

## **Current State of Mining in Tibet** *by Gabriel Lafitte*

A dramatic exploitation of Tibetan mineral resources is expected soon in central Tibet, especially in areas accessible by newly constructed rail lines, and those under construction. This will mean widespread extraction of Tibetan underground wealth, similar to what is already happening in northern Tibet in Amdo province (Ch: Qinghai).

The extension in 2006 of a rail line from the oil, gas and salts extraction zone of Qinghai, to Lhasa, opens up the prospect of profitable extraction of central Tibetan minerals Chinese industry urgently needs. Copper, gold and chromium are the likeliest metals to be mined on a world scale, very different to the many small scale mines that have operated in central Tibet (Ch: Xizang Zizhiqu, also referred to as the Tibet Autonomous Region) for many years.

What is new is not only the railway, making extraction practical and profitable, but also the arrival of several mining companies, domestic and international, capable of extraction on a large scale; and the soaring price of nearly all metals worldwide, making extraction from Tibet far more commercial. Mineral commodity forecasters say the sharp price rises of 2005 and 2006 – due to China's demand – will never return to pre-2004 levels and will remain high until 2020 at least, again due to China's insatiable demand.

New state-owned Chinese mining companies such as Zijin and Xining-based Western Mining now have ample cash to invest in constructing mines on a much larger scale than ever seen in Tibet, thanks to recent profits from the mining boom, and because they raised capital on Chinese stock exchanges by selling a minority shareholding to Chinese investors. They now have the cash, and rail lines to take their products, to expand exploitation. The state effectively subsidizes these mines, not only through building rail infrastructure, but also power stations, urban facilities and cheap freight rates well below advertised rates.

The main deposits to be exploited soon are in the copper and gold belt near Shigatse city, due to be accessible by rail by 2010, enabling copper concentrates processed chemically at the mine to be hauled over 2000 kms to smelters in Gansu province. The first mine, operated by a Canadian company, Continental Minerals, plans to long haul at least 200,000 tons of copper concentrate a year across central Tibet to Gansu; but in order to produce this tonnage, it will have to dig 10 million tons of rock a year, since the proportion of copper in the rock is well below one per cent. Other copper, gold and silver mines in the Shigatse/Shetongmon area are likely, as Chinese geologists are rapidly confirming several mineral reserves.

Chromium, essential for making stainless steel, occurs along the new rail line to Lhasa, at Dongqiao, close to Draknak Amdo village, north of Nagchu, and was mined on a modest scale for some years, then closed over 15 years ago because trucking costs were so high, and steel mills found it easier to import chromite from overseas. The other place where chromite is presently mined is at Norbusa, near the town of Tsethang, downstream from

Lhasa on the great Yarlung Tsangpo River, which becomes the Brahmaputra of India and Bangladesh. Many of the major deposits of copper, gold, silver, chromite and even diamonds which have been found in central Tibet are immediately adjacent to this great river, making it very hard to prevent summer storms from washing mine wastes into the river.

The biggest copper and gold deposits in Tibet are in the far east of TAR, around the town of Jomda in several deposits, the biggest being Yulong, currently owned by Western Mining and Zijin. At present there is no rail line near the mine, nor any plan to construct a smelter, which means concentrates would have to be hauled a long way, also to Gansu. This may slow full scale mine construction until a rail line is built, again at state expense, probably from Nagchu on the Lhasa to Golmud and Xining line, east to Chamdo and Jomda. Production on a smaller scale is already happening.

China has named lithium, boron (much needed to control nuclear reactors from getting out of control), iron ore and perhaps oil as minerals soon to be exported from TAR for China's inland smelters and industrial users. China relies on imports for all the named minerals, and, now prices are so high, may find Tibet a profitable alternative.

When China talks of its long term policy, called *xibu da kaifa*, or "Opening Up the Great West", this basically means extraction, with little processing or value adding in Tibet, little employment or training for Tibetans, little royalty payment to provincial authorities, minimal compensation to those immediately displaced, and a token payment of resource depletion tax to central authorities. Tibet inherits the environmental impacts, long after the mine has come and gone.

The noted economist Dwight Perkins describes such policies as doing nothing to promote development: "The equipment and all of the skilled personnel have to be shipped in from the outside. When the fields and pipelines are up and running they will employ relatively few people and even fewer of those people will be from the region. None of the people in the region actually live anywhere near this remote desert region so even the normal ancillary businesses that might develop to provide housing and meals to these shipped-in workers will also have to be shipped in. The GDP will rise as a result of oil production in this area, but the incomes of the residents who were not shipped in will be little affected." (Perkins, D. (2004) "Designing a regional development strategy for China", in: D. Lu & W. A. W. Neilson, *China's West Region Development: Domestic Strategies and Global Implications*)