

Media Briefing



**Friends of
the Earth**

18-20th May 2005

DEVELOPMENT AID AND THE MARLIN GOLD MINE

Friends of the Earth International campaigners from Ghana, Nigeria, Georgia and Guatemala will be in London this week (18-20th May 2005) to call on the UK Government to stop funding oil, gas and mining projects through International Financial Institutions (IFIs). Mario Antonio Godinez Lopez is Director of Friends of the Earth Guatemala and campaigns internationally for community and environmental rights to be addressed in relation to the Marlin Gold Mine in Guatemala.

Mario Lopez is Director of CEIBA/Friends of the Earth Guatemala and a former lecturer in Economy and Agrarian History at the University of San Carlos. He also coordinates the Global Platform of Guatemala and is a director of the Ecumenical program for the Caribbean and Central America. Lopez is also author of various books and publications on rural development, GM and food security.

International Financial Institutions which have agreed to finance the Marlin Gold Mine using public money in the name of development aid, must not allow the significant concerns outlined below, to remain unaddressed.

The Marlin Gold Mine

Glamis Gold Ltd, a Canadian-licensed mining company, based in Reno, Nevada, is currently developing the Marlin gold mine in San Marcos in the Western Highlands of Guatemala. The mine is located in a remote, poverty-stricken area on lands which have been traditionally occupied by indigenous Mayans. In June, 2004, the International Finance Corporation (IFC) approved a \$45 million loan for the project. The IFC has since paid out the entire loan, in spite of strong community dissent against the mine and serious indigenous rights' violations associated with the project.

The Marlin project is Guatemala's first major mining investment in two decades, and the first investment in a mining project since the conclusion of the Extractive Industries Review (EIR) [1]. The IFC claimed that it supported the mine in the hope

Page 1

Contact:

Press Office 020 7566 1649 Hannah Ellis 07952 876 929 (m)



26-28 Underwood Street London N1 7JQ
Media contact 020 7566 1649 (24 hour) Fax 020 7490 0881 Email press@foe.co.uk Website
www.foe.co.uk

Friends of the Earth Limited Registered in London No 1012357

that it would demonstrate the viability of “responsible investment” in the mining sector in Guatemala. Instead, by approving the project and paying out the loan, the IFC has condoned the Guatemalan government’s violations of indigenous rights, and has failed to respond to the violence, deaths and threats that have resulted from community protests against the mine.

Guatemala signed and ratified the International Labor Organization’s Convention No. 169 on Indigenous and Tribal peoples as part of the 1996 Peace Accords. The Convention says that the government must consult indigenous peoples regarding the use of natural resources on indigenous lands. The convention also states that communities have the right to decide on priorities for their own development and that they have the right to participate in the use, management, and conservation of natural resources on their lands. However, the Guatemalan government has made no meaningful effort to consult with indigenous communities prior to issuing concessions to Glamis for the Marlin mine.

To ensure projects are carried out as constructively as possible, it is internationally recognized that effective consultation with affected communities is essential [2]. Although meetings were held between Glamis and the local communities, the spirit and content of the consultations is in dispute. Residents question the way in which their concerns about the impacts of the mine were addressed in the consultations. Community members also doubt that the project will provide substantial local economic benefits, despite Glamis’ promises of jobs and development projects. It is not clear that community support for the project was ever established, and the project went ahead in spite of an IFC commitment as part of the EIR to require broad community support for projects in indigenous areas.

Communities near the mine have grown increasingly concerned about environmental impacts of the project. Residents are worried that the open pit cyanide leaching process to be used at the mine will contaminate local drinking water supplies. An independent analysis of the environmental impact assessment of the mine has raised serious concerns about the quality of the assessment. Concerns include the estimation of long term environmental impacts of acid rock drainage, the mine’s impact on the availability of local water, seismic activity in the area, impacts of toxic chemicals on aquatic organisms, lack of liner or sealant in the tailings dam, and the long term maintenance of facilities set up by the company following the project’s closure.

There are also allegations of human rights abuses. In January 2005, a 40-day blockade of the road to the Marlin mine in the town of Los Encuentros culminated in a violent clash between local residents and the Guatemalan military. One man, Raúl Castro, was killed, and 10 more were injured. In March, 2005, Alvaro Benigno Sanchez, was shot dead in the street in the town of San Miguel Ixtahuacán, near the mine. A security guard who works for the mine has been implicated in the shooting,

Contact:

Press Office 020 7566 1649 Hannah Ellis 07952 876 929 (m)



26-28 Underwood Street London N1 7JQ
Media contact 020 7566 1649 (24 hour) Fax 020 7490 0881 Email press@foe.co.uk Website

www.foe.co.uk

Friends of the Earth Limited Registered in London No 1012357

but police have not yet charged anyone in the murder. A recent report by Amnesty International has also raised concerns about death threats against several local community members who oppose the Marlin project [3].

The atmosphere of violence is reported to be escalating, and little has been done to diffuse tension in the area. The IFC is responsible for the safety and health of project-affected communities, and should call on Glamis to suspend the project until a resolution can be reached between the communities, the company, and the government on the mining project. If Glamis will not stop construction on the mine while these issues are discussed, the IFC should recall their loan.

Notes

[1] The Extractive Industries Review (EIR) was a four year Independent Review Process carried out by the World Bank. It concluded the World Bank should phase out lending for Oil and Gas projects and only invest in mining projects when certain key prerequisites were addressed such as community consent, significant poverty alleviation potential and transparency. More information on the EIR is available from Friends of the Earth International <http://www.foei.org/ifi/ffm.html>

[2] See Friends of the Earth USA's Report "Glamis Gold's Marlin Mine In Guatemala: Ensuring Free, Prior and Informed Consent"
<http://www.foe.org/camps/intl/institutions/glamiscasestudy.pdf>

[3] Amnesty International, "Guatemala: Human rights activists under attack in 2005."
<http://web.amnesty.org/library/Index/ENGAMR340112005?open&of=ENG-GTM>

Contact:

Press Office 020 7566 1649 Hannah Ellis 07952 876 929 (m)



26-28 Underwood Street London N1 7JQ
Media contact 020 7566 1649 (24 hour) Fax 020 7490 0881 Email press@foe.co.uk Website

www.foe.co.uk

Friends of the Earth Limited Registered in London No 1012357