

Saturday, May 01, 2004

GUATEMALA, RESOURCES & (of all things) A CANADIAN MINING COMPANY

RIGHTS ACTION COMMENTARY: The "Marlin Project", operated by the company known as Montana Exploratory, a subsidiary of the Canadian transnational Glamis Gold Ltd., is getting set to mine in Guatemala. As is usually the case in Central America, the mining operation will assuredly damage the environment, ruin or undermine local indigenous communities, and impose an exploitative, harmful development model on the region where it is operating.

Northern investors (individual and institutional) make good profits from exploitative and damaging mining operations of US and Canadian companies. (See below) To get a proper historical understanding of abusive investment and mining operations, we recommend Eduardo Galeano's "Open Veins of Latin America". We recommend reading this book to get a historical understanding of many issues of poverty, exploitation, racism and repression in Latin America.

Rights Action is supporting and working with local community development organizations, in the San Marcos region of Guatemala where this operation may soon begin, who are raising serious concerns about this mining operation, while working for community controlled development. If you would like to support the local community development organizations, or come on educational delegations to meet them, see below.

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In Guatemala, the Marlin mining company is hoping to exploit gold for

10

years. Local populations have publicly rejected this mine. The dark environmental shadow of the mining project is cyanide.

On February 19, in the Municipality of Sipacapa, Department of San Marcos, some 500 people demonstrated against the construction of a gold and silver mine that would extend from Sipacapa into the neighbouring municipality of San Miguel Ixtahuacán. The so-called "Marlin Project", run by the company known as Montana Exploratory, a subsidiary of the Canadian transnational, Glamis Gold Ltd., is the first mine to obtain a gold exploitation license in the country. Although the company declares that it completed all the legal processes before beginning operations, and despite the fact that the mine generates employment and infrastructure in one of the poorest areas of the country, those opposing the project want the mine to be closed. The reason for this is that the environmental, social and economic costs of the project override any possible benefits.

FIRST GOLD MINE

According to a December 10, 2003 press release from Glamis, the "Marlin Project" expected to yield an average annual production of 1000 ounces of gold and 3.3 million ounces of silver over the 10-year period of operations. These figures have increased significantly since the discovery of the mine in 1998. (Inforpress 1514)

The Montana Company received its exploitation license at the end of 2003.

Construction of the mine is now in process and it is expected to begin production in the first trimester of 2006. According to Glamis, the initial capital investment in the project is estimated at some US\$120.3 million.

Once Marlin begins producing commercially, it is expected to be Montana's largest and most lucrative gold mine, according to the press release. It was also mentioned that in 2004, other sources of minerals will be investigated in the up two thousand square kilometer area for which the company

holds
exploitation licenses.

The Glamis company operates two mines in the United States and one in Honduras. A third mining project in Latin America, the El Sauzal mine in Chihuahua, Mexico, is under construction and expects to begin production in the fourth trimester of this year.

DEMONSTRATORS EXPRESS CONCERNS -- Although Montana has worked hard at promoting the project in surrounding communities, there was a demonstration against the mine on February 19. The Movimiento de Trabajadores Campesinos organized the demonstration, attended by 500 members of neighboring communities, - MTC (Rural Labour Movement) of the Diocese of San Marcos. Representatives from various colleges, Maya organizations and women's and religious groups also demonstrated against the mine.

Concerns and criticisms focused on the lack of consultation with the community regarding the project, possible harm to the environment caused by the mine and what was referred to by some demonstrators as a violation of municipal autonomy. Furthermore, Rolando Lúpez, from the AJCHMOL, told Infopress that the sale of the land to the mine had caused family problems in San Miguel Ixtahuacán. Normally, the man of the family deals with business matters and sells family land without the consent of his wife, said Lúpez. In the majority of cases, the women cannot read or write. Montana paid eight times the value for the land on which the mine is located - Q8000 per lot.

ISSUES RAISED -- With regard to the issue of consultation with neighbouring communities, Tim Miller, legal representative for Montana in Guatemala, told Infopress that the company held meetings with more than 8 thousand people in the area. However, those who participated in the demonstration said that they had not been consulted, which is a violation of Convention 169 of the International Labour Organization, which was ratified by Guatemala.

With regard to municipal autonomy, according to the new mayor of Sipacapa, Alejandro Mazariegos Sánchez, the municipality was not included in the approval process for the project nor in the granting of the permits for the mine operation. However, he did not know if such permits had been granted by the previous municipal administration.

With respect to harm to the environment, according to regulations on environmental assessment and monitoring (Reglamento de Evaluación, Control y Seguimiento), the company applying for a mining license (in this case, Montana) must contract a consultant to carry out an environmental assessment, and public participation in the process is mandatory.

Some critics questioned the low degree of objectivity with which the project had been carried out, as well as aspects of the environmental assessment, given that the company applying for a permit is responsible for such assessments, while the authorities are responsible only for approving or canceling the project. It is like having a suit made, says José Manuel Chacún of the environmental collective Madre Selva in reference to the environmental impact study – the company will pay someone to make it fit its own needs exactly.

CYANIDE -- The main environmental concern is the fear that cyanide, which is used in the process of leaching rock to separate precious metals, can cause harm to humans and to the environment. The company has given assurances that the process will be contained in steel tanks, solid residues will be cleaned up and decontaminated and will be stored in a holding pond. However, international studies such as "Cyanide in Mining" by Robert E. Moran (Ph.D, Hydrogeology, Geochemistry) point out that, while it is reasonable to be concerned about serious poisoning of humans and other organisms in mining-related accidents, it is probable that the most common environmental problems are caused by chronic contamination of surface and subterranean water by lower concentrations of cyanide and residual alloys. These spills

are more difficult to locate and assess, according to Moran.

OPEN PIT MINING -- Furthermore, open-pit mining requires removal of large amounts of earth and brings about permanent changes to the earth surface.

Various countries and states have prohibited or seriously restricted this practice because it is harmful to the environment - Costa Rica (prohibited 2002), the State of Montana (prohibited 1998) and the State of California (restricted, 2003 - see below).

The Marlin Project will now become the new battlefield between defenders of the environment and those who insist that the mining sector is a source of employment and development for the country. The local communities are stuck between these two groups.

[By Jill Replogle, February 27, 2004, Inforpress, Centroamericana 1549, inforpre@inforpressca.com]

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In the Siria Valley, Honduras, where Glamis operates a gold mine (previously reported on by Rights Action, info@rightsaction.org), inhabitants have complained of a range of environmental, development and health issues, and there have been cases of repression. The company has refused to take any responsibility for these problems.

[Translated for Rights Action by Rosalind M. Gill, RGill@glendon.yorku.ca <<mailto:RGill@glendon.yorku.ca>>]

CONTACT Rights Action:

- to come to Guatemala and Honduras on a fact-finding educational delegation
- to be a human rights accompanier in Guatemala

TO MAKE TAX-CHARITABLE DONATIONS for the community development work of grassroots organization in the San Marcos region:

- donate on-line in the USA: www.rightsaction.org
- CFC # 9914

- Make check payable to "Rights Action" and mail to UNITED STATES:
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