

\*\*\* OPEN LETTER TO INCO (International Nickle Company) \*\*\*

August 15, 2004

Re: INCO's past and present mining operations and plans for Guatemala.

INCO Ltd.

Mr. Scott Hand, Chairman of the Board

145 King St W., #1500

Toronto, ON, Canada, M5H-4B7

Dear INCO,

I write to ask you to engage in an internal and public assessment of and reflection on the past and possible future environmental, human rights and political impact of INCO mining operations in Guatemala.

WHO AM I?

From Toronto, and educated and trained in law (LLB, Ottawa, 1989), I work with Rights Action, a not-for-profit community development and human rights organization. With small offices in Canada and the USA, our main office is in Guatemala. We raise funds for, and otherwise work with some 40 community-based development and human rights organizations. We work as well in Chiapas (Mexico), Honduras, Haiti and, on a smaller scale, in a few other countries.

For 20 years, I have worked on global development and human rights issues. I have lived for nine years in southern Mexico and Central America. From 1993-1995, I lived in Guatemala. Since 1995, I travel to Guatemala 4 times a year.

INCO in GUATEMALA

I have read a range of reports about INCO's (via its subsidiary EXMIBAL) operations and actions in Guatemala, including critical references by the United Nations "Truth Commission" that investigated Guatemala's decades of repression and genocide. INCO's initial operations in Guatemala (1965-1981) were during the worst years of State repression and terrorism against the mainly Mayan population, and, indeed, during the very years (1978-1982) when the Truth Commission found that the US-backed Guatemalan military regime carried out genocide in certain Mayan-dominated regions of the country.

Over the past year, I have taken two trips to the El Estor region of Guatemala, where INCO has its operations. I had interviews with El Estor inhabitants; I visited Mayan-Q'eqchi' communities; I met with INCO company officials and with local political officials, including the Mayor of El Estor.

There is much anger about INCO's past role in the region, and there is a lot of confusion about and opposition to INCO's possible future

role.

I urge you, in the strongest way, to engage in an internal and public assessment of, and reflection on the past and possible future environmental, human rights and political impact of INCO mining operations in Guatemala.

#### TIME OF TRANSITION

I understand that INCO's 40-year lease ends (in 2005) and am not unsympathetic to the company's need to do something with its long-term investment in INCO, whether that be renew the lease or sell the mining interests and investments to other global mining companies.

But lost in the necessities of "doing business", are a full assessment of the human rights/ development/ environmental impact of INCO's operations in Guatemala in the past and, possibly, future.

#### "DEVELOPMENT" and CHOICES THAT COMPANIES MUST MAKE

I hope that one day we will live in a world not dominated by global companies; wherein local companies are involved in all aspects of economic production and activity. Healthy "development" can only occur across the planet when local communities control most aspects of their economic activities. We do not live in this world now.

In the world we live in now, there are still clear and obvious choices to be made by global companies. I am asking INCO to make these clear and (what should be obvious) choices.

INCO is going to do something about its investments in Guatemala, but under what terms? Your shareholders want to make money off their investments in Guatemala, but at what cost? And what cost to whom? Canadian and global nickel purchasers and consumers want to purchase nickel at "affordable" prices, but how low do these prices need to be and at what cost to the people's lives and places affected?

These are some questions that INCO needs to ask, and not only INCO. The Canadian government is actively encouraging and supporting INCO's operations and business in Guatemala. INCO shareholders stand to profit from these operations - they too must ask these questions.

#### COME AND SEE FOR YOURSELF

I urge INCO to agree to the petition of the El Estor-based AEPDI (Asociación Estoreña Para el Desarrollo Integral):

Fund and support a fully independent investigation of the human rights abuses occurred while INCO was operating in Guatemala (1960-1982), and help compensate the victims of that abuse, as revealed by that study.

Fund and support an independent investigation of the health and environmental damage caused during the El Estor mine and plant

operation as well as in its abandoned state, and make the necessary reparations and clean-up.

Publicly adhere to Guatemalan and international law including, not exclusively, Covenant 169 of the International Labour Organization, that protect the rights of the indigenous peoples who live on lands that have been licenced to INCO for mining, and therefore respect the rights of those communities which are threatened by renewed mining.

Assure broad based community participation in decision-making processes such as approval of the aforementioned investigations and plans for development.

#### NO REAL DEMOCRACY

I am not asking INCO to take my word for all that I set out in this letter; see below our invitation for you, and other INCO officials, to come and see for yourself. I am asking that INCO does not simply take the word of the local town mayor or of Guatemalan or Canadian politicians with respect to your future mining operations in Guatemala. It is not acceptable that INCO (or the Canadian government for that matter) argue that it is following the lead of the 'democratically elected officials' of Guatemala. There are too many reports, that you must know of, prepared by well known international organizations, including the United Nations, Amnesty International, Organization of American States, documenting the generations of racism, exploitation, poverty and repression in Guatemala, for INCO to honestly conclude that Guatemala is a functioning democracy and that 'elected officials' work in the best interests of, or are beholden to the needs and interests of the population.

There are too many reports documenting on-going repression and impunity that characterize the Guatemalan society. With our main office in Guatemala City, I assure you that we can't keep up with documenting the on-going cases of repression (violations of political and civil rights) - including assassinations, torture, disappearances, beatings, etc. - that are happening in Guatemala.

#### A BALANCED FACT-FINDING DELEGATION

We invite INCO to send a group of officials to Guatemala on an open and balanced fact-finding mission. If you accept this invitation, we ask only that you give us, and our partner groups in the El Estor region and else where in Guatemala, at least half of your time in country, to set up meetings and community visits.

It is not sufficient or fair to go to Guatemala and listen to and deal solely with the same political and company-linked officials that you have long worked with. The stakes, in this issue, for the local populations, environment, etc, are too high - they are the stakes of life and death.

Thank-you.

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RIGHTS ACTION, with its main office in Guatemala, is a development and human rights NGO that supports community development work in Chiapas, Guatemala, Honduras, Peru, Nicaragua, and engages in north-south education and activism related to global development and human rights issues.

CONTACT US:

- to come to Guatemala on a fact-finding educational delegation
- to be a community development and human rights accompanier in Guatemala

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