

2-10-2010

Mexican Authorities Shut Down Two Canadian Mines Because Of Environmental Concerns

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

Recommended Citation

LADB Staff. "Mexican Authorities Shut Down Two Canadian Mines Because Of Environmental Concerns." (2010).
<https://digitalrepository.unm.edu/sourcemex/5370>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Mexican Authorities Shut Down Two Canadian Mines Because Of Environmental Concerns

by LADB Staff

Category/Department: Mexico

Published: 2010-02-10

Mexican authorities shut down the mining operations of Canadian-based companies in central and southern Mexico in late 2009 because of environmental violations. Minera San Xavier, a subsidiary of British Columbia-based New Gold, obtained an injunction allowing it to resume operations at its facility in Cerro San Pedro in San Luis Potosi. But the company's long-term future remains in doubt, and local residents are worried about the loss of jobs. In another case, state environmental authorities in Chiapas state ordered the closure of Blackfire Exploration's mine near the town of Chicomuselo after it was determined that the facility was contaminating surrounding areas. In addition, there are allegations that Blackfire repressed protestors and might be responsible for the death of an activist who sought to shut down its operations.

Court order temporarily halts operations at San Luis Potosi mine The federal environmental protection agency (Procuraduria Federal de la Republica, PROFEPA) ordered the closure of Minera San Xavier, which produces silver and gold, in November 2009 after a federal court (Tribunal Federal de Justicia Fiscal y Administrativa) determined a month earlier that the facility was not properly handling and disposing of toxic wastes. The court's decision was based on a complaint by the organization Pro-San Luis Ecologico, which said that the company's negligence adversely affected the health of residents of the nearby communities of Cerro San Pedro and Ciudad Fernandez.

Pro-San Luis Ecologico and coalition allies, which have formed the Frente Amplio Opositor (FAO), contend that the permit granted to Minera San Xavier illegally allowed open-pit mining, resulting in the release of large amounts of cyanide and mercury into the atmosphere, affecting the health not only of nearby communities but the state capital, also named San Luis Potosi. "[Minera San Xavier] operations have created severe and irremediable consequences for the natural environment of the Valle de San Luis, such as the loss of a unique environmental and historical heritage for the Mexican nation," said the environmental coalition. Mine opponents, which also includes Greenpeace Mexico, said the court order was essential because in the past the Secretaria del Medio Ambiente y Recursos Naturales (SEMARNAT) appeared to side with the Canadian company, including in the agency's decision to grant Minera San Xavier a permit in April 2006 despite a court's ruling in October 2005 prohibiting a land-use permit for a site used by the company (see SourceMex, 2005-02-02).

Opponents said PROFEPA's 2009 decision to revoke the Minera San Xavier permit was very important, regardless of whether its parent ministry SEMARNAT really wanted to take the action. Although PROFEPA recommended the action, the ultimate decision on whether to revoke the permit was up to SEMARNAT. "With this ruling, Minera San Xavier has lost its single most important operating permit," said the coalition. SEMARNAT offered few details in announcing the decision to take action against Minera San Xavier but did explain that an environmental-

impact study, along with the court order, required that such action be taken. "SEMARNAT revoked the authorization granted to the company conditionally and contingent upon completion of an environmental-impact study." Minera San Xavier wins injunction But SEMARNAT and the courts did not have the last word.

Following a temporary closure, Minera San Xavier filed a legal appeal, which allowed the company to resume operations in mid-December. New Gold officials expressed satisfaction with a federal court's decision to grant an injunction. "We are very pleased by the decision of the court," said New Gold president Robert Gallagher, who emphasized that his company has a good track record of complying with environmental norms in Mexico and other countries. Company officials said they planned to continue their projects despite the uncertain legal situation of Minera San Xavier. "We are working normally," Minera San Xavier president Jorge Mendizabal Acebo told *El Sol de San Luis* in late January.

In a separate interview with the San Luis Potosi newspaper *Pulso*, Mendizabal said the company had no plans to abandon operations at Cerro de San Pedro. He pointed out that the company has been an important source of economic development in the region. In addition to Minera San Xavier, New Gold operates mines in the US, Australia, Canada, Brazil, and Chile. The company projects its total production in 2010 at between 330,000 and 360,000 ounces, an increase of about 10% from 2009 levels. Many local officials and residents agree that Minera San Xavier is an important economic engine for the region. SEMARNAT's November announcement that it was withdrawing the mine's permit caused a lot of anguish among local officials, particularly Cerro de San Pedro mayor Jose Santos, who expressed concern about the possible loss of as many as 500 jobs. Similarly, state legislative leader Manuel Lozano raised concerns that San Luis Potosi authorities did not have the resources to compensate for the jobs that would be lost. "The San Pedro population is worried about the uncertainty regarding the future of the company New Gold-Minera San Xavier because of the possibility that dozens of workers would be left without a job and without options for alternative jobs," said the Mexico City daily newspaper *El Universal*.

