

## PolyMet & Glencore: An Overview

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### PolyMet Mining Corporation

PolyMet Mining Corporation (PolyMet) is a publicly traded company that was incorporated in 1981 in British Columbia.<sup>1</sup> It is the parent company of PolyMet Mining Inc., which is registered in Minnesota as a domestic business corporation.<sup>2</sup> More specifically, PolyMet's 2010 20F form indicates that the company will likely be categorized as a passive foreign investment company, or PFIC.<sup>3</sup> A foreign corporation is a PFIC if at least one of two conditions is met: (1), 75% of gross income is passive; or, more than 50% of the assets produce passive income or are held to produce passive income.<sup>4</sup> Were PolyMet classified as a PFIC, there would be financial implications for U.S. taxpayers.<sup>5</sup>

Because PolyMet has yet to begin operations at NorthMet, it relies on investments to supply the capital required for development costs.<sup>6</sup> In 2008 PolyMet entered into a strategic partnership with Glencore International AG (Glencore), a privately held Swiss corporation.<sup>7</sup>

As part of its agreement with Glencore, PolyMet agreed to sell to Glencore the NorthMet Mine's production for a minimum of the first five years of operation.<sup>8</sup> The development of this relationship means that Glencore, as of January 18<sup>th</sup>, 2011, owns 14,433,962 common shares representing 9.3% of common outstanding shares of PolyMet.<sup>9</sup> Additionally, Glencore is positioned to increase its holding in PolyMet: the exchange of \$27.6 million in debentures for 6,887,783 shares; the exercise of warrants for 3 million shares at \$2.00 a share; and, pursuant to an agreement from 2010, the purchase of a further 10 million shares at \$2.00 a share for a

<sup>1</sup>PolyMet Mining Corp., Annual Report (Form 20-F), at 12 (Jan. 31, 2010), *available at*, [http://www.polymetmining.com/uploads/Jan\\_31\\_2010\\_Financial\\_Statements.pdf](http://www.polymetmining.com/uploads/Jan_31_2010_Financial_Statements.pdf).

<sup>2</sup>*id.*; Office of Minn. Sec'y of State, [http://da.sos.state.mn.us/minnesota/corp\\_inquiry-entity.asp?:nfile\\_number=6F-388&entity\\_type\\_id=DC&Nsession\\_id=&Ndocument\\_number=0&filename=-802122569.txt&pgcurrent=6&Norder\\_item\\_type\\_id=10&Ssearch\\_Parm=polymet](http://da.sos.state.mn.us/minnesota/corp_inquiry-entity.asp?:nfile_number=6F-388&entity_type_id=DC&Nsession_id=&Ndocument_number=0&filename=-802122569.txt&pgcurrent=6&Norder_item_type_id=10&Ssearch_Parm=polymet) (last visited Feb. 10, 2011).

<sup>3</sup>PolyMet Mining Corp., Annual Report (Form 20-F), at 53 (Jan. 31, 2010), *available at*, [http://www.polymetmining.com/uploads/Jan\\_31\\_2010\\_Financial\\_Statements.pdf](http://www.polymetmining.com/uploads/Jan_31_2010_Financial_Statements.pdf).

<sup>4</sup>26 U.S.C. § 1297 (2010), *available at* [http://www.law.cornell.edu/uscode/26/usc\\_sec\\_26\\_00001297----000-.html](http://www.law.cornell.edu/uscode/26/usc_sec_26_00001297----000-.html); PolyMet Mining Corp., Annual Report (Form 20-F), at 53 (Jan. 31, 2010), *available at*, [http://www.polymetmining.com/uploads/Jan\\_31\\_2010\\_Financial\\_Statements.pdf](http://www.polymetmining.com/uploads/Jan_31_2010_Financial_Statements.pdf).

<sup>5</sup>*See*, PolyMet Mining Corp., Annual Report (Form 20-F), at 53 (Jan. 31, 2010), *available at*, [http://www.polymetmining.com/uploads/Jan\\_31\\_2010\\_Financial\\_Statements.pdf](http://www.polymetmining.com/uploads/Jan_31_2010_Financial_Statements.pdf).

