

12-5-1997

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### Recommended Citation

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## Venezuelan High Court Blocks Gold Mining in Imataca Forest Reserve

by LADB Staff

Category/Department: Venezuela

Published: 1997-12-05

On Nov. 13, Venezuela's Indians and environmental groups won a round in their efforts to stop mining in the Imataca Forest Reserve. In a preliminary ruling, the Venezuelan Supreme Court (Corte Suprema de Justicia, CSJ) temporarily suspended the issuance of new gold-mining concessions by the Ministry of Energy and Mines. The ban will hold until a final ruling is made on a lawsuit asking the Court to stop mining in the reserve.

The stakes for both sides are considerable. Lying under Venezuela's surface are the largest proven oil reserves outside the Middle East, along with some of Latin America's richest gold and diamond deposits worth billions of dollars. Tracts of coal, timber, bauxite, and other resources are also abundant. Despite its natural wealth, 80% of Venezuelans live in poverty, according to official estimates. The government says it can help create jobs and strengthen the economy by developing natural resources, including doubling its oil production during the next decade. Government decree called for "controlled" mining. On May 28, President Rafael Caldera had issued Decree 1850, which authorized the Ministry of Energy and Mines to award gold-mining concessions in the Imataca reserve.

The controversial presidential decree sought to turn Imataca into Latin America's top gold-producing region, opening more than half of the reserve's area to concessions for large-scale "controlled" mining. The government argued that "regulated development" would benefit both the government's coffers and the people (see NotiSur, 07/11/97). "There's no effective army presence, let alone environmental monitoring" as of now, said Americo Martin, the government mining adviser. He said the plan would allow for tighter environmental scrutiny, while capturing lost taxes on about 35 tons of gold mined illegally each year.

More than 50,000 wildcat gold prospectors have been operating in the area, which is twice the size of Belgium, since the 1980s, knocking down trees with high-pressure hoses, poisoning the rivers with mercury and cyanide, and bringing alcohol, prostitution, and drugs to the area. Government officials said the Imataca plan would lessen ecological damage because major mining companies would bring in sophisticated technology.

Since the issuance of the decree, nearly 600 firms have requested concessions to exploit Imataca's gold, including Canadian, British, Australian, American, German, and Chinese companies. Opponents call the decree a test case. Indigenous groups, along with academics and environmentalists, waged an all-out battle to repeal the presidential decree, which was enthusiastically supported by both international mining companies and local small miners. They saw the fight against the decree as a test case that would determine whether the government would be allowed to turn other forest reserves into industrial moneymakers. Many members of the Venezuelan Congress also opposed Decree 1850 because the executive had not consulted Congress before issuing the decree last May.

In repeated demonstrations, opponents said the decree would increase the environmental damage and displacement of local Indian groups already threatened by the unregulated gold and diamond prospecting by wildcat miners. In all, 10,000 Indians from five tribes Warao, Arawako, Karina, Akawaio, and Pemon live in Imataca.

The Indians, who are trying to preserve their culture in the face of increasing development, complain that increased mining will destroy their way of life. The Coalition for Amazonian Peoples and Their Environment predicted a surge in cyanide and mercury contamination and a huge influx of people, drawn by the gold rush. "Mining, basically, is not ecological," said Ana Ponte, head of the Coalition Orinoquino-Amazonica. She said that the Guri dam, which powers more than two-thirds of the country, is already gummed-up by thousands of tons of sediment leached from small mines worked since 1989. "This is a triumph for Venezuela's environmental movement," read a statement by the environmental umbrella group Amigransa, following the court decision. "It shows an awakening of the country's environmental conscience."

The court announced it would issue a definitive ruling in four months regarding the constitutionality and legality of the executive decree. Court order will not stop Las Cristinas mine Although the 11-1 Supreme Court ruling blocks new concessions in Imataca while the lawsuit is pending, it is not expected to affect scores of concessions already granted, including the Las Cristinas mine.

In early August, Canada's Placer Dome mining company broke ground in a joint venture to develop the Las Cristinas mine, about 1,200 km southeast of Caracas. Las Cristinas is thought to hold 11.8 million ounces of gold, possibly the largest gold deposit in Latin America. Placer Dome's plans call for carving an open pit nearly a mile square and one-fifth of a mile deep to extract the gold. "We believe [the claim] is certain enough for us to go ahead," said John Willson, president of Placer Dome, during a ceremony at Las Cristinas mine.

One of the world's 20 largest mining companies, Placer Dome owns a 70% stake in Las Cristinas. The Venezuelan state holding company Corporacion Venezolana de Guayana (CVG) holds the rest. The mine's US\$600 million, two-year construction phase calls for creating 3,000 jobs, and it is the centerpiece of the government's plan to revive the once-lucrative gold industry.

However, Placer Dome's ownership in the mine is being challenged by Crystallex International Corp. Both Canadian-based companies claimed victory under an initial ruling by the Supreme Court, but appeals are pending that could take months to resolve. (Source: Associated Press, 08/02/97, 08/05/97, 08/18/97; The Miami Herald, 08/15/97, 09/01/97; Reuter, 08/03/97, 08/11/97, 10/09/97, 11/11/97, 11/12/97; Businesswire, 11/12/97)

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