

Dan Rather Reports

Episode Number: 330

Episode Title: All Mine

Description: When an American company bought a massive copper mine from the government of Congo, it also took control of part of the impoverished country's economic future. Critics say the contract for the billion-dollar mine left the war-torn African nation with little in return, and that the U.S. government played a part in what many are describing as a modern day land grab.

RATHER (ON CAMERA)

AND NOW THE STORY OF HOW AN AMERICAN COMPANY DOES BUSINESS WHERE NO ONE'S WATCHING. OUR SEVEN MONTH INVESTIGATION WILL BRING YOU HALFWAY AROUND THE GLOBE TO THE DEMOCRATIC REPUBLIC OF CONGO, ONCE KNOWN AS ZAIRE, AND WE'LL SHOW YOU HOW HUNDREDS OF MILLIONS OF U.S. GOVERNMENT DOLLARS ARE HELPING A POLITICALLY CONNECTED AMERICAN MINING COMPANY TAKE AWAY A BIG CHUNK OF CONGO'S ECONOMIC FUTURE. WHILE THE PEOPLE OF CONGO ARE SOME OF THE POOREST ON EARTH, THE LAND HOLDS SOME OF THE RICHEST RESERVES OF MINERALS ANYWHERE. WE'RE TALKING ABOUT DIAMONDS, GOLD, AND THESE DAYS...COPPER. A METAL BEST KNOWN FOR COVERING THE PENNY IS WORTH A LOT NOW. BECAUSE OF ITS USES IN CONSTRUCTION AND ELECTRONICS, FOR PIPES AND WIRES, THE DEMAND FOR COPPER IN BOOMING ECONOMIES LIKE CHINA AND INDIA HAS SHOT UP...AND SO HAVE THE PRICES. COPPER IS NOW WORTH MORE THAN FOUR TIMES WHAT IT WAS JUST FIVE YEARS AGO...BUT THE PEOPLE OF CONGO HAVE VERY LITTLE TO SHOW FOR IT.

RATHER (VOICE OVER)

AND THAT BRINGS US TO THESE MINERAL RICH HILLS IN SOUTHERN CONGO... AND A PLACE CALLED TENKE FUNGURUME, BELIEVED TO HOLD THE LARGEST UNTAPPED COPPER MINE IN THE WORLD. IT'S ALSO HOME TO MORE THAN 50,000 VILLAGERS WHO HAVE FOUND THEMSELVES ON THE FRONT LINE OF A CONFLICT BETWEEN A POWERFUL AMERICAN COMPANY AND CONGO'S VOICELESS POOR. THE MINE IS OWNED BY ARIZONA'S FREEPORT MCMORAN...AND THIS FRONT GATE IS AS CLOSE AS THEY WOULD LET US GET. THESE IMAGES WERE SHOT BY A CONGOLESE JOURNALIST ON A COMPANY TOUR. WHEN IT'S COMPLETE, "TENKE" ANNUALLY WILL PRODUCE MORE THAN 250 MILLION POUNDS OF VERY PURE ORE. AND AT PRICES APPROACHING FOUR DOLLARS A POUND, THIS RED DIRT COULD GENERATE HUNDREDS OF MILLIONS OF DOLLARS A YEAR. THAT COULD HAVE BEEN GOOD NEWS FOR CONGO. BUT IT HASN'T BEEN. THAT'S BECAUSE MOST OF THE WEALTH PULLED FROM THIS MINE WON'T GO TO THE PEOPLE OF CONGO. INSTEAD, IT WILL GO TO FREEPORT, THE WORLD'S LARGEST PUBLICLY TRADED COPPER COMPANY, WHOSE HEADQUARTERS IS THOUSANDS OF MILES AWAY IN PHOENIX, ARIZONA.

THE AMERICAN COMPANY BOUGHT A MAJORITY SHARE OF THE MINE FROM THE CONGOLESE GOVERNMENT IN A BACK ROOM DEAL THAT MANY ARE NOW CALLING DIRTY AND UNFAIR...ESPECIALLY FOR THE THOUSANDS OF DISPLACED VILLAGERS WHOSE ANCESTRAL LAND WILL SOON BECOME A VAST OPEN PIT MINE.

GUARD (TRANSLATED FROM FRENCH)

There's strong resistance here...they're filming.

