

Reefs at Risk: Mining and Export Credit Finance in Kanaky/New Caledonia¹

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Abstract: New Caledonia, or Kanaky, a French Overseas Territory situated in the Southwestern Pacific, is an archipelago identified by leading scientists as one of the world's top ten "biodiversity hotspots." Surrounded by an extraordinary barrier reef, Kanaky contains one of the world's largest lagoon systems. This little-researched reef and lagoon system is home to a vast number of marine species including many found nowhere else. Recently, marine researchers discovered over 2,700 species of marine mollusks at one site, alone, several times the number of species recorded from any other comparable area in the world. In January 2002, at the urging of courageous indigenous Kanak leaders and local environmentalists, the French government proposed these reef ecosystems for listing as a UNESCO World Heritage Site. In March, 2002, sixty-two coastal and marine scientific experts identified the reefs of New Caledonia as being of "Outstanding Universal Value" in terms of their biodiversity attributes and placed these reefs at the top of the priority list for World Heritage designation in the Pacific. Many of Kanaky's reef ecosystems are in good to excellent condition owing to their physical isolation and minimal human pressure from fishing. Unfortunately, however, these reefs are under increasing pressure from open-pit industrial nickel mining and the associated air and water pollution. This paper presents a brief overview of the threat posed to the reefs by industrial mining, with a focus on the proposed Inco Goro Nickel mine, and utilizing the case of the Inco mine, traces the linkages between support from public financial institutions and government subsidies and environmentally damaging mining operations.

Key words: New Caledonia, Kanaky, nickel, Inco, export credit finance, mining

Background: Biodiversity and Nickel Mining in Kanaky/New Caledonia

Kanaky or New Caledonia, a country under French rule in the Southwestern Pacific, is one of the most unusual biodiversity hotspots on earth. A remnant of ancient Gondwanaland, the main island, La Grand Terre, separated from Australia some 85 million years ago and has existed in isolation from other land masses, surrounded by deep ocean trenches.³ Kanaky contains the largest concentration of nickel laterites in the world (approximately 20% of the known reserves) and contains 75% of the reefs and lagoons under French control.⁴ Due to the country's geological history, isolated location and unusual soils which are poor in nitrogen, potassium and phosphorous and rich in chromium, magnesium, nickel, iron and cobalt – elements usually toxic to plants -- over 75% of the country's plant species are endemic and are found nowhere else on earth. Some of New Caledonia's terrestrial ecosystems have rates of endemism as high as 91%.⁵ Kanaky is home to extraordinary "living fossils" including 18 species of the Winteraceae family of plants which date back 120 million years, to the age of dinosaurs.⁶

Surrounded by an extraordinary barrier reef --the second largest in the world, after Australia's Great Barrier Reef -- Kanaky contains one of the world's largest lagoon systems. The location of Kanaky's reefs relative to prevailing currents and temperature regimes has allowed them to remain relatively unscathed by recent massive coral bleaching events which have had profound impacts on the reefs of neighboring Australia and throughout the Pacific.⁷ This little-researched reef and lagoon system – occupying close to 10 million acres (44,000 km²) -- is home to a vast number of marine species including many found nowhere else on earth.⁸

Recently, marine researchers discovered over 2,700 species of marine molluscs at one Kanaky site, alone – several times the number of species than those recorded from any other comparable area in the

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world.⁹ This recent discovery and other current analyses of Kanaky marine molluscs is likely to force an upward recalculation of the total number of living species on Earth.¹⁰

In January 2002, after pressure by courageous indigenous Kanak leaders and local environmentalists, the French government proposed New Caledonia's reef ecosystems for listing as a UNESCO World Heritage Site. In March, 2002, sixty-two coastal and marine scientific experts convened in Hanoi, Vietnam and concluded that the reefs of New Caledonia were of "Outstanding Universal Value" in terms of their biodiversity attributes, placing these reefs at the top of priority list for World Heritage designation in the Pacific.¹¹ The UNESCO process, however, has since been blocked and the nomination has not progressed. The French Minister of Ecology and Sustainable Development has stated that France now prefers to "work with international mining companies...to ensure environmental protection" instead of seeking World Heritage status for the reefs.