<sup>6</sup>*See id.* at 33.

<sup>7</sup>*id.* at 23, 30. Presently Glencore is privately traded but it is thought that a public offering will happen within the next few years. Fox Hu & Xiao Yu, *Glencore Said to Seek About \$2.5 Billion in Hong Kong Listing*, Bloomberg News, Jan. 26, 2011, <http://www.businessweek.com/news/2011-01-26/glencore-said-to-seek-about-2-5-billion-in-hong-kong-listing.html> (last visited Feb. 11, 2011).

<sup>8</sup>*id.* at 23.

<sup>9</sup>PolyMet Mining Corp., *PolyMet Closes First \$10 Million Tranche of Glencore Financing*, (Jan. 18, 2011), [http://www.polymetmining.com/uploads/PolyMet\\_NR\\_2011\\_3.pdf](http://www.polymetmining.com/uploads/PolyMet_NR_2011_3.pdf) (last visited Feb. 11, 2011).

potential total of 34,321,745 shares totaling some 19.7% of currently authorized common shares.<sup>10</sup>

If the NorthMet mine becomes operational, PolyMet's own Annual Report reveals that it may well lack the financial security to confront foreseeable incidents. PolyMet even declared that "the insurance we maintain against risks that are typical in our business may not provide adequate coverage."<sup>11</sup> Specific insurance, that covering "liabilities for environmental pollution or certain hazards or interruption of certain business activities," may not even be financially realistic, or at all available.<sup>12</sup> PolyMet even admits that the potential inadequacy of coverage creates a risk of "material adverse effect" on operations—to say nothing of the potential inability to rectify associated environmental and human costs.<sup>13</sup>

It is unclear under Minnesota law whether the State of Minnesota could include the Glencore parent company on permits to assure adequate financial reserves. *In re Hibbing Taconite Co.* addressed the issue as to whether a parent company can be permissively added to a permit issued to a subsidiary.<sup>14</sup> The Minnesota Court of Appeals ruled that a parent company is not a person as defined in the statute governing the issuance of permits, and therefore the Minnesota Pollution Control Agency could not name a parent company as a co-permittee without first establishing new policy, promulgating new rules of procedure, or holding a contested case hearing to determine if the parent company was sufficiently "intertwined" with the subsidiary so as to constitute a single entity.<sup>15</sup> If PolyMet were granted a permit to mine, naming Glencore as a co-permittee to cover potential financial risks and liabilities would pose regulatory challenges.<sup>16</sup>

Given the potential limitations on PolyMet's ability to secure specialized insurance and the potential difficulty in reaching Glencore's deep pockets in permitting, risks would be made all the more acute by Glencore's record in other international mining ventures, which is discussed below.

## Glencore International AG

Glencore was founded in 1974 by pardoned US tax exile Marc Rich.<sup>17</sup> Based in Switzerland, it is a privately-held corporation and the world's largest commodities trader.<sup>18</sup>

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<sup>10</sup> PolyMet Mining Corp., PolyMet Closes First \$10 Million Tranche of Glencore Financing, (Jan. 18, 2011), [http://www.polymetmining.com/uploads/PolyMet\\_NR\\_2011\\_3.pdf](http://www.polymetmining.com/uploads/PolyMet_NR_2011_3.pdf) (last visited Feb. 11, 2011); PolyMet Mining Corp., PolyMet Announces Fiscal 2011 Third Quarter Results, (Jan. 17, 2011), [http://www.polymetmining.com/uploads/PolyMet\\_NR\\_2011\\_2.pdf](http://www.polymetmining.com/uploads/PolyMet_NR_2011_2.pdf) (last visited Feb. 11, 2011).

<sup>11</sup> PolyMet Mining Corp., Annual Report (Form 20-F), at 6 (Jan. 31, 2010), available at, [http://www.polymetmining.com/uploads/Jan\\_31\\_2010\\_Financial\\_Statements.pdf](http://www.polymetmining.com/uploads/Jan_31_2010_Financial_Statements.pdf).

