eritrea is an underdeveloped country and that you must take into account the views of the government of the country in terms of its political sovereignty and as a business partner.

What concrete steps would your company be prepared to commit to in order to keep the current government at an ethical distance?

[English]

Mr. Cliff Davis: I'd like to comment on our principles of operation. We as a company can only control what we control. We do not influence government policy. What we do is we operate the Bisha mine, and we do so in a very ethical manner, according to international standards.

You may realize that this is the first modern mine in the country. When we established the operations, we established international standards. The Government of Eritrea was very, very supportive in ensuring that we as an operation did adopt those IFC social and environmental performance standards, and are very, very supportive of those.

[Translation]

Mr. Pierre Jacob: Thank you.

The Government of Canada, the United Nations, and the major human rights organizations have expressed concern at the human rights situation in Eritrea.

In your view, what are the most significant human rights issues in Eritrea?

[English]

Mr. Cliff Davis: Well, I'm really here to comment on our operations and as we interact with the Eritrean population. I'm not as familiar with and able to comment on all the broad-reaching human rights issues that there may be within the country—

[Translation]

Mr. Pierre Jacob: We have lost the sound.

The Chair: We have lost the sound again?

Mr. Pierre Jacob: Yes.

[English]

The Chair: I'm sorry, it appears that we lost sound, in the other direction this time. I wonder if you would just repeat your response.

[Translation]

Mr. Pierre Jacob: It's fine; I can hear it now.

[English]

The Chair: Okay.

Please continue with your question, Monsieur Jacob.

[Translation]

Mr. Pierre Jacob: How can your company be sure that its activities at the Bisha mine do not contribute to government of Eritrea activities that violate human rights?

[English]

Mr. Cliff Davis: I may be repetitive, but as I said before, we can control what we can control within our operation. What that means is that certainly there are benefits to the people of Eritrea through salary, wages, and into the government treasury.

We do not control, and nor should we control, I believe, the Eritrean sovereign right to spend the money the way it wishes—no more than we could control the Canadian government as to how it may spend its revenues.

[Translation]

Mr. Pierre Jacob: Thank you, Mr. Chair.

• (1330)

The Chair: Have you finished?

Mr. Pierre Jacob: Yes.

The Chair: You have a minute and a half left.

Mr. Pierre Jacob: I will give the rest of my time to Ms. Péclet.

[English]

Ms. Ève Péclet (La Pointe-de-l'Île, NDP): I have a question about the fact that Eritrea is one of the most militarized countries in the world. Actually, it's second after North Korea. It's a closed country, where no NGOs and no media have the right to enter the country.

How is it affecting the Eritrean country, and how do you monitor the redistribution of the 40% that the Eritrean government possesses to the Eritrean people? How do you make sure that this 40% is actually being redistributed to the people and not being used to buy military assets or materials?

Mr. Cliff Davis: Sorry, I may be a bit repetitive here, but we as a company are responsible for what we can control. We do our very best. We bring an awful lot of good to Eritrea. We can't control what the government does with its funds, and nor do I think we should. I make the analogy to Canada as well.

That said, we provide not only significant social benefits to our employees, but through a very strong operation we have contributed greatly to training, employment opportunity, and the development of the mining industry in a very responsible manner. The government has been very, very supportive of our methodology and our support for the industry.

The Chair: We'll go now to Mr. Albrecht, please.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Thank you, Mr. Chair.

Thank you, Mr. Davis, for being here today.

I'm going to ask a few questions relating to the extractive industries transparency initiative, or EITI. My understanding is that Eritrea is not a supporting country, and has actually been asked by the UN monitoring group to consider participating voluntarily. But they've refused that. Canada, as you know, is a supporting country.

I wonder, Mr. Davis, if you could clarify for us why Nevsun chooses voluntarily to be part of the EITI in terms of reporting the resources that it ends up giving or paying to government while the Eritrean government itself is not participating in that initiative.

Mr. Cliff Davis: I probably shouldn't comment on behalf of the government as to their decision-making process, but we are very familiar with the EITI. We think it's a reasonable process to ensure that the users of our financial statements and various stakeholders have an opportunity to see the revenue flow to the State of Eritrea in terms of taxes, royalties, etc. We're very comfortable in doing that.

