

June 26, 2006

GUATEMALA ñ MINING: local Indigenous, enviro- and development organizations continue to oppose advances of the Canadian Skye Resources nickel mining company. Many irregularities and possible illegalities Ö.

On / off this elist: info@rightsaction.org.

What to do: see below.

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GUATEMALA – CONTROVERSIES OVER CANADIAN NICKEL PROJECT June 23, 2006
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The approval of Skye Resources' Fenix nickel mining project in Izabal (operated by its subsidiary CGN – Guatemalan Nickel Company) continues to generate controversy. The Congressional Energy and Mines Commission has requested that the Guatemalan government Executive Branch provide explanations regarding two aspects of the Fenix project: firstly, the granting of the exploitation license without having approved the required environmental impact assessment; and secondly, the declining percentage of State-owned shares in the CGN.

While environmental and indigenous groups mobilize opposition against the project, the CGN continues its lobbying effort for operations to commence.

EXECUTIVE ACTIONS CRITICIZED

Following recent statements by a member of Congress, the national press has revealed alleged illegalities in the granting of an exploitation license for the Fenix project in El Estor, Izabal.

In a press conference which took place on June 14, Julio Morales of the Congressional Energy and Mines Commission highlighted that two alleged anomalies in the CGN's Fenix project have yet to be addressed. Morales argued that the extraction license, granted in April 2006 by the Ministry of Energy and Mines (MEM), violates article 20 of the Mining Law, which establishes that an Environmental Impact Assessment (EIA) is required.

Head of public relations for the CGN, Regina Rivera, told CAR that the Minister of Environment and Natural Resources (MARN) solicited not one but two such studies ñ one on extraction and another on the installation of a mineral processing plant. Rivera added that requesting two studies is unprecedented ñ standard procedure is to request one comprehensive study.

The vice minister of energy and mines, Jorge García Chi', responded that the Ministry had only approved a mining license for extraction. Furthermore, Congressman Morales claims that the Environmental Ministry stated that the EIA for the processing plant was not approved.

GOVERNMENT REDUCES INVESTMENT IN NICKEL

The other complaint put forward by the Congressional Energy and Mines Commission was with regard to the declining role of the State in the CGN.

The Guatemalan State acquired 30% of shares in the company called Mining Exploration and Exploitation of Izabal (EXMIBAL), subsidiary of the International Nickel Corporation (INCO), in 1971 when, according to deputy Finance minister, Mefi Rodríguez, the company repaid a debt to the State with shares of its stock.

In 2004, Skye Resources bought 70% of INCO's stocks. In 2005, after CGN sold more stocks to finance the Fénix project, the State's 90 thousand shares, which previously represented 30% of the total shares, were equal to 7.6%.

According to data provided by Rodríguez, prior to the Fénix project, there were 300 thousand shares worth Q100 each. To finance the project, CGN quadrupled this number to the current total of 1,190,000 shares.

LICENSE GENERATES CONFUSION

Unclear procedures and a lack of information have generated concern among social organizations and the government. Rivera has stated that the area approved by MEM for nickel exploitation in Izabal is 248 square kilometers, while the territory that belongs to CGN and EXMIBAL covers 92 square kilometers.

The Defensoría Q'eqchi' (DQ ñ part of AEPDI, Asociacion Estoreense Para el Desarrollo Integral) asserts that there are nineteen predominantly Q'eqchi' communities living in those 248 square kilometers. However, Rivera claims that the EIA only covers 6.9 square kilometers of the 248 square kilometers authorized by the MEM for mining activity.

CAR consulted the MEM's EIA and discovered that, in section 2.2 titled "Project Description", the study states, "the Project will cover approximately 6.29 square kilometers, where quarries, roads, sedimentation presses, storage areas and workshops will be located."

Rivera also told CAR that as well as holding workshops to explain the content of the International Labor Organization's Convention (ILO) 169, efforts are also under way to inform the population about mining activity.

However, according to the AEPDI's DQ, the CGN and municipality organized a visit to the area by journalist Estuardo Zapeta who told local residents that the Convention does not apply in El Estor.

Negotiations by various governments regarding key mining concessions have proved far from transparent. Conflicts of interest and lack of access to information have represented the norm while those who are most affected have been denied an active role in decision-making.

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WHAT DO TO?

Please send this information and your own cover letter to your politician.

Canada and the U.S. are the principal mining companies in the western hemisphere and work in conjunction with North American mining companies to get access to and control over mineral resources throughout the Americas; Canada and the U.S. have weak or no existing civil or criminal legislation that can be used to hold our companies accountable for environmental and human rights violations caused by their operations.

Contact your own investment fund and ask them where they are investing in Skye Resources and the global mining industry?

RIGHTS ACTION:

Rights Action is a development, enviro- and human rights organization, with its main office in Guatemala. We channel your tax-deductible donations to over 50 community development, environment and human rights organizations in Guatemala, Chiapas, Honduras, El Salvador and Haiti. We carry out education & activist work in the USA and Canada (and take educational delegations to these countries) to learn about and get involved in good work for global human rights, a healthy environment and a just economic development model.

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