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In light of recent repression and opposition to Glamis Gold's mining operations in Guatemala, Rights Action re-releases this report concerning Glamis Gold in Honduras. If you want on-off this elist: [info@rightsaction.org](mailto:info@rightsaction.org). Please copy and re-distribute this article.

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January 19, 2004

**THE PRICE OF GOLD: EXTRACTION, EXPLOITATION AND RESISTANCE AT THE SAN MARTIN MINE IN HONDURAS**, a Rights Action report, by Jessica Pupovac, January 2004

**GOLD EXPLOITATION YESTERDAY ...**

As the story goes, when the Greek God Dionysus granted King Midas one wish, he requested that everything he touch turn to gold. "Are you sure?" asked Dionysus. "Sure I'm sure," replied Midas, knowing full well what it took to ensure replenishment of the royal treasury, expansion of kingdom and all around contentment. Much to his surprise, when bestowed this supernatural power, he discovered that it extended to his food, his clothes and even his beloved daughter, who instantly turned to gold the moment he took her innocent hand. He couldn't touch any useful object without it losing in utility what it gained in monetary value. Realizing the folly of his greed, King Midas quickly begged Dionysus to reverse his fortune. As popular as this story is 2500 years later, the teaching has yet to be heeded by much of our modern world, particularly those who still aggressively seek the infamous "yellow metal."

Gold extraction and exchange, since time immemorial, have taken place against a backdrop of murder, thievery and destruction rather than fair and honest commerce (or supernatural powers, for that matter). The Romans founded their empire on pillaged Spanish gold, the Spanish founded theirs on gold robbed from the Incas, and the 1849 California gold rush, which established the state of California, took place beside brutal acts of genocide against the Wiyot, Yurok, Karuk and Wintu peoples of present-day California.

The 49ers, as well as many of those before and after them, enjoyed the financial backing of the US government. In 1851 alone, the state of California paid over a million dollars to bounty hunters in exchange for native scalps. This is recounted in John Ross Browne's *Crusoe's Island* (1864), which declares: "Shame ... that white men should do this with impunity in a civilized country, under the very eyes of an enlightened government! They did it, and they did more! For days, weeks, and months they ranged the hills of Nome Cult, killing every Indian that was too weak to escape; and, what is worse, they did it under a state comisión ..."

**GOLD EXPLOITATION TODAY ...**

In today's global economy, it is trans-national companies from wealthier countries, enjoying the support of International Financing Institutions like the World Bank and International Monetary Fund, that continue this violent and colonialist tradition throughout the global south (and indigenous communities in the north). More often than not mineral extraction continues to displace established communities and/or wreak irrevocable environmental damage.

However, we call this practice "the mining industry" and it hides behind claims that it works to

help local economies by bringing investment and thus "development" to these impoverished regions. Meanwhile, the systematic destruction of culture and community, forests and rivers, although subtler, is just as oppressive and unjust.

This report points out the fallacy of the "development" claim by exposing the case against the San Martin mine, in Valle de Siria, Honduras. The San Martin mine is operated by Entre Mares, a subsidiary of US-based Glamis Gold Ltd. Local residents claim that the mine is causing detrimental harm to the local economy, the natural environment and the physical well being of local residents, despite the company's claims. What follows is a summary of the price they have paid for gold.

## **THE PRICE OF GOLD: EXTRACTION, EXPLOITATION AND RESISTANCE AT THE SAN MARTIN MINE IN HONDURAS**

Christopher Columbus first arrived in present-day Honduras in 1502 and his men almost immediately got to work scouring the area, guns in hand, in search of gold and women. Within one generation, the conquistadors were living well off of their booty and slave labor and ruling every town and village in the region. The native Mayans assumed that the Spaniards must eat gold, given their insatiable appetites for the metal. By the second half of the 17th century, mining exploitation in the Americas was the principal source of wealth for the Spanish crown.

## **IMF, GLOBAL MINING COMPANIES & HONDURAS**

There was a lull in mining concessions in Honduras from the end of the 19th century until the early-1990s, when, encouraged by the International Monetary Fund (IMF), then-President Rafael Callejas passed a series of laws reducing controls on foreign investment. Between 1996 and 1997, mining concessions were granted on 30% of Honduran national territory to companies from the US, Canada and Australia.