The Eritrean government is very aware that we do this. Well before the start of operations, we said that we intended to do so, and they were very comfortable with that.

Mr. Harold Albrecht: Okay.

On a little different track, then, your website reports that the philosophy of the Eritrean central government is to ensure that the entire country benefits from resource development to ensure no one particular region is a recipient of disproportionate benefits.

Do you have any idea how the government actually carries that out? I mean, it's a great statement. Are you aware that it's actually being practised?

Mr. Cliff Davis: It is a great statement. We are aware to some extent, and maybe it just needs embellishment so that you better understand what the statement means.

Often in other countries' communities, there's a belief that the local communities should get a lion's share of the benefits associated with resources extracted from the immediate area. That's not the case with Eritrea. They believe that it's a national resource, and accordingly the local communities shouldn't disproportionately benefit.

Actually, they do, because the communities that are closer have much higher employment and opportunity.

But as to what they do with the funds, again, if that's really what you're getting at, we're not in the position to influence that, and we don't think we should.

Mr. Harold Albrecht: Okay.

There was a statement made by Elizabeth Chyrum, director of Human Rights Concern Eritrea, and I'm just going to read a little bit of what she said:

As for what is happening is, first of all, the people who are employed by Nevsun are well fed and well paid, and they are well quartered. The subcontractors are the government-owned companies, construction companies, and they employ about 3,000 Eritreans. Those 3,000 are poorly paid. They sleep in a makeshift-like camp. They eat very poorly. They work up to 16 hours. This second group is the conscripts. The conscripts are like a battalion or a brigade. They bring them there and give them the construction company's uniform. The conscripts are warned not to say they are conscripts.

Was this an accurate statement back in the early days of Nevsun, back in early 2011? Is it accurate today? And are the workers in fact free to express their concerns about the development or the operations at Nevsun?

• (1335)

Mr. Cliff Davis: I believe Mrs. Chyrum's source of information may be very limited.

Directly to your question, no, it's not an accurate statement, either in the early days or now. I think I said in my preliminary, but I can expand on it a bit, that the average workforce of the Eritreans and the

subcontractors was 440. It never reached anything near 3,000; that's just not appropriate.

As for the comment regarding 16-hour days, there's a short element of truth to that. For a few days, not only did the subcontractor work long hours, everybody worked long hours. I need to make sure you get the context right. In a construction project, there are certain times where you have to do cement pours that are virtually continuous, and it requires a lot of people, time, and attention. Even during that 16 hours, they get a number of breaks—two- to three-hour breaks. They're well fed. They get covered off by other people during that period, and the next day they would have a further day off.

That only happened a few times, when we were doing significant pours of the cement foundations. The normal workday is 8 to 10 hours.

Sorry if I'm going too long, but....

Mr. Harold Albrecht: I was just going to comment, Mr. Davis, that having been raised on a farm, I know what 16-hour days are like. Then I came back into it as a member of Parliament. I think we're familiar with those times when there is a little bit more expected of employees, and then there are times to give them a break. I appreciate your response on that point.

I think my time is up, sir, so I thank you for your time today.

Mr. Cliff Davis: Thank you.

The Chair: Professor Cotler, you have six minutes.

Hon. Irwin Cotler (Mount Royal, Lib.): Thank you, Mr. Chairman.

Sir, as I think you appreciate, the U.S. Department of State, the U. S. Commission on International Religious Freedom, and major human rights organizations have reported on persistent and pervasive human rights violations in Eritrea. That has included systematic patterns of detention, of torture in detention, violations of freedom of religion and freedom of expression, of forced conscription. I myself have also met with and heard directly from Eritreans themselves, where, for example, they spoke of forced labour, of military conscripts being used by local companies that have been subcontracted by Nevsun.

My question is this: how do you feel about your involvement in a country that has been described as the North Korea of Africa with respect to human rights violations, and what has been your involvement...? I know that your CSR strategy has spoken of this, but one of our witnesses said, in a critique of your CSR strategy, that it's been "mostly at the level of philanthropy and platitudes". But there has been "no evidence", to use their words, that you've engaged at all with the government in order to help address and redress this widespread and systematic pattern of human rights violations that amount to crimes against humanity.