Anger among the local population was so strong that crowds had to be prevented from attacking center-left federal Deputies Gerardo Fernandez Norona and Teresa Guadalupe Reyes of the Partido del Trabajo (PT) and Ramon Jimenez Fuentes of the Partido de la Revolucion (PRD), who were in the area in early December to verify that the company had actually ceased operations following SEMARNAT's initial orders. While the residents did not harm the visiting deputies from the PRD and PT, which are said to side strongly with the coalition seeking to close the mine, protestors seized welcoming banners from Pro San Luis Ecologico and the FAO and proceeded to burn them. Critics say closure could discourage foreign investors Other observers sided with the protestors, criticizing the decision to shut down Minera San Xavier. "The message is devastating. There is no legal certainty in Mexico," pro-business syndicated columnist Sergio Sarmiento said in late November before the injunction was approved allowing the mine to continue operations. "This is confirmed by the Minera San Xavier case. Here you have a company that has invested more than 1.5 billion pesos [US\$114 million] in a gold mine but has been forced to close the mine despite meeting all the requirements of the law." "In Mexico, political pressures take on more importance than the rule of law," added Sarmiento. "With authorities...closing one of the cleanest and most sustainable mines in Mexico, imagine the uncertainty that would emerge with any other type of investment."

The Mexico City daily newspaper El Universal echoed Sarmiento's concerns, pointing out that legal uncertainty worsens the outlook for foreign direct investment (FDI) in Mexico. FDI totaled only about US\$9 billion in 2009 compared with about US\$20 billion in 2008. "Experts said the poor investment outlook is the result of uncertainty regarding compliance with contracts, effective protection of property rights, and the climate of insecurity generated by the government's campaign against drug traffickers," El Universal said in an editorial. But critics say economic development must not come at the expense of environmental protection and the health of local communities. "I hope that Mr. Sarmiento follows the lead of Pro San Luis Ecologico in fully investigating this situation," Jesus Gonzalez Schmal, a former federal deputy, said in a letter to the editor of the Mexico City daily newspaper Reforma, where Sarmiento's column was published. "He would discover that Canada prohibits any mining operation under open skies."

Chiapas authorities close Alberta company's barite mine There are some similarities between the Minera San Xavier case and that of Blackfire Exploration. In early December, the Chiapas ministry in charge of environmental protection (Secretaria del Medio Ambiente y Vivienda, SEMAVI) announced the closure of a barite mining facility operated by Blackfire Exploration Mexico. Barite extracted from the mine is sold to the Mexican oil industry, which uses the mineral as a weighting agent in the drilling process. Brent Willis, chief executive officer of the parent company Blackfire Exploration of Calgary, Alberta, said Chiapas authorities informed the company that it was violating federal environmental norms because of its failure to maintain appropriate dust-control measures and to control carbon-dioxide emissions in its equipment. But SEMAVI said there were other problems, including Blackfire's decision to create new roads to its facilities without state authorization and an environmental-impact study.

Local residents also accused the company of discharging dangerous materials that contaminated adjacent agricultural fields. In addition, critics said the company had been deviating waterways and natural seepages, depriving moisture to adjacent areas. Blackfire officials remain hopeful that the company could still be given the opportunity to apply for a new permit for at least a portion of its operation in Chicomuselo. But there is strong pressure for the state government to shut down the Blackfire operation permanently, amid allegations that the company might have been involved in the murder of local activist Mariano Abarca Roblero, who had led efforts since mid-2009 to shut down the mine. Even though Chiapas authorities deny that the murder has anything to do with a decision on whether to allow the company to resume operations, there is strong public pressure against this move.

There are allegations that Blackfire was behind the murder of the activist, who was gunned down in front of his home. The perpetrators included a current and two former Blackfire employees. Company officials deny any complicity in Abarca's death. "We were not involved in the incident in any manner," said Willis, who noted that Abarca had declined an invitation to sit down with local officials to discuss his concerns. But Roger Maldonado, another opponent of the mine, said fellow anti-mining activists had faced threats and retaliation from mine employees. "They feel their jobs are jeopardized by somebody protesting against the mine," Maldonado told the Toronto newspaper The Globe and Mail. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Feb. 10, 2010, reported at 13.11 pesos per US\$1.00]

-- End --