<sup>12</sup> *id.*

<sup>13</sup> *id.*

<sup>14</sup> See *In the Matter of Hibbing Taconite Co.*, 431 N.W.2d 885 (Minn. Ct. App. 1988), available at [http://scholar.google.com/scholar\\_case?case=2136645453463756226&q=hibbing+taconite&hl=en&as\\_sdt=2,24](http://scholar.google.com/scholar_case?case=2136645453463756226&q=hibbing+taconite&hl=en&as_sdt=2,24).

<sup>15</sup> *id.* at 895.

<sup>16</sup> See *id.* at 893.

<sup>17</sup> Anne-Sophie Simpère, Les Amis de la Terre, The Mopani Copper Mine, Zambia: How European Development Money has Fed a Mining Scandal, 13 (Dec. 2010) [http://www.counterbalance-eib.org/images/mediaroom/doc/mopani\\_report\\_december\\_2010.pdf](http://www.counterbalance-eib.org/images/mediaroom/doc/mopani_report_december_2010.pdf), (last visited Feb. 11, 2011).

<sup>18</sup> Fox Hu & Xiao Yu, *Glencore Said to Seek About \$2.5 Billion in Hong Kong Listing*, Bloomberg News, Jan. 26, 2011, <http://www.businessweek.com/news/2011-01-26/glencore-said-to-look-for-2-5-billion-in-hong-kong-listing.html> (last visited Feb. 11, 2011).

Glencore is a producer and trader of commodities and raw materials. In 2006, its turnover was \$116.5 billion, with 5.3 billion in profits and 50,000 employees worldwide in various industrial and mining subsidiaries.<sup>19</sup>

Glencore's success hasn't come without controversy. In 2008 Glencore, at the Public Eye Awards—an annual event hosted by Berne Declaration, a Swiss NGO, at the World Economic Forum in Davos—was named as the “Worst Corporation of the Year”—an award given to the multinational corporation demonstrating the “most irresponsible behaviour.”<sup>20</sup> Glencore is currently in the news due to its plan to issue an Initial Public Offering within the next few weeks.<sup>21</sup> Because of Glencore's close financial relationship with PolyMet, a closer look at its public track record is warranted.

## Mideast Oil

Glencore is perhaps most well known for two specific past business relationships. First, it was implicated in the infamous Oil-for-Food scandal that involved the payment of kickbacks to Saddam Hussein's regime.<sup>22</sup> In response to the scandal, the United Nations authorized Paul Volcker to chair an independent Commission to investigate the matter. The Independent Inquiry Committee's report concluded that Glencore was one of the top four financiers of Iraqi oil, contracting for over \$243,000,000.<sup>23</sup> The report also determined that in order to capitalize on that contract Glencore paid a surcharge totaling \$3,222,780.70.<sup>24</sup> Furthermore, it found that two of Glencore's agents paid \$8,384,698 in surcharges for oil “financed and lifted by Glencore.”<sup>25</sup> The Independent Inquiry Committee's report draws more detailed conclusions on Glencore, and can be found in its entirety on line.<sup>26</sup>

Elsewhere in the Middle East, Glencore conducted business with the Iranian government.<sup>27</sup> Only in late 2009 did it cease supplying gasoline to Iran—the end of a 30-year

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<sup>19</sup> Public Eye Awards: Public Eye Swiss Award, [http://www.evb.ch/cm\\_data/Glencore\\_engl.pdf](http://www.evb.ch/cm_data/Glencore_engl.pdf) (last visited Feb. 11, 2011).

<sup>20</sup> Berne Declaration, <http://www.evb.ch/en/index.cfm>; Anne-Sophie Simpère, Les Amis de la Terre, The Mopani Copper Mine, Zambia: How European Development Money has Fed a Mining Scandal, 13 (Dec. 2010) [http://www.counterbalance-eib.org/images/mediaroom/doc/mopani\\_report\\_december\\_2010.pdf](http://www.counterbalance-eib.org/images/mediaroom/doc/mopani_report_december_2010.pdf), (last visited Feb. 11, 2011).

