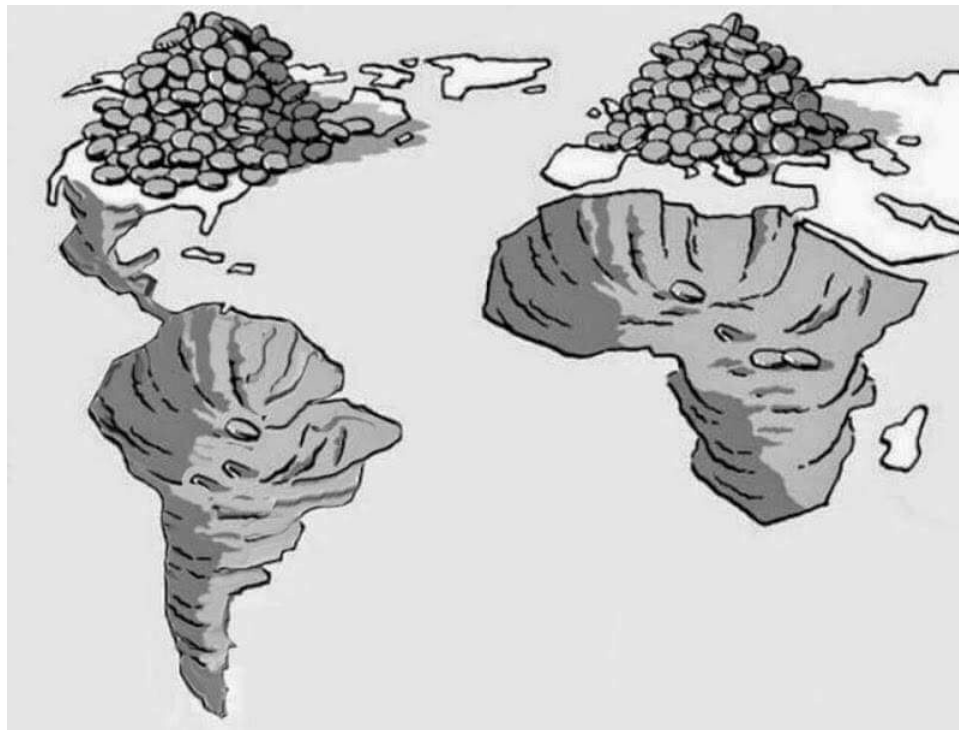


## Geopolitics of nickel & rare earths in Guatemala Mining expansion is Canadian and U.S. government policy

<https://mailchi.mp/rightsaction/geopolitics-of-nickel-and-rare-earths-in-guatemala>

This is a story of the U.S. government, Central America Nickel (CAN) and Auxico Resources Canada Inc. and "new forms of imperialism and colonialism in Africa and South America".

- Below: The introduction (translated to english) of a major report by Luis Solano about new mining interests in Guatemala of Canadian companies Central America Nickel (CAN) and Auxico Resources Canada, backed by and in partnership with the U.S. government.



For the indigenous Maya Q'eqchi' people, on whose territories this mining illegally takes place, this represents a depressing and oppressive continuation of a 59 year history (mainly Canadian companies, and one Swiss company) of illegal and

corrupt mining operations; 59 years of forced evictions, environmental and health harms, human rights violations and repression, including killings, rapes, shootings and unjust imprisonments against Maya Q'eqchi' land and rights defenders.



**"CANADA IS  
3 MINING COMPANIES  
IN A TRENCH COAT  
WEARING A STUPID HAT  
AND CARRYING A GUN."**

- Alex Green, The Outline

THAT'S WHY TORONTO HOSTS THE WORLD'S  
BIGGEST MINING CONVENTION EVERY YEAR.

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## **The geopolitics of nickel and rare earths in Guatemala**

By Luis Solano, El Observador, 29 May 2023

- Full article, in Spanish: <https://elobservadorgt.org/2023/05/29/informe-especial-no-39-la-geopolitica-del-niquel-y-las-tierras-raras-en-guatemala/>
- (Luis Solano is an economist from the University of San Carlos de Guatemala (USAC), and a member of the El Observador team.)

*"A fairer society is needed in which the rich take responsibility for their actions. I am talking about the big companies, such as the oil companies, and I am also*

*referring to the more industrialized societies, because our way of life has a greater impact on the climate. Society in the last 200 years has been built through a convergence between capitalism and fossil fuels and that link must be broken. When some advocate that we can decarbonize the economy with renewable energy and electric cars, they don't realize that all this can promote new forms of imperialism and colonialism, as with the market for rare minerals in Africa and South America."*

Kohei Saito, Japanese philosopher

## **Introduction**

Fénix is a nickel mining project marked by violence, human rights violations, dispossession, militarization and corruption, since its origins in the 1960s and, since the Solway Investment Group consortium (based in Switzerland) took it over in 2011.

