

Anti-mining resistance in El Salvador

a primer in three pages



The Destructive Legacy of Mining

Metal mining in northeastern Salvadoran existed for almost a century (1880–1970) and in the department of Cabañas during the 1950s. This activity, although it represented 15% of exports in 1903 and 16% in 1913, was never a real contribution to the development of El Salvador. What it did cause – even though it wasn't intensive industrial extraction – was environmental damage that remains to this day, with the polluted San Sebastian River pollution in Santa Rosa de Lima (La Union) being one of the most visible example of this destructive legacy.



The New Gold Rush



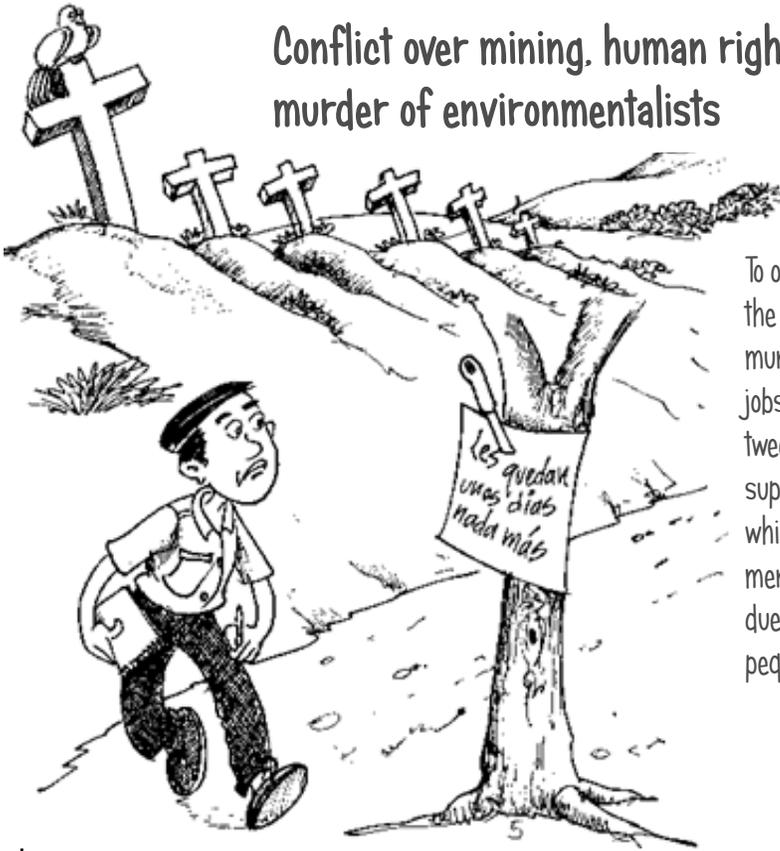
At the end of the 1990's, a new mining boom caused by rising gold prices brought Canadian, U.S., British, and Australian mining companies to Central America. In El Salvador, the current mining law was passed in 1995, and this law facilitated the arrival of Pacific Rim, Martinique Minerals, and Minerals Morazán, among other mining companies, between 1998 and 2003. There were a total of 29 exploration licenses granted by the Ministry of Economy during this time.

Communities say "NO" to mining

In 2005, Pacific Rim filed its Environmental Impact Study for the proposed mining project in El Dorado, San Isidro, in the department of Cabañas, and requested an operating permit. But the Ministry of Environment and Natural Resources refused to give the company a permit because it failed to meet the government's requirements. This decision was made possible due to pressure from the National Roundtable Against Metallic Mining (Mesa) which raised concerns about the environmental, social and economic impact of mining and the resilience of the communities most affected. The project was also rejected by the National Development Commission, the Bishops' Conference of El Salvador and other important stakeholders.



Conflict over mining, human rights violations and the murder of environmentalists



To overcome resistance to their projects, mining companies buy the support of state and local officials, religious leaders, community leaders and residents; with financing for local projects, jobs, gifts, and bribes. This causes divisions and conflict between families, neighbors, and community members; between supporters and opponents of mining. Violence in Cabañas, which has already claimed five lives – including three environmentalists: Marcelo Rivera, Ramiro Rivera and Dora Sorto – is due to the presence of Pacific Rim, as the Court of Sensuntepeque determined on April 15, 2013.