Given the nickel-rich soils, and a recent "World Nickel Meeting" held in the country, large international mining companies are preparing to initiate massive mining operations on indigenous lands in this fragile island ecosystem. In addition, there are plans for the development of large-scale industrial shrimp aquaculture operations. There are indications that both mining and aquaculture companies are attempting to secure international finance, including ECA support, for their proposed ventures. This paper focuses on the provision of public finance for mining sector. The potential impact of public finance on the aquaculture sector will be examined in a later paper.

Mining and Public Finance

New Caledonia has sometimes been called the "El Dorado of Nickel" by the international mining community. However, international nickel prices have not been stable and civil unrest appears to be on the increase locally. Under conditions of clear political and commercial risk, it is likely that transnational mining companies and their investment partners are seeking methods of shifting the risk burden to the public sector, especially through the utilization of various forms of public finance and political risk insurance from ECAs in their countries of origin.

Major nickel-mining companies with plans for New Caledonia include Canada's Inco, notorious for conflicts with indigenous communities and environmental destruction in Indonesia (supported by Canadian and Japanese export credit agency finance), Canada, and Guatemala; Canada's troubled Falconbridge company, known for its non-compliance with Canadian pollution laws, now planning the construction of a massive coal power plant for its expanded Kanaky operations with hopes for a massive French subsidy totaling US\$630 million, Australia's BHP, the U.S.A.'s Phelps Dodge, and Russia's infamous Norilsk mining company,¹² initially established by Stalin as a gulag prison camp mine on indigenous lands in the Russian Arctic and currently regarded as the largest single source of air pollution in the world.¹³

The Case of Inco: Following the Money Trail

Canada's Inco company leads the Kanaky mining race with its initiation of construction of a \$1.8 to \$2 billion nickel-cobalt mining facility in the Goro region of Kanaky's Southern Province, apparently without yet having secured the government permits necessary for mine operation. Inco plans to utilize an unproven, and apparently risky Pressure Acid Leach (PAL) technology powered by a coal fired plant which is underwritten, in part, by the publicly financed Agence française de développement (AFD) and which will be located in the midst of protected botanical reserves, adjacent to the fragile reef systems proposed for World Heritage Site nomination. AFD often acts as an export credit agency,

providing loans for overseas projects which are supported by insurance from COFACE, France's export credit insurance agency.¹⁴ Since February 2000, the French government has committed to the evaluation of environmental impacts as part of the acceptance process for export guarantee requests.¹⁵ Inco built and ran an on-site pilot plant to test the company's new hydrometallurgical process.

Inco's initial plan to dump millions of tons of mining tailings containing heavy metals directly onto the reef met with protests from local environmentalists and Kanak leaders. As a result, the company announced that they would not dump all of their effluent directly into the New Caledonia reefs but would place it first in a settling pond. The company still apparently plans to dump millions of cubic meters of decanted mineral-rich liquid effluent into the coral reef ecosystem at the Havannah Passage, which marks the northern limit of the country's largest coral reserve, the 16,000 hectare Yves Merlet Special Reserve, created in 1970. There is concern that the liquid will contain significant heavy metal pollutants, including manganese and hexavalent chromium. This mine presents a tremendous threat to marine biodiversity and to communities dependent on near-shore subsistence fishery resources.

In addition, despite U.N. resolution 35/118 which "urges member states to prevent the systematic influx of outside immigrants and settlers" in territories such as Kanaky, Inco apparently plans to import 2,000 Filipino laborers on a revolving basis as a low-cost, factory construction crew.¹⁶

In 2001, Inco appointed Pierre Alla to direct their Goro mine, coming directly from scandal-ridden Pam Lyonnaise Jaya in Indonesia.¹⁷ New Caledonia has proposed the granting of a 15-year, 100% tax holiday, followed by a 5-year 50% tax holiday for the company.