RATHER (VOICE OVER)

WE ASKED FREEPORT TO LET US SPEAK TO THESE VILLAGERS, BUT THE AMERICAN COMPANY ONCE MORE DENIED US ACCESS TO ITS PROPERTY...AND LOCAL POLICE PAID BY FREEPORT WERE TOLD TO BLOCK US FROM ENTERING. OUR PRODUCER AND CAMERAMAN REPORTING TEAM TRIED ANYWAY...AND WERE PLACED UNDER ARREST.

GUARD (TRANSLATED FROM FRENCH)

Don't film anything.

RATHER (VOICE OVER)

BUT A LOCAL JOURNALIST WE HIRED WAS ALLOWED IN...AND HE BROUGHT ALONG A CAMERA TO GET THE VILLAGERS' STORY...A STORY FREEPORT DOESN'T WANT YOU TO HEAR. AND THIS IS WHY. THESE PEOPLE HAVE BEEN WAITING FOR MORE THAN NINE MONTHS IN TENTS – OR IN THE OPEN AIR – FOR FREEPORT TO BUILD THEM NEW HOMES... YOU WON'T HEAR FROM THEM IN SHAREHOLDER MEETINGS, BUT THEY TOLD US THE COMPANY MADE THEM MANY PROMISES THAT IT HAS FAILED TO KEEP.

CAMERAMAN (TRANSLATED FROM SWAHILI)

Since they moved you out of your village, have they paid you anything?

VILLAGER (TRANSLATED FROM SWAHILI)

Since they moved me they gave me very little.

CAMERAMAN (TRANSLATED FROM SWAHILI)

How much did they give you?

VILLAGER (TRANSLATED FROM SWAHILI)

Everything they gave me is gone.

VILLAGER (TRANSLATED FROM FRENCH)

Tenke Fungurume Mining said they would pay us and support us for food, for medical care, for the education of our children, but they haven't done anything.

RATHER (VOICE OVER)

THE VILLAGERS SAID THE COMPANY FORCED THEM OFF LAND WHERE FOR GENERATIONS THEY HAD GROWN CROPS TO EAT AND SELL AT MARKET – THEIR ONLY SOURCE OF FOOD AND INCOME. THE HARD, ROCKY SOIL IN THEIR NEW HOME HAS PROVEN USELESS.

VILLAGER 2 (TRANSLATED FROM FRENCH)

The land isn't fertile. We cultivated it the first year, but it didn't work out. There's nothing to eat. We don't have good drinking water here. We suffer a lot.

RATHER (VOICE OVER)

THOSE, LIKE CHIEF NIKOLA BAYUMIA MBULA, WHO HAVE TRIED TO PUSH THE AMERICAN COMPANY TO HOLD UP ITS END OF THE BARGAIN, ARE GROWING IMPATIENT. CHIEF BAYUMIA SPEAKS FOR THOUSANDS OF VILLAGERS WHO SAY LIFE HAS GOTTEN WORSE.

NIKOLA BAYUMIA MBULA, VILLAGE CHIEF (TRANSLATED FROM SWAHILI)

Of course we are angry, because they work in our land and they do not give us work. They do not want to help us. We should be angered.

RATHER (VOICE OVER)

CHIEF BAYUMIA'S FAMILY HAS RULED THIS LAND FOR SEVEN GENERATIONS... BUT HE TOLD US FREEPORT HAS IGNORED THE CONCERNS OF HIS PEOPLE. HE SAYS THEY WILL RESORT TO VIOLENCE IF NEEDED...AND IT'S NOT AN IDLE THREAT. IN JANUARY, THOUSANDS OF LOCAL PROTESTORS DEMANDING JOBS AT THE MINE, INCLUDING SOME FROM THIS VILLAGE, CLASHED WITH LOCAL POLICE.

MBULA (TRANSLATED FROM SWAHILI)

Voice is not enough, they do not listen to our voice. But if you say revolt, they may listen. We may need to revolt so that they can listen.

RATHER (VOICE OVER)

BUT FREEPORT SAYS IT IS LISTENING, IN THIS PROMOTIONAL VIDEO. FREEPORT VIDEO

The people of Freeport McMoRan Copper and Gold are engaged with the community building relationships and programs to support health, education and economic development.

RATHER (VOICE OVER)

SO WHY SHOULD AMERICANS CARE ABOUT THE SUFFERING OF THESE VILLAGERS ON THE OTHER SIDE OF THE GLOBE? WE WILL SHOW YOU TONIGHT THAT THE U.S. GOVERNMENT IS PARTLY TO BLAME. WE SPOKE TO ONE AMERICAN WHO IS TRYING TO HELP CONGO PUSH BACK AGAINST THE FOREIGN COMPANIES—COLUMBIA UNIVERSITY LAW PROFESSOR

PETER ROSENBLUM.

