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Cossacks, Activists Unite Against $6Bln Mining Project

By Roland Oliphant

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The grass-roots protests are compelling authorities to at least consider whether the impact is worth the return.

Correction appended

Environmental activists hope growing local discontent will persuade President Vladimir Putin to block Ural Metal and Mining Company's plans to extract $6.7 billion worth of nickel near the Khoper River in the Voronezh region.

The mining company, known as UGMK, plans to invest 50 billion rubles ($1.53 billion) in developing two deposits in the region, but it is facing stiff opposition from locals concerned about the impact on agriculture and the environment.

Residents from both ends of the political spectrum have banded together to try to scuttle the plan.

On Sunday, 5,000 of the 6,000 people living in the Voronezh region town of Novokhoperskoye held a public meeting to protest the impact of the potential mining operation.

At the Seliger youth camp last week, Putin was buttonholed by an activist. The president said he would "discuss the issue" with the Voronezh regional governor, Alexei Gordeyev.

Tatiana Kargina, a member of the Save Khoper campaign who happened to be at Seliger as a representative of an unrelated environmental organization, said she was surprised when organizers told her "you've got three minutes" with Putin.

"I told him three things: that public opinion in Voronezh and neighboring regions is deeply opposed to the mines; that the mine will threaten the Khoper nature reserve and its river system; and that while the mine might be profitable for the company, for the country as a whole any economic benefit will be outweighed by the costs of lost agricultural land, drinking water and so on," Kargina said in an interview.

At the meeting, Kargina handed Putin a copy of a Public Chamber resolution of July 23 that calls for the plans to mine in the region to be reconsidered.

"I don't think they were expecting such a challenging question from us. They thought we'd ask some vague question about clean rivers," Kargina added.

The battle over the Voronezh nickel deposits began in December, when Putin, as prime minister, signed a decree authorizing a tender for the right to develop the deposits.

Soviet geologists discovered the Yelanskoye and Yelinskoye deposits in the eastern part of the Voronezh region in the 1960s.

They are thought to hold 54,100 and 393,800 tons of nickel, respectively, as well as tens of thousands of tons of copper and cobalt.

With nickel trading at more than $15,000 per ton, that would put a market value of nearly $7 billion on the project.

In 1977, the government of Leonid Brezhnev decided not to extract the metals, holding them as a strategic reserve.

Today, they are thought to be the last undeveloped nickel deposits in Europe.

Konstantin Rubakhin, the 37-year-old coordinator of the Save Khoper movement, said that policy changed at the end of 2010 at a meeting between Putin and Norilsk Nickel CEO Vladimir Strzhalovsky.

"The first mention of it was a press release that simply said they discussed the issue at the meeting and decided to develop the deposits," Rubakhin said in an interview.

In December 2011, Putin signed a decree calling a tender for the right to exploit the deposits.

The Mednogorsk Copper-Sulphur Plant, a subsidiary of UGMK, won the tender May 22 after fierce competition from Norilsk Nickel, which at first demanded a rerun and an investigation

of the tender before dropping the challenge last month, citing environmental concerns and local opposition.

UGMK has said it will take 50 billion rubles ($1.53 billion) to develop the deposits and 20 billion rubles to build processing facilities.

It plans to finish exploration work by 2016 or 2017 and begin extracting the first metal in 2022.

The company hopes to extract 50,000 tons the first year and raise the amount to 200,000 tons in 2023 and 800,000 by 2024.

But it may abandon the project if the price of nickel falls below $15,000 per ton.

Grigory Rudoi, the director of mining at UGMK, told the Public Chamber on July 25 that the company has so far not received its license to mine and that it "will not do anything" until it has.

Rudoi has also denied allegations that the venture will be co-funded by Switzerland-based Glencore.

"There is no third party financing of the project. ... Glencore will not finance it," he said at the hearing.

UGMK says the project will create 2,500 jobs and inject up to 50 billion rubles a year into the regional budget.

But environmentalists counter that the jobs will likely go to outside specialists rather than locals and that the financial benefits are outweighed by the havoc the project will wreak on the region's $300-million-per-year agricultural sector.

They also point to UGMK's patchy safety record elsewhere, especially at its zinc processing plant in Vladikavkaz.

"We always knew what was under us when we were growing up," said Rubakhin, who was born in a village 15 kilometers from the one of the deposits. "But when it came up that they were going to develop it, it was a shock."

"My father was strongly against it too, and personally, one reason for getting involved was because of him, to prove that we can stop it rather than sitting on the couch and resigning ourselves," he said.

Public demonstrations began in March this year, and by April and May rallies were attracting thousands both in Borisoglebsk, the city closest to the future mines, and in the regional capital, Voronezh.

The protestors say their support is almost unanimous among local people, including the Cossack communities in Voronezh and the neighboring Volgograd region.

Alexander Titov, ataman of the Cossacks of Uriupinsk, said in June that his community was

"united by their wish to maintain the purest nature of their motherland."

"Our movement includes lots of people who think the anti-Putin opposition is in the pay of American spies. We're all in this together," Rubakhin said when asked whether he saw a connection with the anti-government protests that rocked Moscow over the winter and spring.

It is this unity that campaigners hope will persuade Putin to intervene. Kargina draws parallels to Putin's intervention to move a planned oil pipeline away from Lake Baikal in 2006 in response to a broad public outcry.

"There's still time for [the federal government] to come in and say 'There's a mistake here, but it's not our mistake,' and look good resolving it," Rubakhin said. "That's why we're not trying to push them into a corner."

In the meantime, the campaigners have adopted a three-pronged strategy.

It consists of an Internet campaign using multiple websites, with addresses like stopnickel.ru; a drive to gather 100,000 signatures; and proposals mandating environmental, social and economic impact assessments before tenders to develop mineral deposits are awarded.

So far, the reaction of the authorities has been mixed.

Following a massive rally on May 18, which organizers say brought out 2,000 people out in Voronezh and 10,000 to 12,000 – or one in six residents – in Borisoglebsk, Gordeyev said the plans could "never go ahead without public support."

However, Rubakhin said Gordeyev previously referred the protesters to Moscow, telling them the mining decision was a federal affair.

But when they wrote to the presidential administration, activists were told that "only the governor can make this decision," Rubakhin said.

He insinuated that by passing the buck, the federal and regional leaders are behaving like kids on a playground.

"In Russia, we have a children's game in which four children stand in opposite corners of a square and another stands in the middle," he said. "When [the player in the middle] asks where something is, one child points and says 'over there.' While he's looking in the other direction, the others have to change places without being spotted."

Correction: An earlier version of this story incorrectly said that Glencore is connected to Gennady Timchenko.

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