Mr. Cliff Davis: Well, I thought I was here....

Actually, it gives me an opportunity to thank you again for asking me to be here. We heard about this subcommittee after a number of these accusations. Fortunately, DFAIT brought them to our attention.

Unfortunately, your comments were so lengthy that I didn't get focused in on what the question was. What I can say, which is really a general answer, is that we can control what we can control. As a company, we are bringing an awful lot of good to this country and we are bringing an awful lot of good to the people of Eritrea—economically, socially, and through the establishment of high international standards, which I think are very significant benefits to the country and to the people.

• (1340)

Hon. Irwin Cotler: Mr. Davis, I'm worried about those high international standards and your approach to them. For example, your CSR report has indicated that you have “not encountered any corruption practiced by any Government officials, representatives or any organisations connected to the State of Eritrea”.

I don't have to remind you, I believe, about the reports of the UN monitoring group on Somalia and Eritrea, that ranked Eritrea 48th out of 53 African states on the matter of corruption. I can go on. I think the evidence is known to you.

How is it that you are able to say that you have not encountered “any” corruption whatsoever? This is what worries me. I'll repeat my question specifically: to what extent have you addressed and sought to redress the pattern of systematic and widespread violations of human rights in Eritrea?

Mr. Cliff Davis: I'll repeat myself as well, Mr. Cotler. I stand by the words in that report. I've said them many, many times to many, many people. There's no effort, by any government official, whether they be with the government or a crown corporation, or a state official, whatsoever with respect to corruption.

I'll also repeat myself on another point. We can control, as a company responsibly operating within the country of Eritrea, our operation, how we behave, our business practices. And we do a very, very, very good job with respect to our obligations with respect to human rights. We ensure that people are there of their own free will. We ensure that they have already been cleared of military release documents, that their national service has been completed. If they're working for a contractor or a subcontractor, we ensure that....

I gather my time is up. The musical interlude came in.

The Chair: Your time is not up. There was an audio problem. You still have time.

Mr. Cliff Davis: Okay.

At any rate, we do a tremendous amount of good within the country, and we're very proud of it. I think you as members of Parliament actually should be very proud that you have a Canadian company in there establishing strong international standards.

Hon. Irwin Cotler: Mr. Davis, I would be very proud if I knew that amongst the many visits that you have acknowledged you make to that country you have brought up the issue of human rights violations by the government—since you are there, and have the benefit of being there. Do you not consider that you have a responsibility to raise these issues of human rights violations?

Mr. Cliff Davis: First of all, that's not in my purview as president and CEO of the company, and that is certainly not my objective.

If you'd like to come to the country, I invite any one of you to the country. We'd be happy to sponsor you.

Hon. Irwin Cotler: You're still not answering the question. Do you engage with the Eritrean government on their human rights violations, yes or no?

Mr. Cliff Davis: I don't know what else I can say. We provide a very good environment for our people.

Hon. Irwin Cotler: I don't think you're answering the question, Mr. Davis, so....

I'm asking a specific question: have you ever brought up the human rights violations by the Eritrean government?

Mr. Cliff Davis: Well, first of all, I don't acknowledge the premise, because that's a premise that is asserted by people outside of certainly our mine site, and there are no human rights violations on our mine site.

Hon. Irwin Cotler: That's not my question, Mr. Davis, and you know that.

The Chair: I allowed this one to go a little overtime.

We now go to Ms. Grewal.

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Thank you, Chair.

Thank you, Mr. Davis. I am grateful to hear of the ways BMSC has gone the extra mile to address human rights obligations within the subcontractor mentioned. However, in regard to this subcontractor, can you give us more information on who they are and who they represent? Could you elaborate a little bit more on what you said was a requirement by the government that they be involved in certain projects?

• (1345)

Mr. Cliff Davis: Certainly: the name of the subcontractor is Segen Construction.

As to who owns them, we believe they are similar to a crown corporation. It's government-owned, in some manner, so it's a state corporation and not a private subcontractor.

The other part of your question was...?

I am not experienced at writing these notes here.

Mrs. Nina Grewal: I'm wondering about the requirement by the government that they be involved in certain projects. Is there a requirement by any government here?

Mr. Cliff Davis: Yes. When we initially started looking for contractors, and when our contractor was looking for subcontractors, we were advised of the appropriate subcontractor to use.