RATHER

You agree or disagree that the Congo has perhaps among the world's richest resources in such things as copper?

PETER ROSENBLUM, PROFESSOR, COLUMBIA UNIVERSITY

It's the place where the danger in digging in your backyard is that you'll break the shovel on something else that has just become the-- the world's most precious and-- and-- and searched-for mineral in some new industry.

RATHER (VOICE OVER)

PROFESSOR PETER ROSENBLUM HAS TRAVELLED TO CONGO FOR YEARS TO RESEARCH THE COUNTRY'S SALE OF ITS VALUABLE MINES TO WESTERN COMPANIES...DEALS HE SAYS WERE BASED ON SHADY TRANSACTIONS...OVERT BRIBERY...AND IN SOME CASES, ILLEGAL PROFITEERING. THESE IMAGES WERE SHOT AT A FOREIGN-OWNED COPPER MINE NOT FAR FROM TENKE.

ROSENBLUM

Billions of dollars of value have been create on stock markets that haven't benefited the people of the Congo. And that's a depressing thought.

RATHER (VOICE OVER)

WE JOINED PROFESSOR ROSENBLUM IN CONGO IN MAY. HE WAS THERE TO SHARE HIS FINDINGS WITH CONGOLESE LAWYERS, ACTIVISTS AND ACADEMICS. ROSENBLUM CITES TENKE FUNGURUME AS JUST ONE MULTIBILLION-DOLLAR EXAMPLE OF HOW COMPANIES FROM AROUND THE WORLD TOOK ADVANTAGE OF CONGO'S VIOLENT AND POLITICALLY UNSTABLE PAST.

ROSENBLUM

There were so many elements to that deal at the time that it was signed that should have sent off, that sent the red flags.

RATHER (VOICE OVER)

THIRTY YEARS OF RULE BY THE CORRUPT U.S. BACKED DICTATOR MOBUTU SESE SEKO LEFT CONGO DESPERATE FOR CASH... MOBUTU'S NOTORIOUSLY EXTRAVAGANT SPENDING ON HIMSELF AND HIS CRONIES HAD BLED THE COUNTRY DRY. MOBUTU'S FALL LED TO A FIVE-YEAR CIVIL WAR... THE WORLD'S DEADLIEST CONFLICT SINCE WORLD WAR II, WHICH LEFT MORE THAN FOUR MILLION DEAD BY THE TIME IT OFFICIALLY ENDED IN 2003. DURING THIS CHAOTIC PERIOD, THE CORRUPT AND CASH-STRAPPED CONGOLESE GOVERNMENT SIGNED SOME 60 CONTRACTS WITH THE WORLD'S LARGEST MINING COMPANIES, SELLING OUT THE COUNTRY'S FUTURE FOR QUICK MONEY. AND THAT'S WHY A

CONGOLOESE GOVERNMENT COMMISSION AND SOME IN PARLIAMENT HAVE NOW CALLED FOR RENEGOTIATING OR NULLIFYING ALL 60 CONTRACTS...DEALS THAT HEAVILY FAVORED THE WESTERN COMPANIES. NEXT WEEK, THE CONGOLESE GOVERNMENT IS SCHEDULED TO LAY OUT ITS DEMANDS TO THESE FOREIGN COMPANIES, INCLUDING FREEPORT MCMORAN.

ROSENBLUM

The feeling of waking up at the end of the war and finding that much of this was-- was apparently gone in some way or another has been a-- a big depressive factor.

RATHER (VOICE OVER)

BUT FREEPORT, AGAIN IN ITS PROMOTIONAL VIDEO, SAYS ITS INVESTMENT WILL IMPROVE CONGO'S ECONOMY.

FREEPORT VIDEO

Minerals providing a shiny future...Metals for a global economy...An investment in the future of the Democratic Republic of Congo...

RATHER (VOICE OVER)

ROSENBLUM TOLD US THAT DESPITE FREEPORT'S ASSERTIONS, CONGO'S SALE OF TENKE TO THE AMERICAN COMPANY IS A PARTICULARLY SHAMEFUL CASE...FOR BOTH CONGO, AND THE UNITED STATES GOVERNMENT, WHICH BACKED THE DEAL.

