

The Platinum Complex

How far should the German chemical company BASF be held responsible for the massacre of miners in South Africa?

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The growth in the world's population means that we are facing a 'large number of unsolved problems'. According to Kurt Bock, chair of BASF in Ludwigshafen, this results in a need for 'better, intelligent chemistry'. However, BASF, the world's largest chemical company, does not always solve its own problems with intelligent chemistry; sometimes it provides more trivial responses such as children's comics.

In this case, the colourful comic focuses on the production of platinum, an essential raw material for the chemical industry. Its storyline claims that platinum 'emerges' from the rocks with a 'big bang somewhere in South Africa'. Platino, the hero of the comic, provides no more details about platinum mining than this. However, he goes to great length to describe the ways in which the matt-white precious metal 'improves people's lives': platinum is used in LCD screens and monitors, wedding rings, anti-cancer drugs, and in catalytic converters to remove toxic pollutants such as carbon monoxide from exhaust fumes. The International Platinum Group Metals Association (IPA), the lobby group that produced the comic, strongly emphasises this side of the story. After all, its president is a manager of BASF's catalysts division. The IPA also represents the industry's interests in relations with the German government and the European Commission. As both now view a continuous supply of raw materials as a political priority, it seems to be doing so quite successfully.

Importantly, only the experts understand the significance of this decision. In 2006, BASF bought Engelhard, a US chemical company, for USD 5 billion. This led BASF to become the largest producer of catalytic converters in the world. This line of business now accounts for almost one-tenth of the company's annual 70-billion-euro turnover. This would be impossible without platinum, a precious metal that does anything but emerge from the ground by itself.

It is two am in a company car park 80 kilometres north-west of Johannesburg. The only sound is that of the clatter of diesel engines. Buses rumble over a site built by Daimler-Benz during apartheid. Back then, black workers were forced to leave the cities in the evening and were

transported back to the townships. Today, the buses still drive back to slums full of tin shacks. The settlements are barely visible in the moonlight because there is no artificial lighting – and this would require power lines.

Tired-looking figures gradually arrive to take the bus. The nightly tour takes around half an hour. This is the start of the shift in the Platinum Belt. One of the buses drops off its passengers at the Rowland shaft, and the miners disappear behind electrified, barbed-wire fences. Shortly afterwards, a lift carries them down to 1000 metres below the surface. This is followed by a trek on foot lasting up to an hour, deep below the savannah. Only then can work begin.

The Rowland shaft is named after Tiny Rowland, the mining baron who founded a company called Lonrho during apartheid. In the 1970s, Conservative British Prime Minister Edward Heath famously referred to Rowland as ‘the unacceptable face of capitalism’. Rowland was not particularly concerned by this, as his gold and platinum business had turned him into a multimillionaire long before. After Lonrho had developed into a conglomerate, Lonmin split off from the firm to focus on mining platinum group metals. Lonmin is now a South African-British firm with 25,500 employees, and 10,000 temporary agency workers, most of whom regularly toil underground. In its 2015 Annual Report, Lonmin explained that it relied on two major international clients. If either were to turn its back on the company, it stated, Lonmin would face existential difficulties; Lonmin declined to mention the names of its two primary customers.

Lonmin does not like answering questions about its relations with other businesses. It also prevents journalists from entering its sprawling premises and its deep mine shafts. Nevertheless, miners have secretly filmed their underground work. There is not much to see in the film, however, as fixed lighting is uncommon and the miners primarily rely on headlamps, but the noise is tremendous. Whereas IPA’s comic suggests that platinum production involves a single ‘big bang’, the reality is more like a never-ending acoustic nightmare. The film shows miners’ lamps partially illuminating a spinning metal rod that is rapidly piercing the rock. We see one of the miners holding the hammer; sweat is dripping from his face.

Sonuwabile Magwabula describes his daily work underground while standing in front of his tin shack. The 40-year-old is a rock drill operator. ‘The hammer is very heavy. The whole time I have to bend over’, he says, ‘like this!’ He demonstrates the posture in which he spends most of his working hours. During his working day, the 50-kg-hammer that he operates in the low tunnels is always at the ready. ‘If you’ve never been down there, you can’t imagine it.’ Sonuwabile Magwabula describes the mines as noisy, dusty and dark: ‘The greatest danger is being hit by a falling boulder. You have to be very careful’, he adds.

The rock drill operators are at the beginning of the platinum supply chain. Other workers fill the holes that they drill into the rock with explosives. Dozens of explosions occur every day. The rubble this produces is transported by railcar; a tonne of rock results in just a few grams of platinum.

Magwabula lives in a settlement called Nkaneng. There is no toilet or running water in his tin shack. Sometimes electricity is provided by a generator. Today, the afternoon sun bathes the misery, the stench, and the children playing in the mud in a sympathetic light: 16,000 of the 22,000 workers who work underground for Lonmin live in slums such as these.

