

July 12, 2006

GUATEMALA: Mining, Mayan resistance and Unjust Enrichment

Below, a Reuters article about Mayan-Kekchi opposition to Skye Resources, a Canadian nickel company in Guatemala. Rights Action supports and works with community based organizations and AEPDI, the lead non-government organization working in defense of Indigenous and human rights and of the environment in the El Estor region.

Below, also, is info about how the CPP (Canadian Pension Plan) owns \$131,663,000 worth of shares in INCO, the company that initially developed the nickel mining operation in Guatemala and that sold its interests to Skye Resources. INCO remains a major investor in Skye Resources.

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CENTRAL AMERICA MINING CURBED BY LOCAL OPPOSITION

Reuters news service, July 11, 2006

EL ESTOR, Guatemala, July 11 (Reuters) - Looming over the banks of Guatemala's largest lake are the rusted-out remnants of a long dormant nickel mine soon to be reopened amid fierce opposition from Mayans who have lived for decades in its shadow.

High fuel costs and collapsing nickel prices mothballed the project in 1980 but a mid-sized Canadian miner, Skye Resources Inc., says it is on track to dust off the creaky turbines and conveyor belts and will begin ferro-nickel production again in 2008.

Nickel has made a comeback, with prices setting new record highs, supported by critically low stocks, while demand looks strong with Chinese stainless steel mills, major users of nickel, boosting production.

But with local opposition hampering exploration and mining projects, Central American countries may never know the true scope of their mineral resources.

Skye Resources' Fenix project, named after the mythical bird that rises from smoldering ashes, is one of the few big mining projects planned in Central America, a region often avoided by miners who fear regulatory uncertainty, security problems and indigenous rights complaints.

Jorge Garcia, Guatemala's deputy mining minister, says local opposition has reduced the number of licenses for metal exploration in the country from 740 to 315 just in the past two years. But at least 200 exploration projects are needed to find one profitable deposit, he said.

"During the armed conflict companies couldn't explore for minerals in the interior of the country," he said, referring to the country's 36-year long civil war, which claimed over 200,000 mostly Mayan lives and ended with peace agreements in 1996. "Now there is no armed conflict but because communities in general oppose new exploration, we may never know what resources the country actually has," Garcia told Reuters.

Over a dozen Maya Q'eqchi' communities live within the 96 sq mile (248 sq km) area covered by the Skye's exploration license near the town of El Estor on Lake Izabal, which drains into the Caribbean sea via the Rio Dulce, the Sweet River.

While Skye says it will only mine on a fraction of the territory, many Indians worry they will be kicked out and fear contamination of the surrounding lush forest and lake, which is rich in fish and home to the manatee, the endangered fresh-water mammal.

The people have tried to say no to mining through dialogue but if the company wants to force its way in, they may react by burning machinery," said Cristobal Caal, a local Q'eqchi' farmer. "There could be loss of human lives." Last year, one Mayan man died protesting the construction of a gold mine now up and running in the western department of San Marcos.

"Definitely companies have had problems getting permission from communities to explore for minerals in their territory," said deputy minister Garcia.

"Undoubtedly some companies that had their eyes on Guatemala have started thinking about South America or other regions where there are not such high levels of conflict around mining," he said.

REGIONAL PROBLEM

The story in Guatemala is however repeated throughout the region. In Honduras, where companies dig for gold, silver, lead and zinc, the government suspended new exploration concessions while Congress discusses banning open-pit mining all together.

President Manuel Zelaya, who assumed power in January, supports such a move, which the industry says would mean the end of mining in Honduras. Metal exports generated \$114 million in revenues in 2005.

"The scene in Honduras for investment and mining companies is totally clouded," said Gabino Carbajal, the president of the national mining association. "If open pit mining is prohibited, mining will disappear in this country."

Potential gold and silver mines in El Salvador have also met opposition, with activists comparing modern day companies to gold-hungry Spanish conquistadors who plundered Latin America more than 500 years ago. The only extraction license in the country is held by the U.S.-based Commerce Group Corp. for its San Sebastian mine in the eastern department of Morazan, which could hold over 1.5 million ounces of gold reserves.

Production has yet to begin, and the project is in danger of being suspended all together after El Salvador's environmental ministry recently announced it will revoke extraction privileges and suspend all new mining licences.

"We are not going to approve anything that could cause serious, irreversible damage to the environment," spokesman for the ministry Hugo Barrera told the local press.

An in environmentally friendly Costa Rica, activists have gone to the courts to successfully block Calgary-based Vanessa Ventures Ltd's plans to open a mine it claims contains more than 2 million ounces of gold.

(Additional reporting by Gustavo Palencia in Honduras, Alberto Barrera in El Salvador and John McPhaul in Costa Rica)

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CANADIAN PENCION PLAN - CPP

The Canada Pension Plan (CPP) invests in companies and industries that cause harms to the environment and development possibilities of impoverished peoples, let alone result in loss of life in wars, repression and armed conflicts.

In 1996 and 1997, the Liberal party of Canada overhauled the Canada Pension Plan (CPP).† While the CPP had, since its beginnings, focused its investments in bonds, 45% of CPP investments were handed over to the new CPP Investment Board (CPPIB), all of whom are either CEOs or sit on boards of large corporations. This past year the remaining 55% of CPP investments were brought under the control of the CPPIB.† 5 of the 12 members of the CPPIB sit on the boards of companies in which the CPP currently invests. The sum of this conflict of interest is over \$2 billion.

CPP investments in "resource extraction" or mining companies with questionable ethical records are of increasing concern for communities

in the global south. The CPP currently holds 1,826,000 shares in Glamis Gold, valued at \$34,287,000, as well as 2,741,000 shares in INCO worth \$131,663,000.

The CPP also invests in the world's leading weapons manufacturers, genetically modified food, companies exacerbating climate change, anti-labour practices, human rights abusers, sweatshops, Big Tobacco, companies indicted and convicted of criminal offences, and companies exploiting global hotspots like Sudan, Iraq, Haiti, Afghanistan, and Burma.

[For more information, including a list of companies the CPP invests in, go to www.actfortheearth.org]

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WHAT TO DO:

- The #1 line of work in favour of global justice and equality is to fund and directly support local organizations so that they can continue to lead their own struggles in defense and promotion of development, the environment and human rights. Make tax-charitable donations to Rights Action in Canada and the U.S., to help support community-based organizations in countries where we work (Guatemala, Honduras, El Salvador, Haiti, Chiapas (Mexico);
- Get involved in education and activism work in your home community concerning the negative impacts of global economic and military power abuse whose policies and actions are controlled by the G8 governments, including Canada and the U.S. With respect to North American mining companies operating in Central America, North American citizens have little or no information about who are the investors in, and profiteers from mining. Much research and education needs to be done on this issue – anyone can do this research themselves;
- Consider establishing long-term partnerships between your community / organization with grassroots organizations / communities in these countries that are affected by the global economic and military policies and actions of the G8 countries;

- Consider coming to these counties on an educational-activist delegation;

Rights Action is a development, enviro- and human rights organization, with its main office in Guatemala. We channel your tax-deductible donations to over 50 community development, environment and human rights organizations in Guatemala, Chiapas, Honduras, El Salvador and Haiti. We carry out education & activist work in the USA and Canada (and take educational delegations to these countries) to learn about and get involved in good work for global human rights, a healthy environment and a just economic development model.

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