Then, in 1998, Hurricane Mitch devastated vast regions of Central America in the most deadly Atlantic storm in two centuries. Mitch left 11,000 casualties in Honduras and 20% of the surviving population homeless. Immediately following the disaster, while the majority of Honduras still lay literally under water, mining company coalition AHMON (the National Association of Metallic Miners) presented to Congress the General Mining Law, ostensibly to help kick-start "reconstruction".

The law, passed at once, offered companies an environment in which they could further socialize the costs of mining while giving even less back to the public purse. The law reduced mineral export taxes, guaranteed companies virtually unlimited access to local water supplies, and allowed for unending concessions and reduced environmental restrictions.

The law also reduced local self-determination in two fundamental ways. First, it gave mining companies the right to expropriate mineral-rich lands despite local objection. Second, it took power to grant environmental licenses away from local authorities and gave it to SERNA (the federal Secretary of Natural Resources and the Environment), a notoriously corrupt and inefficient state agency (see below).

Still unsatisfied with the level of investment "barrier" removal, the IMF pressured Honduras to reduce taxes even further in 2000, with the complete elimination of the export tax on mining products.

While Hondurans are up in arms over the privileges granted to mining companies as part of the General Mining Law, mining companies are moving in and making a killing, paying fees as small as \$1,500 a year plus a miniscule 1% municipal tax. According to the Executive Revenue Office in Honduras, gold, silver, lead and zinc exports in 1996 totaled \$16.7 million (and brought in \$208,000 in taxes, already an astoundingly low figure).

After the passing of the General Mining Law, mineral exports skyrocketed to \$27 million in 1999 but only brought in a mere \$21,000 in taxes. Exports continued to grow and in 2001 reached \$84 million. However, the taxes on mineral exports that year were apparently too insignificant to be tallied by the Revenue Office.

So, 500 years after Columbus, plundering gold has been legalized, legitimized and systematized, rather than being called what it is - stealing.

### **THE SAN MARTIN MINE**

In Valle de Siria, Honduras, out of communities situated downstream, the "Environmental Committee of Valle de Siria" has emerged to lead the campaign to close down the San Martin mine. Not at all convinced by the extensive propaganda the company has launched in the area touting the benefits of the mine, the Environmental Committee aims for nothing less than a complete cessation of mining operations.

Since January 2001, Entre Mares has been extracting gold from their 14,100 hectares (54.4 square mile) concession in Valle de Siria, Francisco Morazán. In February 2003, they were granted a second concession, currently suspended, to expand their operations another 1,000 hectares.

### **ENVIRONMENTAL DEVASTATION**

On a global scale, the mining industry deserves a place up there with agribusiness and logging in regards to the damage it causes to ecosystems. Destruction of habitat, contamination and overuse of water sources, road building, and the dumping of huge quantities of waste in mined areas all negatively impact the environment around gold mines.

Within the mining industry, cyanide-leach mines bring a host of additional problems. Cyanide leaks or spills are extremely toxic to fish, plant life and human beings and in recent years communities in Montana and Turkey have managed to outlaw its use in their areas.

However, in Honduras, where environmental activists are often killed or silenced through intimidation, obtaining an environmental license for such a high-risk operation is no problem. The already minimal standards that exist are very seldom adhered to, according to Honduran environmental expert Mario Escoto. Escoto stated recently in the national paper *El Tiempo* that licenses are conferred more often on the basis of political favors rather than the potential negative or positive impacts of said project.

This is no news to the community of El Perdenal, Valle de Siria, where just two years ago, 3,000 residents organized massive demonstrations outside of SERNA's regional office. Reports state that they "almost lynched" then-Minister Xiomora Gomez because of her indiscriminant issuing of environmental licenses to mining and logging companies in the area.

It is difficult to speak of exactly how much damage is being done to the region because it is the responsibility of these same officials to monitor the environmental impact of the mine, and if they are complying, they have kept their findings secret. Therefore, what follows is a summary of the complaints of local residents, based on the author's conversations and observations while visiting Valle de Siria.

## **CYANIDE ACROSS THE GLOBE**

In the 1960s, the Newpont Corporation of Colorado teamed up with the US Bureau of Mines to "perfect" a technique using cyanide to extract record amounts of gold then being extracted from Shoshone lands in Nevada. The testing of these methods, and their subsequent employment, created a toxic area so vast that the U.S. government proclaims it to be a "National Sacrifice Area".