Flawed Inco Environmental Impact Statement Linked to Disbursement of French Finance

As part of the process of applying for the Goro Nickel mine operating permit, it was necessary for Inco to provide an Environmental Impact Assessment (EIA) to the New Caledonia government. The EIA was extraordinarily weak and was harshly criticized by scientists, environmentalists and Kanak leaders as completely inadequate and lacking in credibility.¹⁸

In March 2002, INERIS, a French government research agency, submitted a proposal to conduct a "critical analysis" of environmental risks associated with the proposed mining Goro Nickel operation.¹⁹ Inco paid INERIS to conduct the evaluation and the agency proposed to limit its analysis only to those subjects raised by the company in its EIA. The Goro Nickel assessment barely mentioned the potential environmental impacts -- including acid rain, the clearing of forests for electricity lines and infrastructure -- of building and operating a coal-fired power plant in the middle of protected botanical reserves containing some of the only known populations of certain species on the verge of extinction.

One day after the INERIS proposal had been submitted, the publicly funded French Development Agency (Agence française de développement, AFD) signed a 7.5 million euro (approximately US\$7.5 million) "pre-financement" contract with Elyo SA for the purchase of turbines for the coal fired plant designed to supply power to the Goro Nickel operation, located in the midst of botanical reserves adjacent to fragile reef ecosystems. The contract was signed despite the fact that Goro Nickel had not yet obtained permission to operate its planned mine and despite the fact that there had been no meaningful environmental assessment of the impacts of siting the proposed coal plant in an extremely environmentally vulnerable area, containing species on the verge of extinction.²⁰ The AFD also prepared for consideration an additional 11.4 million euro contract for power supply extension lines with Enercal.²¹

The assessment of the Goro Nickel EIA completed by INERIS in July, 2002 underscored a number, but not all, of the staggering insufficiencies of the EIA and highlighted the significant environmental risks associated with the Goro project. However, INERIS failed to provide credible suggestions for the amelioration or avoidance of many of the potentially devastating environmental impacts and appeared poised to acquiesce to the project despite the fatal flaws in the environmental analysis. French government sources indicated that potential stumbling blocks in the French approval process for the Goro Nickel operation "could be due to the fact that the French State stresses respect for the European environment code as a pre-condition to its backing."²²

In August, 2002 close to 3000 angry Kanak leaders, trade union members, environmental organizations, and human rights groups held a demonstration to express their anger at a Provincial government decision to award another laterite deposit, in Prony, to Inco's Goro operation. The Collective for the Defense and Control of the Prony Heritage called it, "a grave attack on the rights and interests of the citizens of New Caledonia ... placing the sustainable development of our country in peril and radically compromising the future of our children." A similar protest occurred in September, and Inco subcontractors carried out a significant work-stoppage of the company's construction work.

In September, 2002, Goro Nickel Chair Peter Alla announced that, since the company had completed its environmental impact assessment, French public finance -- including a planned \$350 million tax subsidy -- would "be in place by the end of the year."²³

In October 2002, however, a Kanak Senate delegation accompanied by NGO representatives traveled to Paris to meet with French Presidential advisors and officials in the Ministry of Economics, Finance, and Industry, the Ministry of Ecology and Sustainable Development, and the Agence française de développement (AFD), and UNESCO.²⁴ Kanak Senate and NGO representatives underscored concerns about the Goro Nickel plans, the stalled UNESCO nomination, and presented a detailed analysis of the deeply flawed Inco environmental impact assessment, including concerns raised by INERIS scientists. They underscored concerns about the role of French public finance, including AFD loans, the proposed tax subsidy, and apparently misleading documents filed by the company in its reports to the U.S. Securities and Exchange Commission.²⁵ The AFD's Executive Director for Overseas Operations, Monique Barbut, indicated that the AFD had only disbursed a small portion of the planned AFD finance package for the coal power plant equipment, but that this funding was not subject to any environmental standards.²⁶ Mme. Barbut indicated that the proposed AFD financing for the electricity lines would only occur if Goro Nickel met environmental conditions, including international and French standards. Advisors to the Ministry of Economy, Finance and Industry (MinEFI) assured the delegation that the proposed \$350 million Inco tax "*defiscalisation*" subsidy would not be finalized unless the Ministry of Ecology and Sustainable Development had examined and accepted the company's EIA and the INERIS report and recommendations.

