Nicaraguan Miners Square Off Against Police, Canadian Gold Producer

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A violent labor dispute in a northwestern mining town and a surprising about-face by environmental authorities in Managua have drawn new attention to Nicaragua’s precious-metals industry and put one company in particular, Canadian-owned B2Gold, squarely on the defensive.

The Vancouver-based firm is the biggest player in Nicaragua’s booming gold-mining business, which has expanded significantly since President Daniel Ortega’s return to power in 2007 and is currently the country’s third-leading source of export earnings after coffee and beef, with sales of approximately US$240 million in the first nine months of this year, according to the Centro de Trámites de las Exportaciones (CETREX).

In recent weeks, however, B2Gold has faced a succession of setbacks, starting in late September, when workers at its Mina El Limón—which is both a mine and a town—organized a work stoppage to protest the firing of three union leaders. The union, Sindicato Pedro Roque Blandón, claims the firings were "arbitrary" and in violation of the collective-bargaining agreement it has with the company. B2Gold says the layoffs were justified and approved by the Ministerio del Trabajo. The union also accuses B2Gold of reducing its permanent work force—from 600 in 2012 to 235 currently—by using a third-party company to subcontract employees at lower salaries and with fewer benefits.

"They fire workers from the mining town and hire workers from elsewhere, through the company Jufoli, so that they don’t have to respect the collective-bargaining agreement," Armando Artica, a leader with Sindicato Pedro Roque Blandón, told the news magazine Confidencial last month.

Demanding that the union leaders be reinstated, workers erected barriers to block access to the mine. Several days later, on Oct. 6, members of Nicaragua’s Policia Nacional (PN) moved in to clear the mine entrance. In the clash that ensued, a police officer died and several people, both police and protestors, were injured. Police say the officer was beaten to death. Miners claim he died of a heart attack. Workers also burned the town’s police station, the Associated Press (AP) reported.

B2Gold, in an Oct. 7 press release, blamed the situation on "a small group of workers, community members, and other persons not affiliated with El Limon Mine," and said its "solidarity is with the family and friends of the fallen officer." The company also said that, "despite the illegal blockade, the town currently remains calm."

"Trying to hide something"
Operations at the mine, nevertheless, continued to be stalled, and, on Oct. 17, riot police launched another offensive, this time in the form of a pre-dawn raid that resulted in 23 arrests and more than two dozen people injured, the opposition daily La Prensa reported. There were also reports that PN officers forced their way into the town’s Catholic church (presumably because they thought people might be hiding there) and caused significant damage.
"They’re repressing the people for demanding that their rights be respected," Veneranda Escalante, the mother of an El Limón mineworker, told the AP. "We’re asking that the company adhere to the collective-bargaining agreements. But the government, instead of supporting the workers, has taken [the company’s] side."

The incidents drew complaints from church officials, as well as from human rights advocates, who claim they were denied entry to the besieged community. Police also blocked journalists from independent news outlets. Gustavo Bermúdez, head of the Asociación de Periodistas de Nicaragua (APN), accused the Ortega government of "trying to hide something" and described the situation as "another violation by this government of the freedom of expression and public opinion."

Shortly after the Oct. 17 melee, a reporter and photographer from Confidencial did finally manage to access the town but only with the help of a man named José, a human smuggler of sorts who led them on an hours-long escape through muddy fields, over fences, and past police checkpoints. Upon reaching the mining town, what they saw there contrasted sharply with information from pro-government outlets such as El 19 Digital, which reported that police "re-established order and normality" in the community.

"We’re not interested in hearing anything from [pro-government stations] Canal 4 or Canal 8," Erenia Sotelo, a town resident, told Confidencial reporter Julián Navarrete. "I don’t know where they’ve been going. They say the situation is normal. But you can see it isn’t."

In the meantime, the situation left B2Gold with the triple challenge of getting its operations back online, repairing its damaged relationship with the people of Mina El Limón and elsewhere in Nicaragua, and reassuring investors, who have seen company stock prices drop from approximately US$2 per share in June to US$1.37 per share as of Nov. 6.

The Canadian corporation accomplished the first of those goals late last month, when members of the Sindicato Pedro Roque Blandón returned to work following a meeting with top government officials. Satisfied that their demands had at least been heard—if not yet met—the miners decided "to go back to work and, once back inside, sort all this stuff out," Armando Artica told reporters.

B2Gold, as a result, was able to announce on Oct. 28 that it had finally gone back to refining and exporting gold from Mina El Limón. "As such, we will be able to continue generating benefits not only for the community in the El Limón mining district, but for the country as a whole," the company said in a statement.

B2Gold also took the opportunity to spell out its contributions to the country regarding jobs and revenue, claiming that it provides direct or indirect employment to 4,100 people and that most of the money it earns in Nicaragua—US$73 of every US$100—stays in Nicaragua.

**Pulling the plug on El Pavón**

The company’s public relations push comes as little surprise given recent events not only in Mina El Limón but also in Managua, the capital, where Nicaragua’s first lady and top government spokesperson Rosario Murillo made a surprising announcement Oct. 12 regarding B2Gold’s plans for an open-pit gold mine in Rancho Grande, in the central department of Matagalpa. Speaking to reporters, Murillo said the project—which B2Gold has been preparing for several years thanks to a concession it obtained before President Ortega’s return to power in 2007—will not go forward.
"The conclusion of all the environmental experts is that the project is not viable because of the impacts it would have on the surroundings, on nature, on the environment, on people’s way of life, [and] on water sources in general," Murillo said.

The announcement marks a major about-face by the Ortega administration, which has gone to great lengths in recent years to encourage investment in the mining sector (NotiCen, March 28, 2013). Just last year, in a meeting with concerned Rancho Grande residents, Lorena Lanzas, then deputy minister of mining and energy, publicly defended B2Gold’s plans. "No one is going to come to a country and invest more than US$10 million or US$15 million prospecting for a resource and then suddenly not have the right to produce it," she said. "We have to guarantee them that, if they find gold, they can produce it to recoup their investment."

The decision also represents a victory for civil-society groups and Rancho Grande residents who have tirelessly opposed the El Pavón mine, as the B2Gold project is known, despite the company’s best efforts to ingratiate itself with the community by doing things like distributing seeds, taking locals on tours of some of its other facilities, and repainting the local school (NotiCen, March 13, 2014). The El Pavón opponents, led by the organization Guardianes de Yaoska (named after a nearby river) held their most recent rally on Oct. 3, less than two weeks before Murillo’s stunning announcement.

A number of observers suggest that local opposition, rather than any kind of environmental evaluation that government authorities may or may not have carried out, is what ultimately did the project in. "The pressure just got to be too much for [the government]," Roberto Stuart, a sociologist with the Centro de Estudios y Análisis Político (CEAP), said during an appearance on the Canal 12 program Esta Noche. "They control the institutions, but a majority of the people reject [the project]. They could see that opposition was rising more and that there was no way to stop it."

The Guardianes de Yaoska and others involved in the campaign to block El Pavón are understandably pleased with the government decision. But they are also aware that the Ortega administration’s lack of transparency on such issues can cut both ways. They point out that B2Gold has other mining concessions in the area and that, to really protect the environment, the government should institute a clear ban on metals mining rather than continue to assess the issue on a project-by-project basis.

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