

Indonesian Court Drops Case Against Newmont

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JAKARTA, Indonesia (AP) - An Indonesian court on Tuesday dropped a civil suit filed by the government against Newmont Mining Corp.'s local subsidiary accusing it of pollution, saying the case should be taken to international arbitration.

The ruling by the South Jakarta District Court will have no impact on the ongoing criminal trial of the company's top local executive, American Richard Ness, on charges stemming from the same allegations at one of its mines on Sulawesi Island.

"This court has no authority to try the case filed by the government over alleged environmental pollution by Newmont," said Judge Sudarto, who goes by a single name. "Under the contract, such a dispute should be settled through conciliation or be brought to international arbitration."

The environment ministry filed the suit earlier this year. It had been asking for \$133.6 million in damages from the Denver-based company, the world's largest gold producer.

Government lawyer Purwani Utami said he may still appeal the decision, "but would consult with the minister of environment before deciding any further steps."

A spokesman for the company's Indonesian subsidiary, Newmont Minahasa Raya, said the company was "very pleased" with the decision and it was now up to the government to open talks on possible international arbitration.

The company's legal troubles in Indonesia are being closely watched by foreign investors already anxious about the country's weak legal system and by environmentalists eager to see if the government will punish a multinational mining company for the first time in recent memory.

Indonesia says Newmont Minahasa Raya violated environmental laws by dumping millions of tons of pollutants into Buyat Bay on Sulawesi island, allegedly causing villagers to develop skin diseases and other illnesses.

The company insists that the police investigation was flawed and there is no evidence of pollution or that villagers became ill.

The criminal case against the company is being heard in Manado, the capital of north Sulawesi province, 1,300 miles northeast of Jakarta.

Ness, the president director of Newmont Minahasa Raya, faces up to 10 years in prison if convicted.

Newmont began operations in Sulawesi in 1996, and stopped mining two years ago after extracting all the gold it could. But it continued processing ore until Aug. 31, 2004, when the mine was permanently shut.