In November 2002, immediately after the Kanak Senate and NGO delegation left Paris, INERIS officials flew to New Caledonia to attempt to convince other Kanak leaders to accept the company's flawed EIA and the proposed INERIS "solutions," apparently to ensure that the \$350 million finance package could be rapidly finalized. The Kanak leaders refused, the French government did not sign the finance package, and within two weeks Inco announced that it was ceasing Kanaky operations for an undetermined period of time. The company sent home the Filipino laborers that they had brought into the country for mine construction and dismantled their sub-contracting agreements. The company's press release indicated that they had run into sudden, unexpected cost overruns of up to 45% and that they "did not expect to finalize the terms" of the \$350 million tax subsidy but would attempt "to continue pursuing this financing program, if available."²⁷

In December 2003, after having dismissed the international consortium comprising Bechtel, (United States) Technip, (France) and Hatch (Canada), Inco announced a new partnership with Bermuda and U.S.-based Foster Wheeler and Canada's SNC Lavalin for the construction of the mine.²⁸ On December 26, 2003, an administrative court cancelled Goro Nickel's Prony nickel prospecting license as a result of a suit filed by opposition political parties, competitor nickel mining companies and traditional chiefs.²⁹ Four days later, strongman and head of the Southern Province, Jacques Lafleur, ordered Inco's Prony prospecting permit re-instated.

The Cost of Activism

An Environmental Defense report circulated in November, 2002 highlighted the fact that Inco, in its 2001 annual report to the U.S. Securities and Exchange Commission, had failed to inform shareholders of material environmental risks and liabilities associated with its New Caledonia and Indonesia operations and had only set aside funds for post-mine restoration costs for its Canadian operations, totaling approximately \$315 million.³⁰ In March 2003, the company suddenly increased its estimate of liability by \$100 million and changed its SEC filing to reflect this, bringing its total estimate of future site restoration costs to \$415 million dollars.³¹

In 2002, Inco informed shareholders that NGOs, community activist groups, and "the possible future independence" of Kanaky were now to be considered shareholder risks. The company's 2002 SEC statement, published in March 2003, indicated that the shutdown of the Goro Nickel operation had cost the company \$62 million, which Inco claims was offset by a gain of \$37 million on "certain forward currency contracts", leading to a loss of \$25 million in the last quarter of 2002.³² The SEC filing indicates elsewhere, however, that the loss due to the Goro postponement was \$26 million.³³ In addition, the filing notes that the company suffered a net loss of \$1.48 billion in 2002 compared with earnings of \$305 million in 2001, linked to both the Goro postponement and "tax asset impairment charges of \$1,626 million, or \$8.89 per share, to reduce the carrying value of the Voisey's Bay project and certain other assets." On July 20, 2004, the company announced a "non-cash impairment charge" of \$191 million associated with "changes in the planned Goro project configuration."³⁴ They indicated that certain equipment purchased earlier "would no longer have any value for the project or otherwise" and that "capitalized expenditures incurred totaling \$201 million before minority interest and taxes have been written off in the second quarter of 2004. After taking into account the minority interest of \$9 million and a tax recovery of \$1 million, this charge totaled \$191 million."³⁵

Environmental Standards? Finance for Inco, Falconbridge, and Other Mines

On December 17, 2003, a French government representative in Kanaky announced that France would provide a tax subsidy package of US \$230 million for the Prony coal-fired power plant designed to support the Goro Nickel operation, previously funded by loans from the AFD. An additional US \$418 million is to be provided directly for the Goro Nickel project, a substantial increase over the initial planned French government subsidy.³⁶ Responding to the news, Jacques Lafleur remarked, "When we know the current budgetary difficulties in France, we realize the colossal effort the government is making to insure the success of New Caledonia's metalurgical projects."³⁷

Interestingly enough, no information has yet been released to the public regarding the manner by which the deeply flawed Goro Nickel EIA has been accepted by the French Ministry of Environment and Sustainable Development, a prerequisite for the granting of French subsidies. Guidelines developed by France for export credit agency activities include reference to World Bank standards

regarding effluent disposal and "the avoidance of environmentally sensitive sites" such as those of "vast biodiversity" and those which are "particularly important for endangered animal or plant species on the IUCN Red List."³⁸ Inco is reportedly seeking Export Credit Agency finance, potentially from Canada or Japan.