RATHER (ON CAMERA)

ROSENBLUM PLACES A GREAT DEAL OF BLAME ON ONE INDIVIDUAL – A HIGH-RANKING DIPLOMAT INSIDE THE U.S. EMBASSY IN CONGO NAMED MELISSA SANDERSON. HE SAYS SANDERSON USED HER POSITION OF POWER TO PUSH THE DEAL THROUGH. SHE THEN TOOK A JOB WITH THE AMERICAN COMPANY LESS THAN A YEAR LATER AS VICE PRESIDENT IN CHARGE OF GOVERNMENT RELATIONS. WE TRIED REPEATEDLY TO CONTACT SANDERSON IN CONGO AND WHEN SHE RECENTLY VISITED THE U.S. BUT SHE DECLINED OUR INITIAL REQUEST FOR AN INTERVIEW AND NEVER RESPONDED TO FOLLOW UP EMAILS. SANDERSON, HOWEVER, HAD NO RELCUTANCE TO APPEAR ON CONGO STATE TELEVISION IN EARLY SEPTEMBER AFTER A MEETING WITH FREEPORT C.E.O. RICHARD ADKERSON, AND CONGO'S PRESIDENT JOSEPH KABILA.

ROSENBLUM

Melissa Sanderson, who was the political officer at the embassy, and-- and also acted as chargé d'affaires, was-- by all-- by reports from people in the president's office, that I consider to be credible, was instrumental in-- in convincing the president-- Kabila, to sign off on the deal.

RATHER (VOICE OVER)

IT'S AN EXAMPLE OF HOW MUCH PULL SANDERSON HAS IN CONGO'S GOVERNMENT, PROFESSOR ROSENBLUM TOLD US WHEN WE SPOKE TO HIM IN NEW YORK.

RATHER

How well connected was this lady?

ROSENBLUM

She's certainly well connected when it-- when it comes to the government circles in the Congo. She had access to everyone from top to bottom. I've been in meetings with ministers while she's called. She's got people's phone numbers. She's got people's addresses. She's in their offices. She's calling. She's present.

RATHER (VOICE OVER)

WITHOUT SPECIFICALLY ADDRESSING SANDERSON'S CASE, A STATE DEPARTMENT SPOKESMAN SAID A MOVE FROM THE PUBLIC TO PRIVATE SECTOR COULD VIOLATE THE DEPARTMENT'S ETHICS POLICY... ESPECIALLY IF THE EMPLOYEE USED HIS OR HER GOVERNMENT CONTACTS TO BENEFIT THE COMPANY. SANDERSON'S RELENTLESS ADVOCACY FOR THE COMPANY FROM THIS EMBASSY BUILDING LED MANY IN CONGO TO BELIEVE IT HAD THE OFFICIAL BACKING OF THE U.S. GOVERNMENT... EVEN PRESIDENT BUSH, SHOWN HERE MEETING WITH CONGO PRESIDENT JOSEPH KABILA...A POWERFUL MISCONCEPTION IN A COUNTRY DESPERATE FOR FOREIGN AID. THE U.S. EMBASSY EVEN THREW A PARTY TO CELEBRATE THE ANNOUNCEMENT OF THE SALE OF TENKE IN OCTOBER 2005... JUST THREE MONTHS BEFORE THE COMPANY SAYS IT BEGAN RECRUITING SANDERSON.

RATHER

So what's wrong with that?

ROSENBLUM

What's wrong with it - is the appearance of impropriety. To see this shift from government into private enterprise and the-- and the assumption as well-- that she-- she probably benefited from that, because chances are, her salary went up, too.

RATHER (VOICE OVER)

ROSENBLUM TOLD US SANDERSON'S MOVE STRAIGHT FROM GOVERNMENT TO THE PRIVATE SECTOR MADE WHAT HE CALLED A MOCKERY OF AMERICA'S ROLE AS AN ADVOCATE OF GOOD GOVERNMENT IN CONGO.

ROSENBLUM

My friends inside the Congo said, "The United States pushing for good governance here? Are you kidding? Look at what they've just done. They-- they-- they pushed us to sign a

contract when we shouldn't have signed it. And then the lady who pushed now she's making money off that contract. And you're trying to tell us that we should come clean about problems in our contracts?"