I will give you an example. When we started the copper phase, it was late 2011. We commenced the copper phase with our own people and staff. We were advised to stop that action because we didn't have the requisite licensing, and the government required us to use that subcontractor.

Mrs. Nina Grewal: The UN monitoring group concerning Somalia and Eritrea has recommended that the Government of Eritrea voluntarily participate in an international framework for the management of natural resource revenues, such as the extractive industries transparency initiative, which would commit the Eritrean authorities and its private sector partners to a set of principles, including the regular publication of all mining payments by companies to governments, and all material revenues received by governments from mining companies, to a wide audience in a publicly accessible, comprehensive, and comprehensible manner.

As president and CEO of a mining company operating in Eritrea, how likely do you think it is that the Eritrean government would voluntarily participate in an international framework such as this?

Mr. Cliff Davis: It's not really my position to comment on what their policy might be.

As to whether they will sometime in the future, I certainly can't be certain. They have said they don't wish to. That's my understanding.

But in saying that, they are also aware that we are already providing that information. I don't know if that has any influence on their decision.

Mrs. Nina Grewal: Mr. Chair, do I have some more time left?

The Chair: You do. You have two and a half minutes.

Mrs. Nina Grewal: I will pass it on to my colleague Mr. Sweet.

Mr. David Sweet: Thank you very much.

Mr. Davis, to follow up on Mr. Cotler's line of questioning, I think what Mr. Cotler was trying to say, in simple terms, was that Nevsun is benefiting substantially from their presence in Eritrea. Your point is taken that your presence there is benefiting individuals in Eritrea as well—those who are able to somehow qualify for working at the mine. But as a corporate citizen making profits in an area, do you feel any obligation—having the ability to be there on the ground—to bring the Government of Eritrea's attention to the vast amount of human rights violations; and, coming from a country like Canada, that you would bring that up, and make it clear that this is not something that your corporation would approve of?

Mr. Cliff Davis: Let me get back to...and I'm sorry if I was perceived to be in any way disrespectful to Mr. Cotler.

I guess we have engaged over time with them. We insisted, for instance, in the use of Segen, that the subcontractor's employees, anybody who was on our site, had to be free of national service, had to be working of their own free will. We set up those systems back in 2008. That was a requirement that we made of them. That was us, I guess, instilling that requirement. Naturally, we can't instill that throughout the country, but we can with respect to what we control.

They, I am certain, are aware of allegations. We do not have the ability or capacity to assess those allegations.

• (1350)

Mr. David Sweet: I think, given the fact that the UN is involved and every other nation is involved, that we go beyond allegations in this regard. Suffice it to say, then, you're keeping your own house in order, but you don't feel any obligation to go beyond that to try to make some positive influence on the Eritrean government in regard to their treatment of their own citizens.

Mr. Cliff Davis: I think we are—I suppose indirectly, as we can't force anything on anybody—providing a tremendous example of how successful operations can run without human rights violations.

The Chair: That uses up the time available for this round.

We go now to Madame Péclet.

Ms. Ève Péclet: I'm going to be sharing my time with my colleague.

First I have one question, and I'm going to be asking it in French, if it's okay.

[Translation]

Recently, Barrick Gold was accused of complicity in human rights violations in West Papua, a province of Indonesia. In reply to those accusations, Barrick Gold invited Human Rights Watch to visit its site in order to check on its activities and actually to make recommendations to the company on human rights violations.

Would Nevsun allow an independent organization to visit the Bisha site in order to conduct a similar study in Eritrea?

[English]

Mr. Cliff Davis: Certainly: there are many, many visitors to the Bisha site, international as well as local people who aren't involved with our company. We've also had interaction with Human Rights Watch. So we would be happy for MPs at the table, or any other organizations, to visit the Bisha site.

Ms. Ève Péclet: Thank you very much.

[Translation]

Mr. Pierre Jacob: In its CSR report, your company makes the following comment:

We adopted the IFC social and environmental performance standards of April 2006 and developed our management plans accordingly. The plans have been subject to review by country hosts and by international bankers as part of their due diligence when considering funding for development of the Bisha mine. We have since implemented the social and environmental plans and have subsequently been audited by an independent third party.