There are additional reports that the French government is planning \$630 million in tax breaks and "low cost funding" for the proposed expansion of the Falconbridge mine in the country's Northern Province."³⁹ According to Andre Dang, the president of the local company which is partnering with Falconbridge in the project, "This is a great gift."⁴⁰

Half a dozen other large companies are currently negotiating for access to Kanaky's nickel resources. Clearly a number of the proposed mega-mining operations appear to violate even the minimal environmental standards of many public financial institutions, including export credit agencies. Nonetheless, the role of export credit agencies, the provision of other types of public finance, the extent of due diligence carried out by private sector investors and the extent of public scrutiny are likely to be a crucial determinants of the extent to which these companies are able to secure financing for their environmentally destructive and socially disruptive plans.

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³ Identified by scientists as one of the world's top ten biodiversity "hotspots" in Meyers, N, cited in "Radiation of crenobiontic gastropods on an ancient continental island: the Hemistomia-clade in New Caledonia", M. Haase and P. Bouchet, *Hydrobiologia* 367: 43 – 129. 1998

⁴ French Embassy, *In Depth Review: Region: New Caledonia*. New Caledonia was an Overseas Territory of France until May 1998. After the signing of the Noumea Accord in 1999, New Caledonia became a "French Overseas Country". www.info-france-usa.org

⁵ Jaffre, T, P. Bouchet, J-M Veillon, "Threatened plants of New Caledonia: Is the system of protected areas adequate?", in *Biodiversity and Conservation*, 7, 109-135 (1998).

⁶ Lowry, P. "Diversity, Endemism, and Extinction in the Flora and vegetation of New Caledonia," *Missouri Botanical Garden*, 1996.

⁷ Lough, J. "Analyses of sea surface temperatures (SSTs) in vicinity of New Caledonia (1-degree latitude x 1-degree longitude box centred on 20.5°S, 164.5°E) using data from UK Hadley Centre (1871-1999) and IGOSS-NMC (2000-2002)." *Australian Institute of Marine Science*, January, 2003.

⁸ According to an IFRECOR (French Coral Reef Initiative) report on the state of the environment in New Caledonia, the rich marine biodiversity of New Caledonia's reef systems has "scarcely been studied by biologists." IFRECOR cites an ORSTOM report indicating potentially 15,000 marine species, but concludes, given that "many areas have never been explored... it is likely that biodiversity is even higher." IFRECOR, "State of the Environment in New Caledonia". www.environnement.gouv.fr/ifrecor.

⁹ Bouchet, P, P. Lozouet, P. Maestrati, V. Heros, "Assessing the magnitude of species richness in tropical marine environments: exceptionally high numbers of molluscs at a New Caledonia site", *Biological Journal of the Linnean Society*, 2002, 75, 421-436.

¹⁰ *ibid*

¹¹ "World Heritage Marine Biodiversity Workshop: Filling Critical Gaps and Promoting Multi-Site Approaches to New Nominations of Tropical Coastal, Marine and Small Island Ecosystems," Hanoi, Vietnam: 25 February to 1 March, 2002. "Hanoi Report", June 17, 2002, Draft version.

¹² One of the original Norilsk plants in the Russian Arctic was actually built in 1940 by Inco in Norway, and was dismantled and shipped to Russia as part of reparations after World War II. "Norway helps Norilsk to fight pollution", *Reuters*, 6/21/01¹² Norilsk recently announced that it was abandoning plans for a joint venture in Kanaky with Argosy metals of Australia but has stated that the company "will continue to review attractive mining and metals opportunities in Russia, New Caledonia and elsewhere in the world."

