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Nicaraguan Gold Rush Spells Profits, Protests, And Police Repression

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A recent police crackdown on protesting guiriseros (artisan miners) in the central Nicaraguan town of Santo Domingo has raised new questions about the government’s "come-on-down" approach to foreign gold-mining firms, which have been raking in riches of late thanks to increased production and soaring prices.

Early on the morning of Feb. 9, several hundred anti-riot police confronted a group of guiriseros at a roadblock the latter had erected months earlier at the entrance of Santo Domingo, roughly 190 km east of Managua. The artisan miners had been using the barrier to block the passage of vehicles and equipment owned by Canadian mining company B2Gold, which—through the acquisition of new government concessions—has expanded operations in recent years and begun exerting control of areas traditionally mined by guiriseros.

B2Gold insists it can work with the artisan miners. To ease tensions, the company offered them access to a 30-hectare tract in one of its mining concessions. It also promised technical assistance and said it would buy and process whatever raw material the local miners were able to dig up. Several guirisero groups agreed to the terms. Others, however, refused the deal, opting instead to occupy Santo Domingo’s entry road as a way to pressure the company into paying a multimillion-dollar settlement.

Some of those holdouts are now recovering from injuries sustained during the pre-dawn police raid, which lasted for several hours and resulted in nearly 50 arrests. A dozen of the detained were transferred to the Dirección de Auxilio Judicial (DAJ) prison in Managua. Known more commonly as El Chipote, the DAJ earned a dark reputation during the Somoza dictatorship as a place where political prisoners were held, tortured, and in some cases executed. The 12 Santo Domingo men were released in mid-March, but only after the protesting guirisero groups agreed to a "truce" with B2Gold.

Police blamed the violence on the miners. Rather than surrender, the guiriseros tried to defend their roadblock with machetes and homemade mortars, according to Policía Nacional spokesperson Francisco Borge. Witnesses blamed authorities, calling the incursion a clear case of police repression. Guiriseros who managed to avoid arrest fled into the hills, remaining there for days while riot police continued to roam the streets of Santo Domingo.

Some of the refugees were injured but, fearing they would be arrested, refused to seek medical attention, Santo Domingo Mayor Nelson Álvarez Díaz told reporters. "The children here are scared. They’d never seen repression like this," he said. "Imagine having 1,300 heavily armed anti-riot police in a place that had never seen anything like that. Not even during the war."

Open for business
President Daniel Ortega—a key protagonist during Nicaragua’s war years—has welcomed the arrival of foreign mining companies with open arms, gladly handing out concessions to companies
like B2Gold, Hemco, Condor Gold PLC, and others that together have helped turn gold into Nicaragua’s second-most-valuable export behind coffee. Government figures indicate that the firms exported an estimated US$422 million worth of gold in 2012, up 16% from the previous year. Overall, sales of Nicaraguan gold have increased by a factor of seven since Ortega and his once revolutionary Frente Sandinista de Liberación Nacional (FSLN) returned to power in 2007.

Assuming prices remain high, the boom is likely to continue. Researchers like Dionisio Rodríguez, director of the Universidad Nacional Autónoma de Nicaragua’s Centro de Investigaciones Geocientíficas, say there is plenty of gold yet to be discovered in Nicaragua. "Nicaragua is sitting on a wealth of gold," he told El Diario Nuevo. "When it comes to the Central American region, we’re the richest."

Eager to take even better advantage of the valuable resource, the Ortega administration continues to roll out the proverbial red carpet to foreign miners who—from the government’s perspective—represent a crucial source of foreign investment, jobs, and potential tax revenue. Earlier this month the president dispatched a number of high-ranking officials—including his Ambassador to the US and Canada Francisco Campbell—to Toronto, Canada, for the Prospectors & Developers Association of Canada (PDAC), a major industry tradeshow.

The team’s pitch, presented in the form of a March 7 seminar called "Nicaragua: Discover the Opportunities in Mining," features testimony from industry players like Hemco founder Randy Martin. "As investors, we have access to the government and decision-makers," says Martin. "The rules are clear, there is a pro-mining attitude, the labor force is excellent, and, above all, there are numerous opportunities."

Nicaragua’s other big selling point is that—until recently at least—there has been little organized opposition to gold mining, which is infamous for its use of highly toxic chemicals like cyanide. In both El Salvador and Costa Rica, local resistance by environmental and civil-society groups prompted the governments to place major restrictions on metals mining (NotiCen, Dec. 8, 2011, and June 21, 2012). Nicaraguan authorities have no such qualms, taking the position instead that gold is too valuable a resource not to exploit.

Helping matters, according to an article written last year by Global Post correspondent John Otis, is that most new industrial production takes place in areas that were already being worked by guiriseros. Communities in those areas are accustomed to gold mining, see opportunities to work with industrial-scale miners, and worry little about its environmental effects—or so the theory goes.

**Pockets of resistance**

The recent clashes in Santo Domingo seem to tell different story, as did events last November in another small Nicaragua town, Santa Pancha, where riot police used tear gas and rubber bullets to forcibly remove a group of protestors upset about safety problems at the nearby El Limón mine, also operated by B2Gold. The protests followed the death of a local woman whose house was destroyed when a portion of the mine collapsed.

Even before the police crackdowns, locals in both Santo Domingo and Santa Pancha had reasons to doubt the official "win-win" view of industrial gold mining that firms like B2Gold and their government backers have been so careful to cultivate. The beatings and arrests have made the presence of such companies more questionable still—and not just for the local communities involved.
The Centro Nicaragüense de Derechos Humanos (CENIDH), a Managua-based human rights group, published a scathing report in late February denouncing the police repression in Santo Domingo and accusing the Policía Nacional, Ministerio Público, and Poder Judicial of "acting on behalf of the multinational B2Gold by repressing the people of Santo Domingo to allow the extraction and plunder of gold in this Nicaraguan municipality."

The events in Santo Domingo also drew complaints from some opposition legislators. On Feb. 20, the Bancada Democrática Nicaragüense (BDN), a loose partnership between the opposition Partido Liberal Independiente (PLI) and Partido Liberal Constitucionalista (PLC), demanded the unicameral Asamblea Nacional (AN) set up a special commission to investigate the police repression. "The police arrived firing [their weapons], mistreating the people," said PLI Deputy Elman Urbina. "As a result, many people fled. There are people being held in jail. The town remains under military control."

With just 28 AN seats between them, the PLI and PLC have little actual power to force the Ortega administration’s hand. The FSLN trounced the conservative opposition in the November 2011 general election, winning more than two-thirds of the Asamblea’s 92 seats to give it a supermajority (NotiCen, Nov. 17, 2011). Ortega has since been able to pass laws more or less at will (NotiCen, June 28, 2012). But the BDN’s public complaints do contribute to what has become a growing chorus of dissent, one that—perhaps even more importantly, given Ortega’s strong embrace in recent years of Catholicism—also includes some Catholic Church figures.

On March 6—one day before Nicaragua’s mining envoys were set to present at the PDAC gathering in Toronto—the Diocese of Matagalpa in north-central Nicaragua presented a written statement asking the government not to allow mining in their area. Mining companies that have expressed an interest in Matagalpa, explained Pablo Espinoza, a priest from the town of Rancho Grande, would—should they be allowed to proceed—damage the environment and ruin the area for future generations. "It is a mortal sin before God to bring pollution and destruction because it destroys his creation and human life," Espinoza read.

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