

PRESS RELEASE -- INCO pushes to renew iron ore mining in Guatemala

August 9, 2004

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Critical attention is needed on INCO (International Nickel Company) of Canada, that is trying to renew harmful mining operations in Guatemala, that once again will undermine opportunities for locally-controlled sustainable development.

INCO is inviting a Guatemalan town Mayor to Canada, as part of its efforts to extend its 40-year iron ore mining concession in eastern Guatemala.

Grahame Russell, Rights Action co-director, just returned from his second visit to the region where INCO wants to re-open its mining operations.

Following the lead of partner community development organizations in Guatemala, Rights Action is opposed to a renewal of this mining concession, at the very least until INCO is willing to open itself to a complete public inquiry into its 40 years of mining history in Guatemala, that includes serious allegations of complicity with human rights violations, forced displacement, undermining of the development needs of local Mayan-Q'eqchi' communities and environmental destruction.

Please write to the INCO officials (see list below) indicating your opposition to their operations in Guatemala.

Please re-distribute this information to your local and national media.

If you want on/ off this elist: [info@rightsaction.org](mailto:info@rightsaction.org).

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BELOW:

1-Summary of who is Mayor Rigoberto Chub, invited by INCO to Canada for

August 2004.

2-List of demands, made by AEDPI (Asociaci3n Estore0a Para el Desarrollo.

Integral) concerning INCO's possible future operations in Guatemala

3-List of INCO names and addresses to send your letters of concern.

ALSO AVAILABLE FROM RIGHTS ACTION:

"CANADIAN MINING COMPANY VIOLATING INDIGENOUS RIGHTS IN GUATEMALA: THE CASE OF INCO IN EL ESTOR", October 2003, by Andy Astritis, for Rights Action

"Exmibal [Subsidiary of INCO] spoke of the marvels of the work it was going to undertake and offered jobs, homes, electricity, health services and others. What do we have now of what they promised? Nothing. We were cheated. They took the riches from the land and now we are poorer than before because our crops are affected by the contaminated soil. The area where we were relocated is full of rocks and you cannot plant anything there." -- Abelardo Chun

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MAYOR CHUB -- INCO REWARDS A GUATEMALAN ALLY

Beginning August 12, Inco Limited (headquarters in Toronto, Canada) will host the Mayor of the town of El Estor (northeastern Guatemala), Rigoberto Chub, and his wife for a 10-day tour of Ontario and some of Inco's mining operations. Chub has earned the favor of the company for what Inco CEO, Scott Hand, calls his "repeatedly expressed strong support for mining activity" in El Estor.

In August 1965, Inco acquired a 40-year mining license from the Guatemalan government, then headed by military dictator Carlos Arana (known also as the "Jackal") in an area of nearly 400 km<sup>2</sup> in the township of El Estor. During the late sixties and seventies, Inco constructed an open pit nickel mine, smelting plant and office and housing complexes, commencing production in 1978.

(See report, available from Rights Action, "CANADIAN MINING COMPANY VIOLATING INDIGENOUS RIGHTS IN GUATEMALA: THE CASE OF INCO IN EL ESTOR",

October 2003, by Andy Astritis. This report documents the history of INCO's operations in Guatemala, including a survey of the forced relocations, human rights and environmental damages associated with INCO in Guatemala)

However, reportedly due to the rise in the cost of diesel fuel to process the nickel ore and other market considerations, Inco closed its Guatemalan operations in 1981, abandoning its installations leaving a small security crew and Guatemalan soldiers to care for it.

Now, in 2004 with the concession's expiration at hand, Inco is pressuring Guatemalan authorities – with strong support from the Canadian government -- to renew the license for another 20 or 30 years.

As mayor of the township that has been most affected by Inco's short mining history and long state of bad development and abandonment, Chub offers unconditional support for the concession's renewal with the "promise" of much needed jobs. Inco touts Chub's support as being representative of the local population, despite the documented overwhelming rejection of renewed mining by the local Q'eqchi' Mayan villagers whose lands and livelihoods would be affected or destroyed if mining were resumed.

#### WHO IS MAYOR CHUB?

Rigoberto Chub, prior to becoming mayor of El Estor, served for many years as a Specialist in the Guatemalan Army. He is remembered locally for his organization of mass forced recruitment of young indigenous men into the military and his public praise for the Guatemalan armed forces.

The recent United Nations Truth Commission (1999) concluded that this US- and western-backed Army was responsible for the death and disappearance of over 200,000 mainly Mayan people, and for the carrying out of genocide in certain regions of the country.