¹³ Mick Lowe, Sudbury Daily News, Oct. 2001; "Ontario Turns Blind Eye to Industrial Waste Water Pollution", Natural Life Magazine #74, 1988; "Falconbridge faces Ontario pollution charges:", Reuters News Service, 30/11/00; Eugene Linden, "The Tortured Land: Siberia", Time Magazine, 1995; Paul Klebnikov, "A Company Built on Bones", Forbes Magazine, 11/6/95; Sarah Mae Brown, "Arctic city offers two guarantees: tough life, regular pay", Associated Press 10/17/98; Sibyl Diver, "Standing up to the wolf pack: Russian indigenous people fight for their survival," Presentation made at World Information Transfer International Conference on Health and Environment, 4/27/01. Norilsk

¹⁴ In the French overseas territory of Kanaky/New Caledonia, AFD plays the same role that it plays in other export credit arrangements, in this case, making direct loans for the provision of infrastructure needed by a private sector company.

¹⁵ According to COFACE, compliance with local regulations and standards for the protection of the environment is required for their projects. However, in a "significant number of developing and emerging countries" where the level of regulation is "still below international standards" and "the environmental legislation of the country concerned is still underdeveloped, COFACE's environmental assessment is then based on the environmental standards recognized at an international level. In accordance with the Common Approaches of the OECD, these are the 'standards developed by the relevant International Financial Institutions, e.g. the World Bank Group, Regional Development Banks or other internationally recognized environmental standards' such as those laid down by the World Health Organisation (WHO), or the World Conservation Union (IUCN)." (www.coface.com) Under COFACE rules, "the impacts considered include air quality, use of natural resources, emissions of greenhouse gases, water consumption, discharge of effluents, noise, waste management, the impact on ecosystems and biodiversity, and impacts on the socio-economic environment. Where necessary, the risk of cumulative impacts, industrial risk management and the potential impact of secondary infrastructures are also taken into account. The environmental assessment carried out by COFACE concerns the whole project of which the export is part, not just the exported goods. This is one of the important features of the OECD Common Approaches. It is justified by the reputational risk carried by COFACE and the exporter, which goes beyond the export alone."¹⁵

www.coface.com on 1/10/04

¹⁶ This is apparently in contravention of United Nations Resolution 35/118, "Plan of Action for the Full Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples" which states that, "Member States shall adopt the necessary measures to discourage or prevent the systematic influx of outside immigrants and settlers into Territories under colonial domination, which disrupts the demographic composition of those Territories and may constitute a major obstacle to the genuine exercise of the right to self-determination and independence by the people of those Territories."

¹⁷ Pam Lyonnaise Jaya was well known for its partnership with notorious Suharto crony financier, Liem Sioe Liong, in a "privatization" bid for control of Jakarta's water supply and their plan to immediately raise urban water fees by an average of 25%. The "privatization" of the entire Jakarta urban water supply to two Suharto-linked joint ventures came on the heels of a six years of a deeply flawed \$190 million World Bank program to upgrade the Jakarta water system. Post-Suharto reformers rejected the privatization contracts signed under conditions of staggering corruption, and Pam Lyonnaise Jaya was forced to distance itself from its disgraced Suharto crony partners.

¹⁸ See Fried, S, "A Done Deal? Inco/Goro nickel, the Environmental Impact Assessment Process and Public Finance in Kanaky/New Caledonia: A Brief Examination of INERIS and Park Service Analyses of the Inco/Goro Nickel Mine EIA," Environmental Defense, 11/02. Scientists found that the EIA contained "unverifiable data," was "systematically favorable to the project," featured unacceptably vague, dangerously insufficient waste storage and disposal plans and that the mine and power plant would yield unacceptable, predictable extinctions of highly endangered species, all supported by public finance.