Would your company agree to provide our subcommittee with a document containing the results of the audit of the social and environmental plans that was conducted by that independent third party?

[English]

Mr. Cliff Davis: As to how recent that was, I think it was back in 2008 when that audit process was going on. I don't have the permission just to release that kind of documentation. It wasn't hired directly by us, in any case...[Inaudible—Editor]

[Translation]

Mr. Pierre Jacob: Thank you.

I hope I will have more luck with my second question.

In its resolution 2023, passed in 2011, the Security Council decreed that states should have to take appropriate measures to promote the exercise of vigilance by “firms incorporated in their territory or subject to their jurisdiction that are doing business in this sector of Eritrea including through the issuance of due diligence guidelines”. It also instructed the appropriate UN sanctions committee to develop guidelines for mining companies conducting activities in the country.

Would your company consider voluntarily complying with the due diligence guidelines drawn up by the UN sanctions committee?

• (1355)

[English]

Mr. Cliff Davis: Certainly we'd consider it. It's our understanding that those guidelines are still in process. We have not seen those guidelines today.

[Translation]

Mr. Pierre Jacob: I still have no luck.

The Chair: You still have two minutes, if you want to use them.

Mr. Pierre Jacob: Okay.

Even if you have not read the due diligence guidelines, do you have an idea of the kinds of measures they should contain?

[English]

Mr. Cliff Davis: No. I wouldn't speculate on that.

We monitor very regularly as to when those guidelines might come out. The guidelines have been produced by a monitoring committee or their designees, and we wait to receive them.

[Translation]

Mr. Pierre Jacob: Do I have one minute left?

The Chair: One minute, yes.

Mr. Pierre Jacob: I will give my remaining time to my colleague Ève.

Ms. Ève Péclet: In your presentation, you mentioned that you make regular site visits to make sure that the subcontractors are providing food and that conditions are acceptable in the camps the employees live in.

Can you give us a quick idea of your schedule? How many visits do you make and how often? Do you warn the subcontractors? Do you warn the people before you visit or are your visits unscheduled and made without notice?

[English]

Mr. Cliff Davis: First of all, that's not the purpose of my trip. The purpose of my trip is to interact with our Bisha site management and our Eritrean partners. We have people on site all the time through Bisha Mining Share Company. Our expatriate managers are very experienced, and they have full facilities and full capability to monitor food, productivity, and—

Ms. Ève Péclet: Sorry—

[Translation]

The Chair: Your time is up, madam.

[English]

It does give a chance for me to just point out we have enough time for one more question, one-offs, from each of the parties before we run out of time.

I have a quick question myself. You mentioned expatriates. I assume you mean these are people who are either Canadians or other non-Eritrean nationals who are on site full time on the mine site.

Is that correct?

Mr. Cliff Davis: That's correct. They're non-Eritrean. They are largely African, South African, from Ghana, Australia—around the world.

The Chair: How many would there be at a typical time?

Mr. Cliff Davis: Right now there are about 160—

The Chair: Non-Eritreans?

Mr. Cliff Davis: —expatriates.

The Chair: Right.

Would those individuals primarily be, I'm assuming from an economic position, people of engineering experience, that kind of thing? They bring certain kinds of expertise?

Mr. Cliff Davis: Correct. They're very specialized. They're part of the construction project as well.

The Chair: Right.

Would they also, not to put too fine a point on it, have a degree of liberty vis-à-vis the Eritrean government and a degree of personal security that would not be available for any national?

Mr. Cliff Davis: I'm not really sure what that means, but I can tell you that all of our staff are free to move. We've never had any difficulties of our Eritreans or other Eritreans moving within the country, in and out of site. We certainly have security at site, I didn't mean to say that, but there's a free flow of people.

The Chair: All right. Thank you.

Mr. Sweet, you have time for one more question, and then we will go to Professor Cotler for one more, and I think at that point we may have run out of time.

Mr. David Sweet: Thank you, Chair.

Mr. Davis, explain this to us, if you would, please, in practical terms. You mentioned this consultant who had come to help set up a system regarding the authenticity of individuals who have come to work for you in Eritrea, that they're there on their own accord. You mentioned that you do check they have their military discharge papers so you know that they filled that obligation and are not there as military agents forced by the government.

