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Overwhelming Vote Against Gold Mining In Guatemala, But Greed Carries The Day

by Mike Leffert

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On July 27, more than 27,000 people in five municipalities in Huehuetenango, Guatemala, voted in popular consultations to reject mining projects. Meanwhile, one mining company agreed to start paying taxes early, while another received a new license to start mining. Taken together, the events point to a disconnect between peoples and the governments that rule them.

Gold, that most historic of culprits, is again playing its traditional role. In the consultations in the Guatemalan highlands between July 25 and July 27, 99% of the 27,292 local residents taking part rejected mining projects proposed for their areas. The turnout for these consultations was higher by far than the turnout for the 2003 general elections. The project of the Tenango Mining Company upon which the consultations were held entails the extraction of eight different minerals over 92 sq km.

Mining now involves 10% of Guatemalan territory, but 90% of these lands are inhabited by indigenous people. No particular reasons have emerged to suspect that the massive rejection registered in Huehuetenango would be any different anywhere else. Communities denied notification. What is agonizing about the outcome, however, is that the consultations occurred long after the license was granted to Tenango.

Local authorities, leaders, and populations were not consulted at that time. Some said they were informed on Feb. 3, the deadline the government had set for raising objections. Alberto Aguilar, mayor of Santiago Chimaltenango, said he was notified a month after the license was approved. The Ministry of Mining and Energy (MEM) denied responsibility for the timing. Oscar Rosal, head of the mining department, said the ministry sent the documents to the governor, who should have sent them on to the mayors, but did not.

The mayors then decided among themselves to carry out a plebiscite. Mayor Pedro Domingo of San Juan Atitan was first to consult community leaders, who in turn went to the people. Other municipalities followed the same procedure, supported by the Asociacion Guatemalteco de Alcaldes y Autoridades Indigenas (AGAAI), the community-development association CEIBA, and the Fundacion Maya (FUNDAMAYA). These organizations provided materials presenting the evidence and arguments for and against the mining project. The consultation process was observed by the Centro Universitario de Noroccidente (CUNOROC) and by the Equipo Tecnico de Educacion en Salud Comunitaria (ETESC). The supporting organizations were chosen by the mayors on the basis of their history working with their communities.

FUNDAMAYA has worked on citizen participation and environmental issues in all these municipalities; so has CEIBA. "CEIBA and other organizations have been coming here for years to

talk to us about environmental protection and have helped us with reforestation projects. That's why we trust them," said San Juan resident Odilia Martin. The selection of the organizations led a Tenango spokesman, who asked reporters for anonymity, to retort, "It's a shame that people have been given one-sided information and are being manipulated. Mining projects bring benefits as well as drawbacks." The company did not, however, object legally to the plebiscite. It would have had little legal ground to do so because the communities' right to the process is guaranteed by international law under Convention 169 of the International Labor Organization (ILO), to which Guatemala is signatory.

Nationally, the right to the plebiscite is guaranteed in the Guatemalan Constitution, in the Municipal Code, and in the Law on Urban and Rural Development Councils (Decreets 12-2002 and 11-2002, respectively). But gold, to transpose a phrase used by US President George W. Bush, is a divider, not a uniter. The Oscar Berger government does not dispute any of these laws or the convention or Constitution by which it is bound.

The government simply refuses to recognize the plebiscite. In its quest for gold, the government has done this before and appears to have gotten away with it, even when the Guatemalan Corte de Constitucionalidad (CC) has upheld the result, as it did in the case of Glamis Gold in the department of San Marcos (see NotiCen, 2005-10-27). But where the government declined to halt extractive activities in the highlands, it was able to extract some additional funds from Glamis. The company signed an agreement in July with the government to start paying income taxes 18 months ahead of its original plan. Glamis had a tax exemption in effect until the end of 2007, but agreed to forego its advantage and start paying immediately.

Kevin McArthur, Glamis president and CEO, said in a statement to the media, "This agreement recognizes the mutual responsibilities of the government and Glamis for the continued betterment of the local communities and Guatemala." Using a price of US\$600 per ounce for gold and US\$10 per ounce for silver, the company said it would pay about US\$4.8 million in 2006 and US\$10 million in 2007 in income tax based on current production estimates. During the ten-year life of the mine, the company expects to average 250,000 ounces of gold and 4 million ounces of silver annually.

The Glamis case was the first in which an indigenous municipality forced a popular consultation under Convention 169. That plebiscite exposed the link between the mining projects and the World Bank (WB). Glamis' Marlin project in Sipacapa was financed with a US\$45 million loan from the International Finance Corporation (IFC), the World Bank's mechanism for private loans (see NotiCen, 2005-01-20). On the strength of local rejection, the bank performed an internal audit and found the IFC to be in violation of bank regulations.

In December 2005, World Bank President Paul Wolfowitz visited Sipacapa with an eye toward resolving the impasse posed by the local objections. But it all came to nothing when the Guatemalan representative of the community insisted on the bank's recognition of the result of the plebiscite. There was some criticism of the Sipacapa plebiscite. One observer, Daniel Vogt, noted that it was conducted in Spanish rather than in the local indigenous language, and it was not made clear exactly what people were voting for. In the end, it was more of a public relations exercise for the observers and the media than a real consultation, he said.

The passage of time has done nothing to change local minds. Said Gregorio Chay of the Unidad Revolucionaria Nacional Guatemalteca (URNG), "These consultations reveal what people really want, which politicians ought to take into account when they make decisions about mining projects. Decisions taken by politicians from now on will show who represents the interests of the mining corporations and who represents the true will of the people." The URNG has had a bill stalled in the Congress since 2004 to ban open-pit mining in Guatemala. Vinicio Lopez of the Movimiento de Trabajadores Campesinos (MTC) said that, although the plebiscites have been ignored, the issues of mining and of popular sovereignty are now firmly part of the national political agenda and will be key issues in the 2007 general elections.

Demands on the arbiters of global greed

That is likely to be the case. In March, the protagonists in the Sipacapa consultation issued a declaration that drew the signatures of individuals and endorsements of organizations, both national and international, that are very much in the business of keeping these issues in the forefront of Guatemalan politics. The declaration demanded that Glamis immediately close the Marlin mine; that the World Bank withdraw the IFC loan; that the government halt granting licenses and revoke existing licenses "until a mining policy exists based on the territorial, environmental, and social security of communities and a community consultation process, in accordance with national legislation and international conventions."

The document was prefaced by a recognition that the signers and authors did not expect these entities to accept these demands, "but, to the extent that more and more North Americans become aware of and involved in efforts to support these demands, the company, governments, and World Bank will have to respond positively to these demands, even when they don't want to." The declaration demanded that the US and Canadian governments change their policies regarding mining by their nationals in other countries.

Also on July 27, in Toronto, Ontario, Aurogin Resources Ltd. was "pleased to announce that it has received the final operating permit (License of Exploitation) required to begin production at its El Sastre Main Zone Gold Project in Guatemala." The El Sastre Main Zone is one of four gold zones on Aurogin's project 37 km northeast of Guatemala City. The company is projecting construction of its infrastructure to be completed in the third quarter of 2006 and its first gold pour to happen in the fourth quarter. The license has a 25-year duration, and the operation is designed to produce 20,000 ounces of gold, along with an undisclosed amount of silver, per year. With expansion, Aurogin has estimated its potential recovery at a million ounces.

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