¹⁹ INERIS, "Analyse critique du dossier de demande d'autorisation du Projet Goro Nickel: Synthèse Version en Projet Goro Nickel" by H. Baroudi, J. Bureau, (Direction des Risques Chroniques) J. Pineau (Direction Scientifique), July, 2002. p. 3/29

²⁰ CNC 1558 Prefinancement de la centrale électrique de Prony, "funded 28/3/2002" . www.afd.fr; Clarification re turbines provided by AFD Executive Director for Overseas Operations, Monique Barbut, October 22, 2002 in meeting at AFD office in Paris with *Senat coutumier*, Action Biosphere, Amis de la Terre and Environmental Defense. Note that Elyo SA has been affiliated with Lyonnaise des Eaux for decades and, in 1998, Suez/Lyonnaise des Eaux took over 100% of Elyo. (History of Elyo, www.elyo.fr). Pierre Alla, currently the Chairman of Goro Nickel, formerly was stationed with Lyonnaise in Jakarta, Indonesia. In post-Suharto Indonesia, Lyonnais, having partnered with Suharto tycoon, Soedono Salim/ Liem Sioe Liong, was sued for illegal water concessions made under the Suharto crony system. .

²¹ "CNC 1517: Extension de la centrale thermique de Ducos en Nouvelle Calédonie", "under consideration". www.afd.fr

²² "Work on Goro, New Caledonia Nickel Site Could Resume Next Week: Chairman Alla," Pacific Islands Report, 9/21/02

²³ "Work on Goro, New Caledonia Nickel Site Could Resume Next Week: Chairman Alla," Pacific Islands Report, 9/21/02.

²⁴ The delegation consisted of a Kanak Senator, and a Senate spokesperson, representatives of Kanaky's Action Biosphere (now PointZero), Environmental Defense's Hawai'i/Pacific Islands field office and Amis de la Terre.

²⁵ Fried, S.G. "A Done Deal? Inco/Goro nickel, the Environmental Impact Assessment Process and Public finance in Kanaky/New Caledonia: A Brief examination of INERIS and Park Service analyses of the Inco/Goro Nickel Mine environmental impact assessment." October 2002 draft; Notes on Inco's \$400 Million Public Offering in the United States September, 2002

²⁶ Monique Barbut, AFD Paris Office, meeting with Kanak Senat Coutumier representatives, Action Biosphere, Environmental Defense, Friends of the Earth/France, October 22, 2002.

²⁷ Inco, "Inco Limited to undertake comprehensive review of Goro project based upon latest cost data and trends," December 5, 2002.

²⁸ Pacific Island News, December 4, 2003. Wellington, New Zealand (RNZI, Dec. 4)

²⁹ "Nouméa court cancels nickel prospecting licence South of the main island," PACNEWS, the Pacific News Service, Asia Pulse PTE Ltd. 26 December, 2003.

³⁰ Fried, S. *ibid.* In the SEC report, Inco estimated that the company's total liability for post-mine closure restoration costs for its worldwide operations -- which include Indonesia and New Caledonia -- was approximately \$315 million, of which \$290 million were likely to be costs associated with reclamation of mines and other facilities in Ontario, Canada.

³¹ Inco, "Index to Inco Limited 2002 Annual Report on Form 10-K, pg.52, March 2003.

³² Inco, "Index to Inco Limited 2002 Annual Report on Form 10-K, pg.85. March, 2003.

³³ *Ibid.*, pg 82 "\$26 million... relating to the temporary suspension of certain development activities and other actions concerning the Goro project, as discussed under "Goro Suspension Costs" and "Outlook-Goro Project".

³⁴ Inco, "News Release: Inco reports results for second quarter of 2004," July 20, 2004.

³⁵ *Ibid.* pg. 9

³⁶ Les Nouvelles Caledoniennes, "L'Etat prêt a porter 120 milliards CFP pour faire aboutir les projects miniers," December 17, 2003

³⁷ Les Echos, "L'Etat donne un important coup de pouce au nickel caledonien," January 6, 2004

³⁸ "Environmental Guidelines: Oil and Gas", COFACE, July, 2003.

³⁹ Pacific Island News, December 4, 2003. WELLINGTON, New Zealand (RNZI, Dec. 4)

⁴⁰ 'Les Nouvelles Caledoniennes' December 28, 2003