<sup>21</sup> Eric Onstad et al., *Special Report: The Biggest Company You've Never Heard of*, Reuters, Feb. 25, 2011, <http://www.reuters.com/article/2011/02/25/us-glencore-idUSTRE7101DC20110225> (last visited Feb. 26, 2011).

<sup>22</sup> See, Independent Inquiry into the United Nations Oil-for-Food Programme, Manipulation of the Oil-for-Food Programme by the Iraqi Regime, 3 (2005), <http://www.iic-offp.org/documents/Final%20Report%2027Oct05/IIC%20Final%20Report%20-%20Chapter%20One.pdf> (last visited Feb. 11, 2011).

<sup>23</sup> Independent Inquiry into the United Nations Oil-for-Food Programme, Oil Sales Summary by Contracting Company and Contract, 19 (2005), <http://www.iic-offp.org/documents/CommitteeTables27oct05/Table%202%20-%20Committee%20oil%20company%20table.pdf> (last visited Feb. 11, 2011).

<sup>24</sup> Independent Inquiry into the United Nations Oil-for-Food Programme, Surcharge payments Associated with a Contracting Company, 60 (2005), <http://www.iic-offp.org/documents/CommitteeTables27oct05/Table%205%20-%20Committee%20oil%20surcharge%20table.pdf> (last visited Feb. 11, 2011).

<sup>25</sup> Independent Inquiry into the United Nations Oil-for-Food Programme, Manipulation of the Oil-for-Food Programme by the Iraqi Regime, 3 (2005), <http://www.iic-offp.org/documents/Final%20Report%2027Oct05/IIC%20Final%20Report%20-%20Chapter%20Two.pdf> (last visited Feb. 11, 2011).

<sup>26</sup> The report and accompanying documents can be found at <http://www.iic-offp.org/story27oct05.htm>.

<sup>27</sup> Luke Pachymuthu & Yaw Yan Chong, *Glencore Halts Fuel Sales to Iran; Eyes Sanctions*, Reuters, Jan. 11, 2010, <http://www.reuters.com/article/2010/01/11/glencore-iran-gasoline-idUSSGE60A0CF20100111> (last visited Feb. 11, 2011).

business relationship dating back to the company's founding.<sup>28</sup> Notably, Glencore ended the relationship so as to "avoid fallout from U.S. sanctions."<sup>29</sup>

### Mopani Copper Mine

Glencore's Mopani copper mine in Zambia, Africa has created both economic and environmental risks to its host community. A report released in December of 2010 by the Counter Balance Coalition—a collection of European NGO's that monitors the European Investment Bank—details economic problems encountered at the Mopani mine.<sup>30</sup> The Mopani copper mine is 73% owned by a Glencore subsidiary.<sup>31</sup>

In 2008 and 2009 over 1,000 jobs were cut at the Mopani mine when Mopani froze operations due to global fluctuations in the price of copper. The price, however, was still over \$2,000 a ton—higher than when the mine was opened.<sup>32</sup> Presently, Copper is trading at approximately \$8,800 a ton.<sup>33</sup> But the copper market fluctuates, and the price is predicted to drop within the next couple years.<sup>34</sup>

The NorthMet mine would be Minnesota's first copper mine, and as noted above, PolyMet has agreed to sell its initial production to Glencore.<sup>35</sup> The Mopani history raises questions about "boom and bust" practices should the price of copper change. Commentators also report that in the community surrounding Mopani, roads and other infrastructure have been left derelict; the only development resulting from the mine has been construction on the mine site itself.<sup>36</sup>

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<sup>28</sup> Spencer Swartz, *Swiss Firm Halts Its Sale of Gas to Iran*, Wall St. Journal, Jan. 9, 2011, <http://online.wsj.com/article/SB126300336665822669.html> (last visited Feb. 11, 2011); Luke Pachymuthu & Yaw Yan Chong, *Glencore Halts Fuel Sales to Iran; Eyes Sanctions*, Reuters, Jan. 11, 2010, <http://www.reuters.com/article/2010/01/11/glencore-iran-gasoline-idUSSGE60A0CF20100111> (last visited Feb. 11, 2011).