After leaving the military six years ago, he became an activist for the Guatemalan Republican Front (FRG) founded by former military dictator, Efraín Ríos Montt. During the recent national FRG administration, Chub was named as director of the School Food Aid Program that administered funds to provide school breakfasts and lunches. The same program was shut down under the current national government for alleged corruption in the administration of funds.

Chub's campaign was marred by charges of vote buying, and his current administration has been harshly criticized by local groups for its lack of transparency and its authoritarian and discriminatory practices with the population. The mayor, whose combined salary and expense account amount to less than US\$1,000/ month, since his election has acquired a new all-terrain vehicle and is constructing a large new home.

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[From a letter sent by the local Maya-Q'eqchi' development organization AEDPI (Asociación Estrella Para el Desarrollo, May 3, 2004. Full letter available from Rights Action]

El Estor, Guatemala, May 3, 2004

Mr. Scott Hand, Chairman of the Board  
INCO Ltd.  
145 King St W., #1500  
Toronto, ON, Canada, M5H-4B7

Dear Mr. Hand:

I am writing today as a follow up to our interchange at the INCO Annual General Meeting on April 21. ...

... In INCO publications distributed at the AGM as well as in your speech, you have stated that INCO is a "good neighbour". However, you never mentioned Guatemala then, nor have you publicly in a long time. As an El

Estor resident and as an INCO shareholder, I challenge INCO to be a "good neighbour" in El Estor. How could INCO do that?

1. Fund and support a fully independent investigation of the human rights abuses occurred while INCO was operating in Guatemala (1960–1982), and compensate the victims of that abuse, as revealed by that study.
2. Fund and support a fully independent investigation of the health and environmental damage caused during the El Estor mine and plant operation as well as in its abandoned state, and make the necessary reparations and clean up.
3. Publicly adhere to the Guatemalan and international laws including, not exclusively, Covenant 169 of the International Labour Organization, that protect the rights of the indigenous peoples who live on lands that have been licenced to INCO for mining, and therefore respect the rights of those communities which are threatened by renewed mining.
4. Assure broad based community participation in decision-making processes such as approval of the aforementioned investigations and plans for development.

These are urgent matters that should be undertaken and completed before the August 2005 expiration of the current mining licences. Ultimately, such steps would favour INCO's position in its negotiation with the Guatemalan government and the indigenous communities who must approve any new mining plans and activities.

Since the first time we conversed in 1993 and in correspondence in the ensuing years, I have insisted that INCO should do much more to assure the goodwill of the El Estor communities. That recommendation was not heeded as the years have passed, and now Inco will have to deal with Q'eqchi' communities that mistrust the company and actively reclaim their violated rights.

Sincerely yours,

Daniel J. Vogt  
Director of the Asociación Estoreña Para el Desarrollo Integral, AEPDI  
INCO Shareholder

cc: INCO Board of Directors  
INCO Shareholders

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PLEASE SEND YOUR LETTERS OF CONCERN TO:

Mr. Scott Hand, Chairman of the Board  
INCO Ltd.  
145 King St W., #1500  
Toronto, ON, Canada, M5H-4B7

AND 'CC' YOUR LETTERS TO:

General information, [inco@inco.com](mailto:inco@inco.com)

Steve Mitchell, director of public affairs, [smitchell@inco.com](mailto:smitchell@inco.com)

Sandra Scott, director of investor relations, [sescott@inco.com](mailto:sescott@inco.com)

Catherine O'May, manager of shareholder services, [comay@inco.com](mailto:comay@inco.com)

INCO Public Affairs, [socialresponsibility@inco.com](mailto:socialresponsibility@inco.com)

AEPDI, Daniel Vogt, [dvogt@intelnet.net.gt](mailto:dvogt@intelnet.net.gt)

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RIGHTS ACTION, with its main office in Guatemala, is a development and human rights NGO that supports community development work in Chiapas, Guatemala, Honduras, Peru, Nicaragua, and engages in north-south education and activism related to global development and human rights issues.

CONTACT US:

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

TAX-CHARITABLE DONATIONS for the community development work of AEPDI, and similar grassroots organizations: Make check payable to "Rights Action" and

mail to UNITED STATES: 1830 Connecticut Av, NW, Washington DC, 20009;  
CANADA: 509 St. Clair Ave W, box73527, Toronto ON, M6C-1C0.

- donate on-line in the USA: [www.rightsaction.org](http://www.rightsaction.org)
- CFC # 9914

[info@rightsaction.org](mailto:info@rightsaction.org)/ 416-654-2074/ [www.rightsaction.org](http://www.rightsaction.org)

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