

8-21-2008

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Recommended Citation

LADB Staff. "Gold In Guatemala." (2008). <https://digitalrepository.unm.edu/noticen/9635>

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Gold In Guatemala

by LADB Staff

Category/Department: Guatemala

Published: 2008-08-21

Roughly tracking the commodity price, the social cost of gold mining in Guatemala continues its steady upward trend. The Marlin mine in San Miguel Ixtahuacan, San Marcos, posted bonanza numbers for 2007, with extraction and export up 41% over the preceding year. As the good news was being flashed to stockholders everywhere, news of the assassination of indigenous leader and mining antagonist Antonio Morales was finding its way through the media somewhat more narrowly.

Montana Exploradora hit its projections right on the button for the year, reported Eduardo Villacorta, regional director for Glamis Gold, owner of Montana. These are but a few of the names under which the company operates. The company mined, refined, and exported 227,000 troy ounces (oz t) of gold. This year, the target is 250,000 oz t. During the period the company was increasing production, the price of gold went from an average of US\$637 an ounce in January 2007 to US\$803 in December and to US\$910 in April 2008. On the debit side of the ledger was the case of Antonio Morales.

He was a national leader of the *Comite de Unidad Campesina (CUC)*, the *Coordinadora Nacional de Organizaciones Campesina (CNOC)*, and *Maya Waqib Kej*. These are three of the most important indigenous groups in the country, and all three militantly oppose environmentally destructive mining, hydroelectric projects, and water-privatization schemes. Morales' multiple affiliations and positions made him an ideal candidate for assassination. He was shot four times in front of his house in Tixel, Colotenango, Huehuetenango, his home in the highlands not far from the mines or from the 59 towns and villages whose mayors have denounced Montana's mining and unified against it.

The *Centro de Accion Legal en Derechos Humanos (CALDH)* immediately demanded that the Public Ministry and the judicial authorities take investigative and enforcement action. CALDH said that Morales had repeatedly reported threats against his life from regional paramilitary groups and demanded protection for himself and other activists. The protection never came. CALDH is a relatively effective human rights organization that has escalated cases of this kind to the international level by taking them to the *Inter-American Court of Human Rights (IACHR)* in Costa Rica, part of the *Organization of American States (OAS)*, and to other venues. Its press release on this case read in part, "This act is added to the actions of harassment, intimidation, and constant threats that human rights activists have received for the work they do in defense of those rights."

A couple of weeks prior to the murder, the Marlin company sought to paint itself as victim in its ongoing battles to continue mining amid the fury of local residents left to live with the choking waste it generates (see *NotiCen*, 2005-01-20, 2005-10-27). The company has alleged assaults and kidnappings on its employees, robberies, damage to its vehicles, roadblocks, attacks with firearms, and sabotage. The effect has been a halt to leaching and milling operations the company said cost it

8,000 oz t of gold and 32,000 oz t of silver production, worth about US\$7.3 million for the former and US\$600,000 for the latter. The actual mining, however, was unaffected.

According to reports, the company kept mining and stockpiling ore, so there would not have been a loss as such but rather more like a delayed gratification. The delayed income occurred at an inopportune time for the company. It reports in US dollars and said it lost US\$9.2 million, or US \$0.01 a share, for the three-month period ending June 30. In the same period last year, it made a net profit of US\$2.3 million, or US\$0.01 a share. The Guatemala operation generally offsets difficulties elsewhere. A net loss stemmed from a noncash exchange loss on the revaluation of future income tax liabilities. There were also increases in total cash costs resulting from a strengthening Canadian dollar. This is a Canadian company.

Striking back, locals establish a global presence

Mining chief Oscar Rosal of the Energy and Mines Ministry said sabotage caused a six-week work stoppage. The deed was done by local campesina Gregoria Perez, a mother of six who farms a small plot through which the power line runs that serves the mine. She and, it has been alleged, seven other women and one man severed the line, whereupon other local residents blocked company personnel from repairing the line. "We have had many problems here with the company," Perez told a Canadian reporter. "It has caused damage to our houses. There is a power line that is going to fall down. People are getting sick. That's why we made the decision to do what we did. Now we have charges against us."