<sup>29</sup> Luke Pachymuthu & Yaw Yan Chong, *Glencore Halts Fuel Sales to Iran; Eyes Sanctions*, Reuters, Jan. 11, 2010, <http://www.reuters.com/article/2010/01/11/glencore-iran-gasoline-idUSSGE60A0CF20100111> (last visited Feb. 11, 2011).

<sup>30</sup> See, Anne-Sophie Simpère, Les Amis de la Terre, *The Mopani Copper Mine, Zambia: How European Development Money has Fed a Mining Scandal*, (Dec. 2010) [http://www.counterbalance-eib.org/images/mediaroom/doc/mopani\\_report\\_december\\_2010.pdf](http://www.counterbalance-eib.org/images/mediaroom/doc/mopani_report_december_2010.pdf), (last visited Feb. 11, 2011).

<sup>31</sup> Glencore International AG: Mopani, <http://www.glencore.com/mopani.html> (last visited Feb. 11, 2011).

<sup>32</sup> Anne-Sophie Simpère, Les Amis de la Terre, *The Mopani Copper Mine, Zambia: How European Development Money has Fed a Mining Scandal*, 16 (Dec. 2010) [http://www.counterbalance-eib.org/images/mediaroom/doc/mopani\\_report\\_december\\_2010.pdf](http://www.counterbalance-eib.org/images/mediaroom/doc/mopani_report_december_2010.pdf), (last visited Feb. 11, 2011).

<sup>33</sup> Bob Kelleher, *Record Prices Boost Minn's Copper-nickel Prices*, Minnesota Public Radio News, Feb. 1, 2001, <http://minnesota.publicradio.org/display/web/2011/02/01/record-prices-boost-developing-copper-nickel-mines/> (last visited Feb. 11, 2001).

<sup>34</sup> See Glenys Sim, *Copper Market Set for 'Catastrophe,' Threlkeld Says (Update1)*, Bloomberg Businessweek, Feb. 2, 2011, <http://www.businessweek.com/news/2010-02-02/copper-market-set-for-catastrophe-threlkeld-says-update1.html> (last visited Feb. 11, 2011); see also, Bob Kelleher, *Record Prices Boost Minn's Copper-nickel Prices*, Minnesota Public Radio News, Feb. 1, 2001, <http://minnesota.publicradio.org/display/web/2011/02/01/record-prices-boost-developing-copper-nickel-mines/> (last visited Feb. 11, 2001).

<sup>35</sup> Steve Kuchera, *PolyMet Drops Copper Metal Production Plan*, Duluth News Tribune, Feb. 4, 2011, <http://www.istockanalyst.com/article/viewiStockNews/articleid/4864516> (last visited Feb. 11, 2011); PolyMet Mining Corp., Annual Report (Form 20-F), at 23 (Jan. 31, 2010), available at, [http://www.polymetmining.com/uploads/Jan\\_31\\_2010\\_Financial\\_Statements.pdf](http://www.polymetmining.com/uploads/Jan_31_2010_Financial_Statements.pdf).

<sup>36</sup> Global Community Monitor: *Field report: Glencore Copper Mine and Smelter, Mufulira, Copperbelt Province, Zambia*, <http://www.gcmonitor.org/article.php?id=633> (last visited Feb. 11, 2011).

The Mopani mine has also resulted in serious environmental hazards.<sup>37</sup> To extract metals, the mine relies on the use of sulfuric acid.<sup>38</sup> This practice may be cost-effective, but it injects the sulfuric acid directly into the ground, preventing containment.<sup>39</sup> Sulfuric acid presents an environmental safety risk in any usage. At Mopani a truck containing sulfuric acid overturned and spilled into the main water source, killing all the fish and rendering it unsafe.<sup>40</sup>

The Mopani mine's environmental hazards have, in turn, created serious health problems for workers and for local residents.<sup>41</sup> In January 2008, an acid contamination of drinking water led to the hospitalization of 800 people.<sup>42</sup> Another incident left a resident with toxic mine tailings on his property when Mopani fixed the pipe that exploded but didn't clean up the hazardous spill.<sup>43</sup> In 2005 alone 71 miners were killed at the mine, yet the Mopani CEO refused to answer the union's safety questions.<sup>44</sup> Glencore's practices at the Mopani copper mine raise concerns about environmental degradation and about human health that cannot be ignored.

