



MiningWatch Canada

Mines Alerte

Corporate Rights Over Human Rights: Canadian mining in Central America

Prepared for a public event hosted by Territorio Libre: *Canada's Dirty Gold Rush in Central America*, at the University of Ottawa

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First, I want to thank Laura Avalos from the Salvadoran Canadian Association of Ottawa for inviting me to participate this evening, and to Nely Rivera de Silva for traveling here to share her experiences and findings regarding Goldcorp's proposed Cerro Blanco mine and the concerns it raises for El Salvadorans living downstream.

I've been asked to provide a Canadian perspective to this evening's discussion. For this, I've decided to largely focus on Goldcorp in Guatemala, owners of both the proposed Cerro Blanco mine and the Marlin mine, the open-pit operation which was the subject of the film segments we watched at the opening. I'll also try to give some of the bigger picture about Canadian mining in the Americas.

Canada is an important player in the global mining industry. Nearly a quarter of the top forty mining companies in the world are Canadian-owned and roughly 60% of the world's publicly traded mining companies are listed on Canadian stock exchanges, far more than any other stock exchange. In Latin America alone, a region that we have made an economic and foreign policy priority, Canadian financed companies hold about 1,400 metal mining properties from Mexico to Argentina.

But companies don't just obtain financing in Canada. Canadian-financed companies, which dominate the mining sector in some countries - such as Guatemala or Ecuador - are able to sustain strong lobbies regarding mining policy changes, often receiving substantial support from Canadian embassies abroad.

Today, with prices for commodities, like gold, booming the pressure is on to expand old mines and to open up new ones. While you might hear a lot of talk from industry and its promoters about the importance of mining for development, the national interest, or jobs and community well-being, it is

worth keeping in mind that it is not the participation and interests of local people and their institutions that drive this industry, but rather the piles of profits that an operating mine can pull in as it tears down mountains, builds deep tunnels near precious headwaters, or opens up roads and pits in remote and sometimes sacred lands.

As just one illustration of the stark inequalities at play in this industry, I want to cite a report that was released by the Canadian Centre for Policy Alternatives early last week. It's called "Recession-proof: Canada's 100 best paid CEOs," and it concludes that in the midst of the worldwide economic crisis, Canada's business elite "preserved its privileged position." ¹[1]

First, who are these elite? Number one on the list of Canada's 100 most highly paid CEOs was Aaron Regent, CEO of Barrick Gold Corp. Number six, Fred George of Gammon Gold Inc. Number ten, Peter Marrone of Yamana Gold Inc. Number seventeen, Jon Macken from Ivanhoe Mines Ltd. Number 21, Tye Burt from Kinross Gold Corp. And to mention two that are relevant to Guatemala, number 31 is Goldcorp's Charles Jeannes, and number 37 is Peter Jones from HudBay Minerals Inc.

According to my quick count, and not including extractive industry execs from the oil and gas industry, at least twenty of the top one hundred CEOs in Canada are mining industry leaders. Mining industry leaders that were part of the powerful lobby that helped narrowly defeat Bill C-300 on October 27th, a bill that aspired to create a new regulatory mechanism that would have conditioned just a part of the financing and political support available to this industry to increased government oversight of their activities abroad.

How do these CEOs compare with other Canadians? Based on the average income among the top 100 CEOs in 2009, the worst year of the economic downturn in Canada, a CEO like Goldcorp's Chuck Jeannes raked in what an average Canadian earns in a year by 2:30 p.m. on his second day back at work. That's measured against an average wage of \$42,000 per year. Minimum wage is less than half of that. And at this rate, by my rough calculations and putting this into perspective with some of the communities in which Goldcorp is working, it would have taken Jeannes about 74 minutes to make what a Guatemalan could make in a year based on Gross National Income in the Central American country and recognizing that this is likely an overestimation for most Guatemalans.

This example is part of a trend of growing inequality in Canada, and I would say a corresponding threat to democratic process.

In mining-affected areas of Central America, such odds are increasingly deadly.

But just before I talk a bit more about the risks, when measured up against the costs, the benefits that do remain after company profits, and CEO's salaries, don't always add up. A study by OXFAM America notes that mining activity has never been a major sector in Guatemala or El Salvador. OXFAM further estimates that if all the minerals extracted from these countries were exported, remittances would still exceed foreign exchange from mining by 30 in Guatemala and 60 times in El Salvador. The report concludes that mining "is unlikely to contribute significantly to the economies or export revenues of Guatemala." Findings were similar for Honduras.² That's the macroeconomic picture and it's worth keeping in mind. Although on the local level, both real and imagined short-term gains, help fuel the conflicts that activists like Nely and environmental rights defenders living near the Marlin mine are fighting up against in their struggle for clean water and healthy communities.