Cyanide-leach mining produces an obscene amount of rock material waste, and to make a simple gold wedding band, at least 2.8 tons of earth must be excavated. According to the Worldwatch Institute, the 2,402 tons of gold produced in 1997 resulted in 725 million tons of waste, all of which was contaminated with metals, acids, and solvents.

Most operations store the waste cyanide in ponds with plastic liners that break easily, allowing the solution to contaminate the ground water. The impact on wildlife is hard to calculate but between 1980 and 1990 seven thousand birds were found dead near cyanide-laced ponds at gold mines in California, Nevada and Arizona alone. Fish are impacted at far lower concentrations and incidences of massive loss of fish have been reported near numerous cyanide-leach mining operations.

Cyanide spills from mining operations have also been responsible for the deaths of workers and local residents. In 1994, ten miners were killed during a spill in South Africa and in 1998, a spill in Kyrgyzstan killed at least four and left hundreds with ongoing health problems.

It has been documented that Native American communities near the mines in Nevada have suffered hair loss, lead poisoning, cancer and deformed or still-born babies due to their proximity to cyanide-leach mines, and residents of Valle de Siria are just starting to complain of some of the same symptoms.

Back in Honduras, Dr. Juan Almendares Bonilla, of the UNAH (National Autonomous University of Honduras) School of Medicine, has denounced the increase in skin diseases and respiratory illnesses in Valle de Siria. He estimates that of the 50,000 inhabitants of the region, 40% of them suffer from hives and itching brought about by exposure to cyanide.

## **DEVOURING WATER ...**

Forty thousand people are affected by the company's illegal and over-use of the local water supply, according to a motion filed in June 2002 by the Public Prosecutor's office. The motion accuses Entre Mares of not having a permit for water sources they were employing, as those specific sources were never contemplated in the Environmental Impact Study required for consideration for a license.

The motion states that the company was issued permits for the use of 12 wells in the area for daily operations. However, finding this insubstantial, they provided cisterns for local residents (families of mine employees) with homes positioned in higher-altitudes so that they would be

able to "purchase" water from these "private" sources. The motion, which requested a suspension of activities for further investigation, was dismissed.

### **DEVOURING FORESTS ...**

Exasperating the water problem in Valle de Siria is the fact that the mine has already necessitated much deforestation, and much more is slated to take place as operations expand. Where the displaced community of Palos Ralos used to stand, 7,000 trees have been cut down to make way for mining operations. This has a detrimental affect not only on water levels, but also on water quality.

The company currently uses approximately 60,000 gallons per day -- far too much for local residents, the majority of whom are farmers lacking sufficient water to maintain their crops. When I visited Valle de Siria in June 2003, although we should have been well into the rainy season, everywhere I went I saw what used to be large rivers (thus "Valle" de Siria) completely dried up, being used instead as roads and pathways. Some locals reported having to walk up to 5 km just to get water for bathing and cooking.

In response, Entre Mares has purchased troughs for local livestock, which they kindly have placed next to former riverbeds. The troughs - empty - read "donated by Entre Mares Minerals." They apparently do not see the irony in this gesture.

### **PREVENTABLE DISEASES ...**

I spoke with a nurse in El Provenir (a community downstream from the mines) who told me that the water shortage has caused unprecedented incidences of diarrhea and parasites. Whereas a few years ago, there were virtually no cases in this small community, within the past year, she has documented at least fifty-two cases, predominantly among small children. She also noted an increase in respiratory illnesses, skin problems and hair loss.

She reported going to the Entre Mares-sponsored health center in San Ignacio (the municipal center) to talk to the doctor about these growing health risks and how to combat them. However, when she approached him, she says, he flatly denied that these things are taking place. She attributes this to both to their location upstream as well as the fact that Entre Mares writes that doctor's paycheck (the clinic was another Entre Mares "donation").

### **DEVOURING COMMUNITIES AND LIVES ... PALO RALOS**

The community of Palo Ralos initially did not want to negotiate. In the beginning, they simply refused to leave their land. However, local authorities and non-government organizations, as well as Entre Mares officials, repeatedly warned them that if need be, the General Mining Law gives the company the right to forcibly displace them for a fee deemed reasonable by the government. They therefore decided to enter into negotiations in order to procure conditions equivalent to those they had enjoyed on their ancestral lands.