RATHER (VOICE OVER)

MANY OBSERVERS OF THE TENKE MINE DEAL WERE DISTURBED BY HOW SUCCEPCTIBLE CONGO'S GOVERNMENT WAS TO SANDERSON'S PUSH...AND HOW RECKLESS IT WAS IN ITS RUSH TO SELL THE MINES TO WESTERN COMPANIES, GUARANTEEING SO LITTLE FOR THE PEOPLE OF CONGO. IN THIS INTERNAL WORLD BANK MEMO WE OBTAINED, ONE BANK OFFICIAL EXPRESSES QUOTE- "SERIOUS CONCERNS" ABOUT TENKE'S AMERICAN SUITORS...AND THIS WAS AN AGENCY, THE WORLD BANK, THAT WAS TRYING TO HELP CONGO BAIL OUT ITS DISMAL POST-WAR ECONOMY BY SELLING ITS STATE-OWNED MINES. THE BANK'S CHIEF MINING SPECIALIST CRAIG ANDREWS SAID THE PROCESS WAS SO FLAWED THAT THE GOVERNMENT OF CONGO -QUOTE-"MAY NOT HAVE RECEIVED THE FULL VALUE" OF THE MINES. AND HE CRITICIZED THE QUOTE - "COMPLETE LACK OF TRANSPARENCY WITH RESPECT TO THE NEGOTIATIONS AND APPROVAL OF THESE CONTRACTS." STILL, IN 2005 CLOSED-DOOR NEGOTIATIONS CONTINUED BETWEEN THE AMERICAN COMPANY, SANDERSON, CONGOLESE OFFICIALS AND A SWEDISH COMPANY THAT HAD BOUGHT A MAJORITY SHARE OF TENKE 10 YEARS EARLIER. ONLY THOSE WHO WERE PRESENT AT THE MEETINGS KNOW HOW IT WAS THAT THE AMERICAN COMPANY EMERGED WITH WHAT MANY DESCRIBE AS A SWEETHEART DEAL-A CONTROLLING STAKE IN TENKE THAT INEXPLICABLY REDUCED CONGO'S SHARE IN THE MINE FROM 45 TO JUST 17 PERCENT. A DEAL THAT PROMISED CONGO LITTLE IN THE WAY OF FUTURE REVENUES THAT COULD BE USED FOR ROADS, SCHOOLS AND OTHER DEVELOPMENT.

RATHER (ON CAMERA)

WHY DID CONGO AGREE TO SUCH UNFAVORABLE TERMS? THE MOST CHARITABLE EXPLANATION IS THAT THE POST-WAR GOVERNMENT WAS FILLED WITH INEXPERIENCED AND OUTMATCHED NEGOTIATORS. IN ADDITION TO SANDERSON, U.S. EMBASSY OFFICIALS ALSO DECLINED OUR REQUEST FOR AN INTERVIEW, AS DID FREEPORT...BUT IN AN EMAILED RESPONSE TO OUR QUESTIONS A COMPANY SPOKESMAN DENIED SANDERSON EVER HAD ANY CONFLICT OF INTEREST WHILE HOLDING HER EMBASSY POST. THE SPOKESMAN WILLIAM COLLIER SAID AFTER THE COMPANY OFFERED SANDERSON HER JOB, SHE QUOTE "IMMEDIATELY NOTIFIED HER SUPERIORS AND RECUSED HERSELF FROM HER ALREADY LIMITED INVOLVEMENT" WITH THE COMPANY. FREEPORT'S HELP FROM THE U-S GOVERNMENT DIDN'T STOP AT SANDERSON. THE COMPANY'S POLITICALLY-CONNECTED BOARD WAS ABLE TO SECURE ASSISTANCE FROM AMERICAN OFFICIALS AT HOME AS WELL.

ROSENBLUM

Freeport McMoRan is a company that is famous for its use of political leverage when necessary.

RATHER

Big lobbying operations?

ROSENBLUM

Big lobbying operation. I mean, people at the U.S. Embassy in Kinshasa eventually let us know that the Embassy was-- was scared to do anything for fear of-- of-- of getting up on the wrong side of Freeport McMoRan. The story of Africa and-- and now the story of the Congo again is that American investors can disrupt the rest of American interests in the country. Because they're loud, they're organized, they're targeted at a time when other interests like democracy or anticorruption are viewed as being much more amorphous and don't have the same kind of allies.

RATHER (VOICE OVER)

A KEY ALLY OF FREEPORT IN ITS CONGO DEAL IS A LITTLE KNOWN U.S. GOVERNMENT AGENCY ...IT'S CALLED THE OVERSEAS PRIVATE INVESTMENT CORPORATION, OR OPIC. AND FROM THIS NONDESCRIPT WASHINGTON OFFICE, THE AGENCY CHANNELS BILLIONS IN U.S. GOVERNMENT MONEY TO AMERICAN COMPANIES WILLING TO INVEST IN POOR COUNTRIES.