### Metaleurop Copper Processing

In Europe, Glencore has been implicated in the 2003 shutdown of French copper processing foundry Metaleurop Nord, which resulted both in economic disruption and the failure to provide resources to clean up contamination.<sup>45</sup> Glencore owned a 33% share in Metaleurop SA, the parent company of Metaleurop Nord.<sup>46</sup> Analysts believe that Glencore was responsible for shielding corporate resources from the responsibility for the cleanup of extensive pollution:

As soon as it entered the group, Glencore set up a financial infrastructure that was intended—sooner or later—to facilitate the plunder of its subsidiary, Metaleurop Nord.

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<sup>37</sup> See, Anne-Sophie Simpère, Les Amis de la Terre, The Mopani Copper Mine, Zambia: How European Development Money has Fed a Mining Scandal, (Dec. 2010) [http://www.counterbalance-eib.org/images/mediaroom/doc/mopani\\_report\\_december\\_2010.pdf](http://www.counterbalance-eib.org/images/mediaroom/doc/mopani_report_december_2010.pdf), (last visited Feb. 11, 2011).

<sup>38</sup> Global Community Monitor: *Field report: Glencore Copper Mine and Smelter, Mufulira, Copperbelt Province, Zambia*, <http://www.gcmonitor.org/article.php?id=633> (last visited Feb. 11, 2011).

<sup>39</sup> Anne-Sophie Simpère, Les Amis de la Terre, The Mopani Copper Mine, Zambia: How European Development Money has Fed a Mining Scandal, 20 (Dec. 2010) [http://www.counterbalance-eib.org/images/mediaroom/doc/mopani\\_report\\_december\\_2010.pdf](http://www.counterbalance-eib.org/images/mediaroom/doc/mopani_report_december_2010.pdf), (last visited Feb. 11, 2011).

<sup>40</sup> *id.* at 21.

<sup>41</sup> Global Community Monitor: *Field report: Glencore Copper Mine and Smelter, Mufulira, Copperbelt Province, Zambia*, <http://www.gcmonitor.org/article.php?id=633> (last visited Feb. 11, 2011); Anne-Sophie Simpère, Les Amis de la Terre, The Mopani Copper Mine, Zambia: How European Development Money has Fed a Mining Scandal, 20 (Dec. 2010) [http://www.counterbalance-eib.org/images/mediaroom/doc/mopani\\_report\\_december\\_2010.pdf](http://www.counterbalance-eib.org/images/mediaroom/doc/mopani_report_december_2010.pdf), (last visited Feb. 11, 2011).

<sup>42</sup> Anne-Sophie Simpère, Les Amis de la Terre, The Mopani Copper Mine, Zambia: How European Development Money has Fed a Mining Scandal, 20 (Dec. 2010) [http://www.counterbalance-eib.org/images/mediaroom/doc/mopani\\_report\\_december\\_2010.pdf](http://www.counterbalance-eib.org/images/mediaroom/doc/mopani_report_december_2010.pdf), (last visited Feb. 11, 2011).

<sup>43</sup> *id.* at 21.

<sup>44</sup> Anne-Sophie Simpère, Les Amis de la Terre, The Mopani Copper Mine, Zambia: How European Development Money has Fed a Mining Scandal, 17 (Dec. 2010) [http://www.counterbalance-eib.org/images/mediaroom/doc/mopani\\_report\\_december\\_2010.pdf](http://www.counterbalance-eib.org/images/mediaroom/doc/mopani_report_december_2010.pdf), (last visited Feb. 11, 2011).

<sup>45</sup> Pascal Ughetto, *Controversy over Closure of Metaleurop Nord*, European Industrial Relations Observatory Online, Dec. 2, 2003, <http://www.eurofound.europa.eu/eiro/2003/02/inbrief/fr0302103n.htm> (last visited Feb. 11, 2011).