In November 2022, the US government sanctioned two of Solway's senior Russian executives in Guatemala, which led a few months later to the suspension of its mining operations and closure of the project, also impacting the processing plant PRONICO and its partner Mayaníquel.

Subsequently, rumors of a possible sale of the "Fénix" mine increased when the U.S. magazine Newsweek reported (April 2023) that the Canadian company Central America Nickel Inc. (CAN) was interested in acquiring it because it would have the backing of the U.S. government.

The U.S. sanctions against a company with Russian connections and whose end markets are both Ukraine and the People's Republic of China, represents a case with geopolitical overtones, as it involves the main international players who are in competition for control of strategic mineral resources to supply their industrial and technological sectors.

This period coincided with the upward movement of the price of nickel. In April 2022, the second highest historical price was reached: US\$ 32,000 per tonne, after the historical record of US\$ 50,000 per tonne set in April 2007.

The expectations generated by a rising price largely explain the increase in license applications made by local and foreign investors, but it is also a reflection of what is happening with world nickel production, which is increasing as various industrial and technological sectors require the mineral as a fundamental resource, and demand it in greater quantities.

The dozens of license applications and exploration authorizations are mainly concentrated in Guatemala's central highlands, covering the departments of Quiché, Alta and Baja Verapaz, and Izabal.

The largest nickel mining project in Guatemala is "Fénix", controlled since 2011 by the transnational Solway Investment Group Limited and its subsidiary Compañía Guatemalteca de Níquel (CGN). It is located in an area where new international actors are appearing that may change the control and destiny of the mineral.

The U.S. sanctions come at a time when China is gaining geopolitical ground in Latin America, particularly in Central America where only Guatemala and Belize have diplomatic and commercial relations with the U.S. strategic ally: Taiwan.

Guatemalan rulers and economic powers place themselves in this context, and position nickel and rare earths mining projects in Guatemala in terms of geopolitics and the international forces that increasingly demand these minerals.

But regardless of who finally owns the "Fénix" project, the environmental damage with its immeasurable costs is inexorable, added to the social and human costs that this type of mining entails for the communities that defend their territories, natural wealth and the lands on which they survive.

The domination of territory and its natural wealth seems to have no limits. The imposition of large financial capital, wherever it comes from, in alliance with national capital and local government, results in the plundering of those places where they have been allowed to prevail.

Hence the importance of the existence of resistance movements that oppose the destruction of their living spaces which, paradoxically, allows other segments of the global population to access to technological advances. Huge sectors of the global population are alienated from the local realities of pollution, violence,

environmental destruction, community divisions and criminalization that are the hidden costs of the insatiable mercantiled global model that invisibilizes what happens in those territories.

### **Central America Nickel: An old player with a new name**

In April 2023, the U.S. magazine Newsweek unveiled a possible new scenario for the "Fénix" mining project. After the sanctions of the U.S. government against the mining consortium Solway Investment Group, Newsweek revealed the details of a memorandum detailing the interest of a Canadian company in acquiring the project.

Compañía Guatemalteca de Níquel (CGN), Compañía Procesadora de Níquel (ProNiCo) and Mayaníquel operate as subsidiaries of the Solway Investment Group.

The leader of Solway's mining operations in Guatemala, Russian national Dmitry Kudryakov (Kudryakov), along with Russian national Iryna Litviniuk (Litviniuk), allegedly led multiple bribery schemes over several years involving politicians, judges and government officials.

In addition, Litviniuk carried out acts of influence peddling schemes, illegally giving cash payments to public officials in exchange for support of mining interests.

Kudryakov and Litviniuk are designated pursuant to E.O. 138185 for materially assisting, sponsoring or providing financial, material or technological support, goods or services or in support of corruption, including misappropriation of state property, corruption related to government contracts or natural resource extraction, or bribery.

OFAC has also designated, under E.O. 138185, the three companies registered in Guatemala that are owned or controlled directly or indirectly by Kudryakov: CGN, ProNiCo and Mayaníquel.

Newsweek argues that Guatemala may have become the latest battleground in the U.S. attempt to gain a foothold in the strategic metals race dominated by

China, amid this proposed acquisition of a notorious nickel mine valued at US\$1 billion.

The memo obtained by Newsweek indicates that, with the support of the U.S. government, the Guatemalan assets of Solway Investment Group are in line to be acquired by a Canadian company at a "substantial discount".