In March 2009, Pacific Rim sued the Salvadoran Government for \$77 million through the International Centre for the Settlement of Investment Disputes (ICSID), a World Bank trade tribunal. The U.S. company Commerce Group, whose operating license for the San Sebastian mine in La Union had been revoked also sued for \$100 million. Such demands are based on provisions of the Central American Free Trade Agreement with the U.S (CAFTA), which has a clause protecting investors from "discrimination" and "indirect expropriation", which could be any state act affecting a company's investments.

There have been several significant developments regarding these lawsuits:

In March 2011, the ICSID threw out the Commerce Groups case because the company had filed simultaneous court cases in the local courts in El Salvador. Commerce Group appealed the decision but in August 2013, the company was unable to pay the fee needed to continue appealing and so the case was definitively closed.

In the case of the 2009 lawsuit filed by Pacific Rim, the company has increased its extortionist demand against the state from \$77 to \$315 million. The ICSID ruled that Pacific Rim could not sue through CAFTA because it is a Canadian company, but they have been able to continue the case under the Salvadoran Investment Law that was passed in

Trade agreements and the frivolous demands of Pacific Rim and Commerce Group in the ICSID

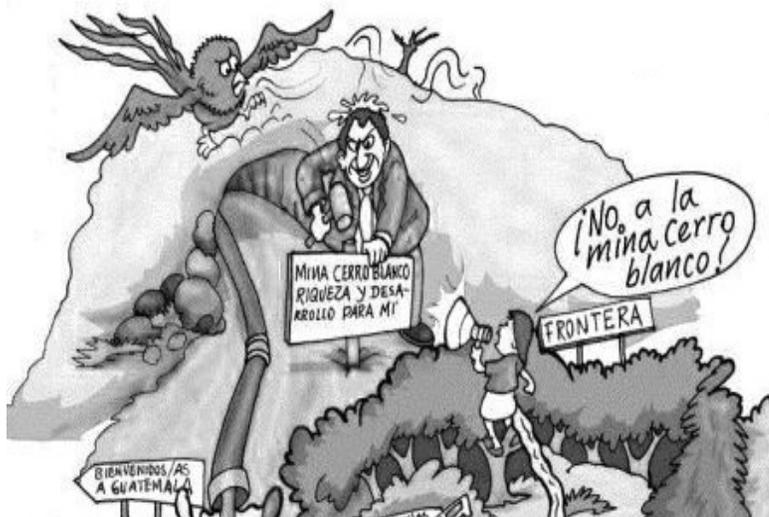


More trade agreements, more metallic mining

With the Salvadoran Legislative Assembly passing more free trade and privatization policy, the threat of mining projects starting in El Salvador only increases. The last phase of negotiations on a **Free Trade Agreement with Canada** could open El Salvador to more Canadian mining companies, while the *Partnership for Growth* El Salvador signed with United States will force El Salvador to open even more to all kinds foreign investment. The **Public Private Partnership** bill, which was passed under great U.S. government pressure, facilitates the privatization of government services and natural resources like water, subsoil, energy sources, etc. Similarly, the recently approved Partnership Agreement with the European Union turns the country into an exporter of raw materials and part of a logistical corridor that only facilitates the exploitation of the Mesoamerican region and new forms of 21st century colonization.

The threat of cross border mining

The **Cerro Blanco** mining project in Asuncion Mita Jutiapa, Guatemala, operated by Entremares S.A., a subsidiary of **Goldcorp**, is located only 18 kilometers from the Salvadoran border. Once operations begin, the mine could contaminate the Lempa River, El Salvador's largest river, with cyanide, heavy metals, and acid drainage. In addition to the Cerro Blanco project, there are approximately 49 gold and silver extraction projects on the borders with Honduras and Guatemala that threaten lives and the environment in El Salvador.



Although Goldcorp announced a financial assessment in August 2013 that found the Cerro Blanco project was not financially feasible and that the project should be temporarily closed, the **Roundtable Against Metallic Mining** keeps pressing for an official and complete closure of the mine, as well as pressuring the governments in our region to begin negotiations and dialogues for sustainable management of the water basins that we share.

Mining prohibition the only solution

While there is now broad rejection of mining in El Salvador, the ban the Roundtable against Mining presented in 2006 has not advanced in the Legislature. That's why the Roundtable presented another law in October 2013 to protect El Salvador in the light of free trade and privatization threats.

Salvadorans should support legislation to ban mining and demand all political parties and government officials to support the ban. International Solidarity can supporting the Salvadoran's right to decide about mining by pressuring Pacific Rim to drop its lawsuit and by pressuring the U.S. and Canadian government to stop forcing unfair trade agreements and privatization on El Salvador.