¹ Hugh Mackenzie, "[Recession-Proof: Canada's 100 best paid CEOs](#)", January 2011.

² Oxfam America, "[Metals mining and sustainable development in Central America: An assessment of benefits and costs](#)," 2008.

There is a growing trend that has been observed in Central America toward repression and violence against those who protest mines and mining impacts.³ In the past two years, activists have been killed in Mexico, Guatemala and El Salvador in relationship with Canadian mining companies. And many more have received death threats or faced violent attacks, or else live in an environment of intimidation and criminalization, dealing with drawn out legal processes for false or trumped-up charges against them.

In the case of the Marlin mine, while the claims of affected community members have been substantiated by important bodies at the international level, threats to activists have heightened.

Just to bring this story up to date since CTV's film *Paradise Lost* was made [about mining in Guatemala].⁴ Last February, the International Labour Organization recommended that the Marlin mine be suspended and that the right of local communities to free, prior and informed consent be respected. The Committee for the Elimination of Racial Discrimination also recommended that the Guatemalan government incorporate standards for free, prior and informed consent into its mining law. And on May 20th, the OAS Inter American Commission on Human Rights recommended the suspension of the Marlin mine until the Commission adopts a decision concerning a petition from local residents concerned about the mine's impacts on their environment, property, health, and safety. The Commission also asked the Guatemalan government to ensure the physical integrity and health of communities living in the area of the mine.

Roughly a month later, President Colom announced that he would implement the recommendation to suspend the Marlin mine. But it remains in operation.

I had a chance to visit San Miguel Ixtahuacán in late November where we met a woman named Diodora Hernández. Diodora no longer has a right eye. On July 13th, two men – one a past employee of the company and another a former contractor – entered Diodora's home and shot her in the head. A known opponent to the mine and resident of the community of Ágel, Diodora told us that she's in the state she's in because of the company.

We also visited the house of a woman named Crisanta Hernández who is one of eight women facing warrants for their arrest since 2008 because they showed support for their neighbour – the Crisanta that we saw in the film - who opposed power lines being installed on her property to service the mine without her consent. Crisanta told us about how they have been stigmatized as a result of the warrants and that they've been suffering insults and threats from neighbours, and even family members. Meanwhile, cracks have developed in the walls of her home that she worked hard to have built before she had children, and water is becoming scarce during certain months of the year in springs that they rely upon. The cracks in Crisanta's home could be fixed, but it's not clear how the social fissures among families and communities living near the mine can be addressed under current conditions, particularly while the mine remains in operation.

This kind of social conflict is not about mere differences of opinion over the mine. This is part of the social upheaval that comes with imposing a mine on a community without their express knowledge, consideration and consent. This "social contamination" - as I've heard it called - can arise when economic stakes are raised due to the presence of a mine and which tends to benefit some people more than others.

³ Center for International Environmental Law, "[Environmental Defenders in Danger: The situation in Mexico and Central America with regard to the Mining Industry](#)," Report prepared for a Thematic Hearing held on October 25th 2010 during the 140th Ordinary Period of Sessions of the Inter-American Commission on Human Rights.

⁴ See W5's film *Paradise Lost* [here](#), the first of four segments.

And if often comes down very hard on those who dare to question whether the benefits are worth it and whether the costs are too great.

But Marlin was supposed to be Guatemala's shining star. The International Finance Corporation of the World Bank provided \$45 million dollars to get it underway, before the communities had any idea what they were in for. The Compliance Advisor Ombudsman for the International Finance Corporation has itself recognized that local communities were never properly consulted, let alone informed about what a mine would entail. One man we met with in November told us that the communities were originally led to believe that it was rare orchids, not gold and silver that prospectors were after.