In August 2012, the situation imploded, and Lonmin's workers began demanding better pay. However, it was their employee's harsh response that catapulted Marikana – the name of this part of the Platinum Belt – into the focus of the world's media. When some of Lonmin's other workers took part in the strike led by the rock drill operators, Lonmin's management called the police. On 16 August 2012, the police violently broke up the protest and shot and killed 34 miners. In his recently published book, *Murder at Small Koppie – The Real Story of the Marikana Massacre*, award-winning South African investigative journalist Greg Marinovich compared the actions of the police to those of 'an army butchering an already defeated enemy'.

The German press published many reports about the massacre. The media reminded the public about the promises that had accompanied the end of apartheid – a better future for the black majority – and how these promises had turned out to be so hollow. However, the press failed to address the close relationship between Lonmin and BASF. The importance of this relationship is clear from Lonmin's 2012 annual report, which openly points to BASF and Mitsubishi as the company's main customers.

Does this mean that BASF has any particular responsibility regarding Lonmin? BASF's chair, Kurt Bock, thinks that it does. At a press conference in late February, Bock confirmed 'We are a huge customer for Lonmin.' As such, BASF cared about what happened at the firm; after all, BASF and Lonmin had been working together for 30 years. Bock continued by arguing 'We see it as our duty to help them improve'. Every year, BASF buys platinum from Lonmin worth around EUR 450 million. If we compare this figure to information provided by Lonmin in its previous annual reports, it becomes clear that BASF is Lonmin's largest single customer and that the German chemical company purchases more than 50 per cent of Lonmin's annual platinum production.

Bock's portrayal of the friendly face of capitalism does not entirely reflect the steps he has taken in the past. Until BASF and Lonmin's relationship became the focus of media attention, Bock saw no reason to accept any responsibility for the working conditions and the massacre in Marikana. A year ago, Bock was publicly questioned about this matter for the first time when the chair of the South African Episcopal Council, Jo Seoka, attended BASF's AGM in Frankfurt. Seoka spoke about the massacre in Marikana and how the bereaved and injured were still suffering. Bock's response was dismissive: as South Africa was far away from Ludwigshafen, it was hard to judge what was happening there.

This strange reply hardly matches the image of a global corporation that never ceases to emphasise its global network, with its branches in South Africa, and a ‘world-class factory’ that produces catalytic converters in Port Elizabeth.

Since then, the situation has become increasingly difficult for Bock. In June 2015, the South African government issued its report on Marikana. Although the report refers to a ‘tragedy’ instead of a ‘massacre’, and claims that the workers’ ‘aggressiveness’ exacerbated the situation, it clearly highlights Lonmin’s complicity in the violence. Lonmin stoked discontent by promising to build 5,500 houses for its employees; by 2012, it had only built three showcase houses. It also encouraged its workers to break the strike. In addition, the report describes the police’s claims that the workers were shot because officers were under threat as implausible. Considering that the South African government can hardly be reproached as having been critical of South African mining companies in the past, these comments are remarkable.

This situation leads to an issue that experts call ‘responsibility along the supply chain’. In 2011, the UN adopted supply chain responsibility as one of its guiding principles on business and human rights. The German government also intends to implement these principles this year as part of a national action plan. However, it is still unclear whether compliance with certain minimum standards will be binding for German corporations and their foreign suppliers. Binding obligations would enable people who live abroad and who become victims of German companies or their key suppliers to sue for damages in Germany.

The CDU/SPD government is currently against the implementation of binding commitments for German industry, as are German companies, including BASF. A representative of BASF’s Corporate Social Responsibility Department (Sustainability Relations and Sustainability Strategy) in Berlin explained the company’s position just a few days ago. At an event, the representative asked ‘Did we cause the events in Marikana? No. Did we play any part in them? No. Are we linked to them? Yes. This means that BASF has a responsibility to act on its supplier.’

BASF commissioned Environmental Resources Management (ERM) to carry out an investigation in Marikana. Last November, two employees from ERM’s South African office travelled to the Platinum Belt and visited Lonmin’s mines. BASF has stated that ERM’s investigation found ‘potential for improvement’, including improvements to fire protection. BASF’s Corporate Social Responsibility Department used typical public relations jargon to describe the conclusions the company had drawn from the report: BASF intended to ask Lonmin to develop a ‘pre-grievance mechanism’, and its management was said to be in need of ‘coaching’. Finally, BASF’s fire department was to be sent to Lonmin to improve company safety.

However, changes such as these trivialise the issue. ERM’s report did not take the living conditions of the miners in Marikana into account. Still, BASF now claims that the miners’

working conditions and the human rights situation are acceptable. Accordingly, Kurt Bock saw no reason 'to break off' business relations with Lonmin; on the contrary, Lonmin's supply agreement with BASF, which ended in 2015, has now been extended.