ROBERT MOSBACHER, CHAIRMAN, OPIC

As a developmental organization, OPIC approved the project because of our priority to foster economic development in Sub-Saharan Africa.

RATHER (VOICE OVER)

THE PRESIDENT OF OPIC IS ROBERT MOSBACHER JR., A TEXAS OILMAN AND BUSH FAMILY FRIEND AND FUNDRAISER...AND DESPITE COMPLAINTS ABOUT FREEPORT'S WORK IN CONGO, HE AND OPIC'S BOARD AGREED TO PROVIDE THE COMPANY WITH 400 MILLION GOVERNMENT DOLLARS TO DEVELOP THE MINE. AT THIS PUBLIC OPIC HEARING IN JULY, MOSBACHER CITED FREEPORT'S WORK AT TENKE AS EXEMPLARY.

MOSBACHER

The project supports continuing efforts to carry forward political, economic and social transformation following the first Democratic election in 40 years in that country.

RATHER (VOICE OVER)

AT THE HEARING, KRISTIN HITE, A LAWYER FOR THE ENVIRONMENTAL DEFENSE FUND, CHALLENGED THE NOTION THAT FREEPORT'S PROJECT MET OPIC'S GOAL OF IMPROVING DEVELOPMENT.

KRISTIN HITE, LAWYER, ENVIRONMENTAL DEFENSE FUND

Local residents do not appreciate that the mine is slated to employ less than two percent of the local population, or that the company does not intend to make education and healthcare as much of a priority as mining.

RATHER (VOICE OVER)

HITE COLLECTED THIS INFORMATION FIRST HAND. WE FIRST MET UP WITH HER WHEN SHE TRAVELED WITH COLUMBIA PROFESSOR ROSENBLUM TO INVESTIGATE THE IMPACT OF THE MINE ON CONGO. SHE SAID SHE HAD WARNED OPIC ABOUT FINANCING A PROJECT WITH SO MANY POTENTIAL ENVIRONMENTAL AND SOCIAL PROBLEMS...EVERYTHING FROM THE DESTRUCTION OF RARE BIRDS' HABITATS TO THE CONTAMINATION OF DRINKING WATER.

HITE

Risks of heavy metals- lead, cadmium, also, arsenic - OPIC even cited potential for radioactive waste. All of these raise concerns about what's the-- what is the impact to the drinking water, to the ground water, to the surface water, to the soil, to folks that grow plants-- live off the land.

RATHER (VOICE OVER)

HITE SAID THAT DESPITE HER WARNINGS TO OPIC, THE AGENCY WROTE TO TELL HER THAT IT HAD APPROVED FINANCING FOR TENKE... AND WITHOUT HARD PROVISIONS IN PLACE THAT WOULD HOLD FREEPORT ACCOUNTABLE FOR ANY DAMAGE CAUSED BY THE PROJECT. OPIC LAWYERS CONCLUDED THE FREEPORT DEAL WITH CONGO HAD BEEN FAIR...AND MOSBACHER AT THE HEARING DEFENDED HIS AGENCY'S FINANCING OF THE PROJECT.

MOSBACHER

Our due diligence conducted with local and international counsel concluded that the Tenke project's contracts were executed and amended in accordance with the law.

RATHER (VOICE OVER)

BUT CONGO'S GOVERNMENT REACHED THE OPPOSITE CONCLUSION. IN MARCH, A COMMISSION FORMED BY PRESIDENT JOSEPH KABILA CALLED FOR THE COUNTRY TO VOID AND RENEGOTIATE THE FREEPORT DEAL... FREEPORT HAS REFUSED TO BUDGE.

HITE

So, now we're in a case where we have U.S. backed investment of a contract for a project-- whose underlining contract has been determined illegal by the government in which the project is located. This is quite problematic.

MOSSBACHER

Having no other speakers--I see no other--the meeting is closed. Thank you.

RATHER (VOICE OVER)

MOSBACHER, THROUGH OPIC'S PRESS OFFICE, DECLINED OUR REQUEST FOR AN INTERVIEW. AT THE HEARING, MOSBACHER SAID THAT OPIC WOULD WITHHOLD FREEPORT'S MONEY UNTIL THE COMPANY MET UNSPECIFIED PRECONDITIONS...DIGGING AND COPPER PRODUCTION ARE SET TO BEGIN AT TENKE IN 2009. THANKS IN PART TO ANTICIPATED REVENUES FROM THE MINE, FREEPORT SHARES SHOT UP AFTER THE DEAL WAS SIGNED... AND THE COMPANY'S CEO RICHARD ADKERSON WAS THE U.S.A.'S THIRD HIGHEST PAID EXECUTIVE LAST YEAR, EARNING MORE THAN \$65 MILLION, ACCORDING TO THE ASSOCIATED PRESS. ADKERSON TOLD CONGO'S STATE-RUN NEWS CHANNEL IN EARLY SEPTEMBER THAT THE PROJECT WOULD ALSO BENEFIT THE PEOPLE OF CONGO.