### **Central America Nickel (CAN) / Auxico Resources Canada Inc.**

As reported in the memorandum, Montreal-based Central America Nickel (CAN) is the company planning to acquire the "Fénix Nickel" mining project, a vast complex located in the municipality of El Estor, Izabal, which is valued at up to US\$1 billion and has been in operation since 1960, despite fierce resistance from local indigenous communities.

CAN is a company registered under the Canada Business Corporation Act on October 17, 2015, but is not public and does not report on the Toronto Stock Exchange (TSX) nor is it registered in the System for Electronic Document Analysis and Retrieval (SEDAR).

In other words, it does not provide periodic information on its operations.

CAN, based in Montreal, Quebec, Canada, is actually a sort of subsidiary of the Canadian Auxico Resources Canada Inc. founded in 2014, which has a website on which it has posted information regarding its Board of Directors, which is chaired by the Canadian Pierre Gauthier, founder of CAN and of other mining companies that have several mining licenses in Guatemala.

To date, El Observador has identified two subsidiaries that CAN has had in Guatemala since 2016: Nichromet Guatemala, S.A., and Río Nickel, S.A..

Auxico Resources Canada has four subsidiaries in Mexico, Colombia, Bolivia and Congo. In Guatemala, as elsewhere where Auxico operates, it does so through CAN, which acts as a non-mining intermediary that markets minerals - the major interests in Guatemala are nickel, cobalt, rare earths and scandium, the latter contained in deposits of rare earth compounds and uranium.

According to Newsweek, all of this is happening as the U.S. faces intense competition for rare earth metals and other strategic resources that will shape this century's technological advances, both commercially and militarily.

China already dominates the rare earth market and accounts for about 63% of global rare earth mining operations, 85% of rare earth processing, and 92% of rare earth magnet production.

As of 2023, rare earths are among the minerals contained in the majority of mining licenses requested in Guatemala in which nickel is the main mineral, according to data from the Ministry of Energy and Mines (MEM).

Auxico has four subsidiaries: Auxico Resources S.A. de C.V., incorporated under the laws of Mexico on June 16, 2011; C.I. Auxico de Colombia S.A., incorporated under the laws of Colombia on April 9, 2019; Sociedad Minera Auxico S.A.S., incorporated under the laws of Colombia on May 11, 2022; and Minera Auxico Bolivia S.A., incorporated under the laws of Bolivia on December 8, 2021. Auxico is a mineral exploration company with silver and gold properties in the State of Sinaloa, Mexico. The Company is also active in mineral exploration opportunities in Colombia, the Democratic Republic of Congo ("DRC"), as well as in Brazil and Bolivia.

- Full article, in Spanish: <https://elobservadorgt.org/2023/05/29/informe-especial-no-39-la-geopolitica-del-niquel-y-las-tierras-raras-en-guatemala/>

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### **Recent article**

U.S. Government & Canadian Mining Company Plot Nickel Mine Takeover in Guatemala

By Grahame Russell, Rights Action, April 10, 2023, [info@rightsaction.org](mailto:info@rightsaction.org)  
<https://mailchi.mp/rightsaction/us-government-canadian-mining-company-plot-nickel-mine-takeover-in-guatemala>

**Rights Action work in mining-harmed territories of Maya Q'eqchi' people**

Since 2004, Rights Action has supported land and rights defenders in this region. The Maya Q'eqchi' people appear condemned to suffer ever more human rights violations and evictions, environmental harms and corruption caused by yet another global mining company operating an illegitimate mine on stolen lands.

### **Action & funds needed**

- Maya Q'eqchi' land & environment defenders vs Mining: A 60-year human rights & justice struggle: <https://mailchi.mp/rightsaction/qeqchi-land-environment-defenders-vs-mining>

### **Tax-Deductible Donations (Canada & U.S.)**

To support the decades long community defense struggle of the Q'eqchi' people, make check to "Rights Action" and mail to:

- U.S.: Box 50887, Washington DC, 20091-0887
- Canada: Box 82552 RPO Corktown, Toronto ON, M5A-1T8

Credit-card donations: <https://rightsaction.org/donate/>

Direct deposits, write to: [info@rightsaction.org](mailto:info@rightsaction.org)

Donate securities, write to: [info@rightsaction.org](mailto:info@rightsaction.org)

### **TESTIMONIO-Canadian Mining in the Aftermath of Genocides in Guatemala**

Edited by Catherine Nolin (UNBC) and Grahame Russell (Rights Action)

<https://btlbooks.com/book/testimonio>

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