The vast majority of residents have not yet received land titles for their new property, but have instead been issued non-binding, computer print-out "certificates." There are rumors that this is because there is gold beneath the community's new site.

The uprooting has also caused a break with their traditions and values as well as division and mistrust of the chief negotiators, and Palos Ralos has not yet managed to re-establish the cohesion they enjoyed prior to displacement.

## **THE MINE'S SAVING GRACE - "STRENGTHENING" THE LOCAL ECONOMY**

However, Entre Mares never claimed that the mine would bring improvements in the local environment or health of local residents, or that culture or community would be preserved. What it did claim is that the mining operations would bring increased prosperity to the region (which, according to neo-liberal development theory, is supposed to directly lead to improvements in the other two areas).

The Glamis Gold website ([www.glamis.com](http://www.glamis.com)) boasts, "Glamis is proud of the positive impact it has had in Honduras and particularly in the area surrounding the mine." The site mentions the doctor provided to the local community of San Ignacio, the homes built for the relocated community, numerous smaller-scale investments (including roads paved with contaminated waste rocks and the aforementioned troughs for livestock that no longer have rivers to drink from). Only one-fifth of the 500 jobs promised with Entre Mares for local residents have materialized.

## **COMPANY**

Entre Mares opened a store in San Ignacio where employees of the mine are able to purchase items on credit, to have the costs taken directly from their paychecks. Locals not employed at the mine can also purchase goods there - a range of Made in the USA products costing less than Honduran products sold at neighborhood stores. Many local shops have gone out of business as a result.

## **STORES and UNDERMINING THE LOCAL ECONOMY**

However, the most drastic impact the mine has had on the local economy is clear when one speaks with any one of the many agricultural workers in the area. They say that the deforestation caused both by the mine and the nearby lumber mills, coupled with the environmental degradation of the mine and the huge amount of water it uses, have caused the majority of crops to fail during the last two years. This year, many people aren't even bothering to plant.

There has been a huge wave of economic refugees from Valle de Siria, migrating to the US in search of work, and almost every family now has at least one breadwinner living in "el norte". The local economy depends highly upon remittances.

## **ORGANIZING AGAINST THE SAN MARTIN MINE**

The local people have organized various roadblocks, marches and denouncements expressing their lack of support for the mining operations. They have also taken legal action against both SERNA and Entre Mares. A denouncement filed by the community of El Provenir in March of 2000 accused SERNA of issuing the license without consulting with the Secretary of Health, environmental experts or potentially affected communities. In Honduras, any pending environmental license with public import must be announced in local papers in order to allow for public debate and input.

However, this did not happen, according to residents, and the motion filed in protest was dismissed because the statute of limitations to challenge the license had expired. Thus, the opportunity for legal recourse simply did not exist.

Later that month, the Ministerio Publico (public prosecutor) filed a suit against Entre Mares for

"usurping a water cause, aggravated damage, illegal use of forest products and disobeying authority" on behalf of the "general interests of society." Fifteen days after that motion was filed, Entre Mares changed management at the site. Then they argued that the motion was against the former general manager, rather than the company itself (it states that it is against "the legal representative of Entre Mares Minerals, Mr. Hector Delfino Zamora, Simon T. Ridway.") This argument won over the presiding judge and thus the complaint was dismissed.

Losing faith in the legal opportunities for recourse, in February 2002, a coalition of various local institutions (the Police, Board of Directors de Potable Water, the Libraries and Mayors, among others) signed a letter to Honduran President Ricardo Maduro opposing the mining operations at San Martin.

The letter: denounced the drastic decrease in both superficial and subterranean waters, claiming that the wells for human consumption in many communities have gone completely dry. They accuse Entre Mares of illegally using water from these and other water sources; requested that an environmental expert investigate the water level in the valley to determine the impact of the Entre Mares' water usage; urged that an authentic analysis of the legality of the manner in which Entre Mares' Environmental License was issued be carried out; and proposed the creation of a commission composed of both civil society and governmental representatives to revise and propose reforms to the General Mining Law in order to safeguard the rights of the people in the future.

The letter has not been answered.

### **REPRESSION OF ACTIVISTS**

When I met with the members of the Environmental Committee, they were constantly looking out the windows and looking at one another wondering if they should share their stories with me. Members of the Environmental Committee report being followed, receiving death threats and having their phones mysteriously out of order for periods of time.