RICHARD ADKERSON, C.E.O. FREEPORT MCMORAN

We're planning on investing roughly two billion U.S. dollars in the project for the initial phase and we see the opportunity for further significant investments in the future as we expand the operations.

RATHER (VOICE OVER)

FREEPORT SAYS IT WILL SPEND \$9.5 MILLION ON NEW HOMES FOR SOME OF THE DISPLACED FAMILIES AT TENKE...HOMES THAT REMAINED UNFINISHED AND EMPTY WHEN WE VISITED IN MAY...THE COMPANY'S SPOKESMAN WILLIAM COLLIER WROTE US IN AN EMAIL THE QUOTE "TEMPORARY TENTS WE HAVE DONATED ARE CONSIDERED AN IMPROVEMENT TO THE TRADITIONAL STRUCTURE." BUT THE MORE THAN A THOUSAND PEOPLE WHO HAVE LIVED IN THOSE TENTS FOR MONTHS STRONGLY DISAGREE.

VILLAGER (TRANSLATED FROM FRENCH)

Life here is truly sad.

RATHER (VOICE OVER)

DESPERATE FOR MONEY, SOME DISPLACED VILLAGERS HAVE RESORTED TO ILLEGALLY DIGGING UP COPPER FROM NEARBY DEPOSITS WITH THEIR HANDS...GRUELING WORK THAT THESE MEN FROM ANOTHER VILLAGE SAY BRINGS JUST A FEW DOLLARS A DAY.

VILLAGER (TRANSLATED FROM FRENCH)

I've been here for two months and I haven't made much money. Just enough to eat.

RATHER (VOICE OVER)

THESE MINERS ARE HARDLY AN EXCEPTION... FEW PEOPLE LIVING IN CONGO'S MINERAL RICH COPPER REGION HAVE SEEN THEIR LIVES IMPROVE. SO IT ONLY SEEMS LOGICAL THAT MANY IN CONGO'S GOVERNMENT HAVE NOW CALLED FOR GETTING MORE OUT OF FREEPORT AND OTHER COMPANIES THAT GOBBLED UP THE COUNTRY'S MINERAL

ASSETS IN WHAT THE RECORD AND MANY CRITICS INDICATE ARE CORRUPT AND ONE-SIDED DEALS. WE SPOKE TO BELGIAN JOURNALIST RAF CUSTERS, WHO BROUGHT THE ORIGINS OF THE TENKE CONTRACT TO THE WORLD'S ATTENTION IN A REPORT PUBLISHED EARLIER THIS YEAR.

RAF CUSTERS, RESEARCHER, IPIS

Bad things have-- have been happening on both sides. I mean-- with the government-- as-- as with the-- the private companies.

RATHER (VOICE OVER)

AFTER PORING OVER REAMS OF INTERNAL DOCUMENTS AND INTERVIEWING DOZENS OF INSIDERS, CUSTERS SAYS HE WAS SHOCKED AT WHAT HE FOUND... THAT A DECADE BEFORE GOING INTO BUSINESS WITH FREEPORT, A SWEDISH MINING COMPANY GAINED CONTROL OF THE MINE USING WHAT HE CALLS DECEPTION, THE CHAOS OF A BLOODY CIVIL WAR, AND WELL-PLACED PAYOFFS TO GOVERNMENT OFFICIALS.

CUSTERS

Everybody got \$1,000-- because they said, well, if you don't pay these people, they will not show up and we have to do the signing of the agreements.

RATHER (VOICE OVER)

SWEDISH MINING GIANT LUNDIN NEVER GOT WORK GOING AT THE MINE. INSTEAD, IT WAITED NEARLY A DECADE UNTIL COPPER PRICES WERE SOARING, AND THEN SOLD THE CONTROLLING INTEREST TO THE AMERICAN COMPANY.

RATHER

Do you know the phrase "sweetheart deal"?

CUSTERS

I'm not familiar with that-- with that phrase.

RATHER

Let me note that your native tongue is Dutch. Well, the sweetheart deal would be one in which corruption was part of the process to create a very advantageous situation for one party. So my question is: Does this meet that definition?