Now, years too late to properly consider the potential impacts, the Physicians for Human Rights and the University of Michigan have found preliminary indications that residents living near the mine have relatively high levels of lead in their blood and arsenic in their urine.⁵ E-Tech International, a US-based NGO, has indicated that hydrogeology and water studies prior to the mine opening were insufficient and that tailings impoundment water does not meet IFC standards. They also expressed concern that tailings water is seeping into a tributary downstream of the mine.⁶

Arsenic levels have risen sharply in the company's production well since it entered into operation, according to investigators from the University of Ghent, who also observed that some wells exceed World Health Organization guidelines for drinking water. This research team hypothesizes that Marlin mine operations are depleting surface water causing arsenic-rich groundwater to be drawn up. Arsenic, they postulate, may be the reason for skin problems being found among local residents.⁷

Potential problems and gaps in the technical studies of the company were foreseen before the mine went into construction. But dealing with this situation after the fact is very difficult. Despite all of the pronouncements by numerous international bodies that reaffirm the concerns of local human rights and environmental defenders, and letters from 29 members of the European parliament and over 100 international organizations and groups, the Colom government has shown no indication that it is going to suspend the mine.

I've given just one example of Goldcorp's footprint in the Americas and just one example of the kind of problems that can arise in a situation where the laws have been designed often with World Bank and Canadian or other foreign embassy support to favour investment. It does lend weight, however, to the importance of paying attention to what's happening around Cerro Blanco now.

The point is that serious environmental and social impact assessments of proposed mines need to take place with the participation and consent of affected communities prior to going into operation. If a mine is to develop, not just how, needs to be a question that's on the table. High levels of impunity in a country such as Guatemala, where 98% of crimes remain unresolved, is also a grave concern. As is the impunity that companies enjoy here in Canada, where we lack an effective regulatory and legislative framework to prevent and sanction human rights violations resulting from their operations abroad.

Bill C-300 was lost, but only narrowly. The growing awareness around these issues needs to be built upon. And there are other creative attempts underway.

⁵ Physicians for Human Rights, "[Toxic Metals and Indigenous Peoples Near the Marlin Mine in Western Guatemala: Potential Exposures and Impacts on Health](#)," May 2010.

⁶ E-Tech International, "[Executive Summary of Environmental and Social Impact Study](#)," August 2010.

⁷ Johan Van de Wauq, University of Ghent, "[Are Groundwater over-extraction and reduced infiltration contributing to Arsenic related health problems near the Marlin mine \(Guatemala\)?](#)" October 14th 2010.

Just before I close and to give one example, there's another mining project in Guatemala that I want to refer to. It's the Phoenix nickel project, near lake Izabal, where Canadian companies have been at the centre of violent conflict and repression dating back decades. In recent years, word has gotten out about forced evictions, and rape and sexual violations at the hand of the Guatemalan state acting in defense of company interests. Now owned by HudBay Minerals – you'll recall the CEO of this company was #37 on the top 100 – Peter Jones' company is subject of a civil lawsuit.⁸ The Toronto-based company and two of its subsidiaries are being sued for the death of Adolfo Ich Chamán, who was hacked and shot to death on September 27th 2009, allegedly by the company's private security forces. Angelica, Adolfo's wife and mother of five, is seeking justice on behalf of her husband who was a known critic of the proposed mine in their community near the town of El Estor. The Toronto lawyers in this case will argue that responsibility for this murder lies here.

It remains to be seen how Canadian courts will respond, which have been reluctant to deal with these cases in the past. But despite the odds that these lawyers and Angelica Choc are up against, and despite the odds that Nely and the communities of San Marcos are facing, this part of a growing tide of discontent with the impunity that our companies enjoy and that is being driven from the south.

In Guatemala, as Magalí Rey Rosa mentioned in the film, public support for large scale mining in Guatemala is eroding. One public opinion survey carried out in October 2009, found that 57% of Guatemalans living in mining-affected areas reject this activity for the country. But, perhaps the more impressive public opinion survey has been the forty-seven local plebiscites that have taken place and in which over 700,000 indigenous and non-indigenous people have voted against large scale metal mining. In El Salvador, metal mining remains suspended and under review, as Nely has already mentioned. And just to mention one other country, Costa Rica, where a law was recently approved to prohibit open-pit metallic mining. In other words, the people of Latin America are not mere victims of the abuses of our companies, they are also leading critical processes of resistance to ultimately determine what's in their best interest.

And as Canadians, we have a role to denounce the abuses taking place and to build on the work that has already been done to end the impunity that our companies enjoy, as well as to challenge the systems that hold such gross and growing inequalities in place.

⁸ For details, see: <http://www.chocversushudbay.com/>