Parent company Goldcorp spokesman Jeff Willholt denied Perez's account. He said the company had offered her more money under a revision of a 2005 right-of-way agreement she had signed. He insisted, "We've always dealt openly and honestly with the landowners there." Despite Perez's being under indictment, Willholt said company actions were motivated by concern for the well-being of local citizens. "We consider this to be very dangerous tampering. First and foremost, we're very concerned of the well-being of everybody in that area along the power line as well as the person undertaking the tampering. We just want to resolve it for health and safety's sake."

The company spokesman had to weigh his words carefully. His and other companies are under pressure around the world to clean up their environmentally destructive practices, and Perez's sabotage made her something of a hero in a global anti-mining movement that is becoming more powerful as it scores victories, said one report, "from Argentina to Romania to Canada." In each of these countries activists have dealt serious blows to an industry whose products, gold and silver, generate perhaps as much resentment as the methods used to extract them. In the hope of preventing Guatemala from achieving a prominent place among these countries, the company said it had not sought help from police or governmental authorities but rather had turned to human rights groups to seek an accommodation with Perez.

The company's hope seems ill founded. It has argued that it has paid ten times the market value of the land. There has not, however, been all that much market activity up that way, and it is difficult to accept that even a multiple of ten would be compensation for land that yields hundreds of

thousands of ounces of precious metals in a process that leaves the surrounding landscape scarred and poisoned and uninhabitable by flora, fauna, or folk in perpetuity.

Cardinal Rodolfo Quezada Toruno, one of the country's most influential churchmen, has called for a halt to mining concessions. "They have totally ruined the natural resources of the country," he said. He noted that the last administration issued 124 mining concessions, of which 37 have gone to Montana. He said he wants a moratorium on these licenses at least until the legislature passes a law to regulate the now lawless practices. Quezada's call echoed that of Bishop Alvaro Ramazzini of the Diocese of San Marcos in April.

But, while keeping an eye out for global publicity, the company has employed aggressive tactics. Its allegations of kidnapping have been met with denials from the Comision Pastoral Paz y Ecologia (COPAE), which said the purported victims were seen in Chiapas. The company counters that nongovernmental organizations (NGOs) and rights groups, foreign and domestic, are marshalling sentiment against the mining interests. It even accuses them of threatening "groups that benefit from the mining industry."

Local residents are also seeking payment for direct damage from mining operations. Explosions at the work sites are destroying their houses. Said resident Irma Mendez, "Montana says that our houses have been damaged because they're made of adobe, but I've lived here for 12 years and cracks like these had never appeared before." She added that ground tremors have become an everyday occurrence for the community. In July 2006, more than 27,000 people voted overwhelmingly against the mines in popular consultations (see NotiCen, 2006-08-17).

Then again in April, citizens of the 34 communities of Sibinal, San Marcos, expressed their strong disapproval of a license issued to Montana Exploradora in January. The license permits exploration in Sibinal, Ixchiguan, Tajumulco, and Tacana. In Huehuetenango, another company, Guatemala Copper S.A., a subsidiary of the Canadian company Creso in the same way that Montana is a subsidiary of Goldcorp, got a license to explore for metals in six municipalities. The present government and the one before it, however, ignore citizen input when it comes to gold.

In March, the people and officials of Sipacapa, San Marcos, were told that a license issued to Montana in 2004 has been extended. This license, the Ana Azul concession, covers 25 sq km in both San Marcos and Huehuetenango departments. In May, 53 communities of San Juan Ixcoy, Huehuetenango, voted on the question, "Do you support mining activities in this municipality?" After a count and a recount, the result was again an overwhelming "no." It may take an international tribunal to settle the question of whether the state can permit the destruction of communities for mining. Several municipalities, including Colotenango, Concepcion Huista, San Juan Atitlan, Santiago Chimaltenango, and Todos Santos Cuchumatán, have been reported to support taking the case to the IACHR.

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