CUSTERS

It certainly was a sweetheart deal. They didn't consider the interests of the Congolese people and the Congolese nation.

RATHER (VOICE OVER)

WE SPOKE TO ONE FORMER GOVERNMENT MINISTER, NOW A TEACHER, WHO HAD A CLOSEUP VIEW OF HOW FOREIGN MINING COMPANIES WERE DOING BUSINESS AT THE TIME.

FLORENT KAMBALE MUTUTULO, FORMER MINING MINISTER

Certainly, certainly people got bribed.

RATHER (VOICE OVER)

FLORENT KAMBALE MUTUTULO WAS NAMED CONGO'S MINING MINISTER IN 1997, AFTER THE FALL OF THE U.S. BACKED DICTATOR MOBUTU. IT WASN'T LONG BEFORE A FOREIGN BUSINESSMAN APPROACHED MUTUTULO WITH A SUITCASE FULL OF CASH.

MUTUTULO

A million dollars for me, for the minister, not for the government. A million dollar. I said what for sir, you just fill in your papers, and pay the fees you - that are required by the government and everything will be alright.

RATHER (VOICE OVER)

MUTUTULO SAYS HE NEVER ACCEPTED MONEY. BUT YOU HAVE TO LOOK NO FURTHER THAN THE LUXORIOUS HOME OF A LATE MINING OFFICIAL TO SEE HOW SOME IN CONGO'S GOVERNMENT MADE IT RICH. THE MAN'S WIDOW IS ABLE TO LIVE SO WELL, IN PART, BECAUSE TENKE'S FOREIGN INVESTORS HAVE BEEN RENTING THESE PROPERTIES FROM THE FAMILY SINCE HE SIGNED OFF ON THE DEAL - A NICE BIT OF EXTRA CASH FOR THE FAMILY OF A GOVERNMENT FUNCTIONARY. SHE STILL RECEIVES A MONTHLY CHECK FROM FREEPORT.

**JUSTINE UMBA, WIDOW OF CONGOLESE GOVERNMENT OFFICIAL
(TRANSLATED FROM FRENCH)**

It's nothing exceptional. They are there, they are tenants, like they could be tenants in any building in town.

RATHER (VOICE OVER)

PROFESSOR ROSENBLUM SAID THAT EVEN IF FREEPORT DIDN'T OFFER BRIBES, THE COMPANY CAN'T CLAIM COMPLETE INNOCENCE.

ROSENBLUM

What should they have known at that point about corruption that went into the deal in the first place, about is this-- this the equivalent of-- of sale of stolen goods? What-- kind of-- of-- of cleansing did it go through?

RATHER (VOICE OVER)

THANKS TO THE WORK OF ROSENBLUM AND OTHERS, NEWS OF HOW FREEPORT TOOK CONTROL OF TENKE HAS TRAVELLED TO WASHINGTON. IN RESPONSE, REPRESENTATIVE GWEN MOORE, A DEMOCRAT FROM WISCONSIN, HAS CO-AUTHORED A BILL THAT WOULD FORCE AMERICAN MINING COMPANIES TO REPORT PAYMENTS TO FOREIGN COUNTRIES WHERE THEY DO BUSINESS.

GWEN MOORE, CONGRESSWOMAN

When you look at the Tenke mine and see the absolute - uh inequality - uh between the mining company's interests and the interests of the community, uh you have to wonder about the propriety of this relationship.

RATHER (VOICE OVER)

BUT DESPITE CALLS TO REOPEN DOZENS OF MINING CONTRACTS, THERE ARE SIGNS THAT BUSINESS WILL CONTINUE AS USUAL FOR OVERSEAS MINING COMPANIES LIKE FREEPORT MCMORAN. SOME IN CONGO'S GOVERNMENT ARE AFRAID THAT VOIDING THE LOPSIDED MINING DEALS WOULD SCARE AWAY OTHER POTENTIAL INVESTORS. THE MOST LIKELY ALTERNATIVE WOULD BE TO LEAVE THESE DEALS IN PLACE – ALLOWING FOREIGN COMPANIES TO KEEP GETTING RICHER FROM CONGO'S MINERALS...AND TAKING AWAY CONGO'S MOST PROMISING OPPORTUNITY TO CLIMB FROM THE RANKS OF THE WORLD'S POOREST COUNTRIES.

ROSENBLUM

And the tragedy is the obvious tragedy that the opportunities are there, the possibilities to make new deals with the world's investors are there. And instead, we're likely to see those investors walk