Early May of this year, in the nearby Tolopan community of Montana de la Flor, indigenous leader Teodoro Martinez was brutally murdered. Some members of the Committee believe that Entre Mares had been attempting to convince the community that they should sell their water to the company. Teodoro was instrumental in resisting this and other threats to the local environment, and they believe he was killed to send a clear message to those who would stand in the way of business interests in the region.

### **BOTTOM LINE - BUSINESS AS USUAL**

The CEO, President and Director and Chairman of the Board of Glamis Gold have long histories of working in mineral and oil extraction, and they both came to Glamis Gold from British Petroleum Ltd. and BP Minerals. Just a little further south, BP/Amoco controls Colombia's largest oil field and maintains close ties with a number of right wing paramilitary groups who it helped train and employ in the early 1990s. According to a Colombian government report, BP collaborated with local soldiers involved in kidnappings, torture, and murder, as well as intelligence gathering on the anti-oil movement.

The Valle de Siria Environmental Committee is experiencing smaller degrees of intimidation and exploitation, but this is a theme that has been re-played thousands of times in Honduras, in Latin America, and the world over.

Currently, the "Free" Trade Area of the Americas threatens to expand and consolidate corporate rights throughout the hemisphere at the expense of local environmental and labor laws and self-determination, advancing the interests of big business and giving them even more leeway than they already enjoy.

Local San Ignacio Mayor Julio Rolando Escobar recently defended Entre Mares' mining operations in national paper El Heraldito, citing as an indication of their legitimacy the permits they obtained from SERNA. Tellingly, at the end of the article, he warns that in any event, if the project is forced to stop now due to local opposition, Entre Mares could sue the government for millions of dollars that they don't have, due to lost return on investments.

And despite the damage the mine is wreaking, this seems to be the bottom line.

This cannot go on. It is not sustainable, it is not good policy and it is not going to be tolerated. International law reform, and the repeal of already existing trade agreements that legitimize this type of exploitation, is urgently needed. Companies should be held accountable to the communities they operate in, rather than the other way around. Local law reform, such as the reform of the General Mining Law that the Environmental Committee is pushing for, is also urgent.

However, essentially what needs to happen is a re-thinking of global development policy. Too often, throughout the exploited countries of the south, the march of "progress" (i.e., profit-centered development) is given top priority and local communities, far from being the beneficiaries, end up paying the highest price. The case of the San Martín mine is the tip of the iceberg.

Any "progress" that necessitates that we turn a blind eye to the misdeeds of large economic institutions is not progress, it is delusion. It is not sustainable economically, militarily, environmentally or politically. The international movement to expose and change these policies, and to defend local rivers, forests, and livelihoods, is growing every day. The resistance is being consolidated and contrary to popular opinion, not only are alternatives possible, they are happening.

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## **TAKE ACTION!!**

### **DONATE FUNDS FOR THE COMMUNITY DEVELOPMENT WORK OF THE VALLE de SIRIA**

**ENVIRONMENTAL COMMITTEE:** The Environmental Committee hopes to hire an independent expert to assess the water table in Valle de Siria and to test water quality in order to have demonstrable evidence of the environmental destruction with the goal of using that evidence in a court of law. Rights Action started a fund to help see that this happen, plus support a range of community development projects in the region for the displaced community members. Make your tax deductible 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. [In Canada and the USA, you can donate on line: [www.rightsaction.org](http://www.rightsaction.org)]



**STAY AWARE OF THE INTERNATIONAL MINING INDUSTRY'S EXPLOITS** in Honduras, the US, and beyond. Check out the Mineral Policy Center ([www.mineralpolicy.org](http://www.mineralpolicy.org)), the Western Shoshone Defense Council ([www.alphacdc.com/wsd](http://www.alphacdc.com/wsd)), Project Underground ([www.moles.org](http://www.moles.org)), Mining Watch ([www.miningwatch.ca](http://www.miningwatch.ca)).

**COME ON AN ACTIVIST DELEGATION TO HONDURAS & GUATEMALA**, TO LEARN FURTHER ABOUT THIS AND OTHER MINING COMPANY ISSUES: [info@rightsaction.org](mailto:info@rightsaction.org), 416-654-2074.

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