<sup>46</sup> Françoise Thull & Marianne Arens, *Metaleurop: The Ugly Face of European Capitalism*, World Socialist Web Site, May 28, 2003, <http://www.wsws.org/articles/2003/may2003/meta-m28.shtml> (last visited Feb. 11, 2011); see, Pascal Ughetto, *Controversy over Closure of Metaleurop Nord*, European Industrial Relations Observatory Online, Dec. 2, 2003, <http://www.eurofound.europa.eu/eiro/2003/02/inbrief/fr0302103n.htm> (last visited Feb. 11, 2011).

The latter's cash flow, as well as its stock of raw materials and clients, were all absorbed by Glencore. Metal treatment was transferred to China.<sup>47</sup>

In response to the transfer of manufacturing away from the Metaleurop subsidiary, the French Ecology Minister enlisted a law firm to assign Glencore the bill for cleanup costs, which were estimated at \$411 million.<sup>48</sup> This estimate does not account for the money owed to the employees who lost their jobs.<sup>49</sup> Available public records do not disclose whether any of the cleanup costs have been secured from Glencore.

### South American Oil & Coal Operations

In northern Columbia, Glencore subsidiaries currently operate three open pit mines that yield 10 million tons of coal annually. Glencore's Prodeco operation oversees two mines and some 2,500 employees.<sup>50</sup> Glencore's Prodeco coal was fined a total of nearly \$700,000 in 2009 for several environmental violations, including waste disposal without a permit and producing coal without an environmental management plan.<sup>51</sup> At Cerrejon in Columbia, the world's largest open pit coal mine, Glencore owned a one-third interest until 2006. At Cerrejon, indigenous peoples were forcibly displaced, their lands appropriated, and their villages razed.<sup>52</sup>

Since 2006, Glencore has come under fire for the selective firing of union workers at its remaining coal mines.<sup>53</sup> A labor dispute over these selective firings and the renewal of a collective labor contract was deadlocked for over two years.<sup>54</sup> Investigators report that workers who have attempted to unionize have been fired<sup>55</sup> and that union workers have been intimidated through the use of armed guards.<sup>56</sup>

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<sup>47</sup> Françoise Thull & Marianne Arens, *Metaleurop: The Ugly Face of European Capitalism*, World Socialist Web Site, May 28, 2003, <http://www.wsws.org/articles/2003/may2003/meta-m28.shtml> (last visited Feb. 11, 2011).

<sup>48</sup> Pascal Ughetto, *Controversy over Closure of Metaleurop Nord*, European Industrial Relations Observatory Online, Dec. 2, 2003, <http://www.eurofound.europa.eu/eiro/2003/02/inbrief/fr0302103n.htm> (last visited Feb. 11, 2011); Boursier, *Metaleurop : le Gouvernement Veut Mettre Glencore Devant ses Responsabilités*, Jan. 24, 2003, <http://www.boursier.com/actions/actualites/news/metaleurop-le-gouvernement-veut-mettre-glencore-devant-ses-responsabilites-52088.html> (last visited Feb. 11, 2011).

<sup>49</sup> Pascal Ughetto, *Controversy over Closure of Metaleurop Nord*, European Industrial Relations Observatory Online, Dec. 2, 2003, <http://www.eurofound.europa.eu/eiro/2003/02/inbrief/fr0302103n.htm> (last visited Feb. 11, 2011).

<sup>50</sup> Glencore International AG: Prodeco Group, <http://www.glencore.com/prodeco-group.html> (last visited Feb. 11, 2011); Reuters, *Glencore Colombia Workers May Vote to Strike-union*, June 3, 2010, <http://www.reuters.com/article/2010/06/03/colombia-coal-glencore-idUSN0320209020100603> (last visited Feb. 11, 2011).

<sup>51</sup> Eric Onstad et al., *Special Report: The Biggest Company You've Never Heard of*, Reuters, Feb. 25, 2011, <http://www.reuters.com/article/2011/02/25/us-glencore-idUSTRE71O1DC20110225> (last visited Feb. 26, 2011).