What measures do you take to determine that these people aren't forced there by the Eritrean government? What is the interview process? What does it look like practically?

• (1400)

Mr. Cliff Davis: Practically, we advertise for the positions available. There are a lot of applicants. Significant sifting is obviously by skills, but another significant sifting device is whether or not they are released from national service.

So it's really an application process. When we go out and need to hire ten new people, there is no shortage of applicants. By definition, to me, that's.... They're certainly there of their own free will.

The Chair: Thank you, Mr. Sweet.

Professor Cotler, please.

Hon. Irwin Cotler: Mr. Davis, as you know, we have heard witness testimony about the widespread and systematic human rights violations in Eritrea. Indeed the United Nations, our own government, and human rights organizations have reported on this.

Let me just ask you, what do you think are the human rights concerns in Eritrea?

Mr. Cliff Davis: Sorry, Mr. Cotler, but I am very repetitive to your line of questioning. We are aware of our operations, and we ensure that we have respected and fulfilled all the human rights obligations with respect to anybody on our site, whether they be our employees, our contractor's employees, or our subcontractor's employees.

I read as much as anybody else reads. There are various reports and various sources, and I'm not in a position to verify them in any way.

Hon. Irwin Cotler: So you are not aware yourself of any human rights violations in Eritrea.

Mr. Cliff Davis: I'm certainly not directly aware at all. All I have is the same access that you have with respect to the Internet, and postings on the Internet, and articles—

Hon. Irwin Cotler: Well, I speak to Eritreans, and they have reported to me about these human rights violations of a widespread and systematic nature, so I'm not only dealing with reports that report this, but Eritreans reported this to me.

Now, you have far more encounters with Eritreans than I have had, and I am asking you if you have any concerns about these human rights violations. Have they been reported to you? Have any of the villagers, any groups, reported to you about any human rights violations?

Mr. Cliff Davis: No.

Hon. Irwin Cotler: No. Okay.

So you have received no reports of any human rights violations while you have been in Eritrea.

Mr. Cliff Davis: No.

Hon. Irwin Cotler: Thank you.

The Chair: We have come to the end of our time.

Mr. Davis, I want to thank you for agreeing, indeed for volunteering, to appear before our subcommittee. We do appreciate that. We are looking into the human rights situation in general in Eritrea, not specific to your company but in the country as a whole.

One thing does cross my mind; perhaps I can just ask this as a final question. In the event you were to come across something that you regarded as being a human rights violation that did come to your attention in Eritrea, would it put your commercial position as a company operating in Eritrea into peril if you were to bring that to public attention, either to the attention of the government itself or to the attention of the international community?

Mr. Cliff Davis: I don't believe so. I don't think I would have any trouble talking to somebody in government.

By the way, Mr. Chairman, thank you again for the opportunity. Just to put this in context about our request to appear, in February, I guess, after other testimony, it was brought to our attention that this subcommittee existed and that there were a number of witnesses commenting on our operations.

To our knowledge, none of these people has ever visited our operations, and they certainly haven't contacted us either.

The Chair: Are there any Canadian or other international persons not actually commercially linked to Nevsun or its subcontractors who have had the opportunity to visit your operation?

• (1405)

Mr. Cliff Davis: Sure: the UN...and I imagine there's a number of people. I don't monitor them all. A lot of people come and visit.

The Chair: Right.

Mr. Cliff Davis: There's a regular frequency of international visitors. There are investors, naturally, potential investors, and people referred to as analysts, certainly who are independent, from outside Eritrea. They come from the U.K., Europe, Canada, and the United States.

The Chair: All right.

We appreciate that very much, Mr. Davis. Thank you for making yourself available.

Members of the committee, I'm going to dismiss Mr. Davis. I just ask you to hang on for one item of committee business unrelated to this. Then we'll be out of here and back to the House in time for question period.

Thank you, Mr. Davis.

[Proceedings continue in camera]

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:
Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :*
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and
Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
<http://publications.gc.ca>

Also available on the Parliament of Canada Web Site at the
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les
Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
<http://publications.gc.ca>

Aussi disponible sur le site Web du Parlement du Canada à
l'adresse suivante : <http://www.parl.gc.ca>