<sup>52</sup> Simon Casey, *Xstrata Buys \$1.7 Bln Mine Stake; Profit at a Record (Update4)*, Bloomberg, Mar. 1, 2006, [http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aOSqaTwpIPw&refer=latin\\_america](http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aOSqaTwpIPw&refer=latin_america) (last visited Feb. 11, 2011); Anne-Sophie Simpère, Les Amis de la Terre, *The Mopani Copper Mine, Zambia: How European Development Money has Fed a Mining Scandal*, 13 (Dec. 2010) [http://www.counterbalance-eib.org/images/mediaroom/doc/mopani\\_report\\_december\\_2010.pdf](http://www.counterbalance-eib.org/images/mediaroom/doc/mopani_report_december_2010.pdf), (last visited Feb. 11, 2011).

<sup>53</sup> Stephan Suhner, Switzerland Colombia Working Group, *Ungelöste Arbeitskonflikte bei Glencore - C.I. Prodeco S.A. - Über ein Jahr vertragloser Zustand im Hafen von Santa Marta*, LabourNet Germany, July 28, 2007, <http://www.labournet.de/internationales/co/elcerrejon6.html> (last visited Feb. 11, 2011).

<sup>54</sup> Public Eye Awards: Public Eye Swiss Award, [http://www.evb.ch/cm\\_data/Glencore\\_engl.pdf](http://www.evb.ch/cm_data/Glencore_engl.pdf) (last visited Feb. 11, 2011).

<sup>55</sup> *id.*

<sup>56</sup> Stephan Suhner, Switzerland Colombia Working Group, *Ungelöste Arbeitskonflikte bei Glencore - C.I. Prodeco S.A. - Über ein Jahr vertragloser Zustand im Hafen von Santa Marta*, LabourNet Germany, July 28, 2007, <http://www.labournet.de/internationales/co/elcerrejon6.html> (last visited Feb. 11, 2011).

NGOs report that the environmental and health record at Glencore's coal mines is no better than the treatment of workers. Few villagers have jobs at the mine, but the health of local people suffers from respiratory diseases related to coal dust.<sup>57</sup> River water is used in the mining process and returned to streams unfiltered and contaminated.<sup>58</sup>

Glencore's controversial practices extend to its operations in Ecuador. A Quito-based oil sector analyst said, "Glencore has not been transparent in its business in Ecuador."<sup>59</sup> Glencore has used its political influence to secure contracts with the state at low cost, and then to renegotiate and increase costs in the middle of their contracts.<sup>60</sup>

## Conclusion

Since Glencore is a privately held company, the public record of its investments and its track record is incomplete. But based on the information available, as discussed above, Minnesotans have reason to be apprehensive about PolyMet's financial structure and reliance on Glencore's partnership.

PolyMet's resources alone, as disclosed in their filings, are likely to be insufficient to protect Minnesota communities from economic and environmental risk. Glencore's deep pockets are unlikely to be accessible through permitting, and the track record of its subsidiaries across the globe has been quite troubling. Glencore mining and processing subsidiaries have created minimal infrastructure benefits to host communities, while creating job shut-downs with price fluctuations and hostile labor relations. Glencore's subsidiaries have been poor environmental stewards, have imposed health risks on workers and local residents, and have left extensive clean up liabilities for host communities. This record isn't limited to third-world countries, and there is nothing to indicate that Minnesota would be insulated from similar labor and environmental problems.

Before environmental review is completed or any permits issued for the PolyMet NorthMet sulfide mine, a rigorous analysis must be done both of PolyMet's financial resources and the track record and resources of Glencore, its financial and strategic partner.

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<sup>57</sup> Public Eye Awards: Public Eye Swiss Award, [http://www.evb.ch/cm\\_data/Glencore\\_engl.pdf](http://www.evb.ch/cm_data/Glencore_engl.pdf) (last visited Feb. 11, 2011).

<sup>58</sup> *id.*

<sup>59</sup> Eric Onstad et al., *Special Report: The Biggest Company You've Never Heard of*, Reuters, Feb. 25, 2011, <http://www.reuters.com/article/2011/02/25/us-glencore-idUSTRE71O1DC20110225?pageNumber=6> (last visited Feb. 26, 2011).

<sup>60</sup> *id.*