

CHILE: 'Yes' to Gold Mine, but Don't Touch the Glaciers

by Daniela Estrada, Inter Press Service
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Environmental authorities in Chile gave the go-ahead Wednesday to the Pascua Lama gold mining project on the Argentine border, but told Canadian mining giant **Barrick** Gold that it would not be allowed to carry out its plans to "relocate" three glaciers.

The Regional Environment Commission (COREMA) also demanded that the company do its utmost to protect the flora and fauna in the region of Atacama, and that it adequately treat all waste.

"It struck us that the resolution was unanimous, without a single vote against the project," César López, a member of the Committee for the Defence of the Huasco Valley, remarked to IPS. "This seems to us to indicate that the decision had already been reached, and that our presentation to COREMA, explaining the extremely negative consequences that the mine will have, served no purpose at all."

The governor of the region where the mine is located, Rodrigo Rojas, who heads COREMA, said the vote was completely transparent, and showed that the country's environmental institutions were functioning well.

After Rojas announced the results of the vote held in the northern city of Copiapó, around 100 people came out to protest.

"The mine will cause severe damages to the local ecosystem because it will pollute the Huasco River as well as underground water sources," Antonia Fortt, an environmental engineer with the Oceana ecological organisation, told IPS.

She also said the chemicals used in the mine, like cyanide and mercury, will inevitably pollute the Huasco Valley below.

The Pascua Lama deposits, located 4,600 metres above sea level and stretching over both sides of the Chilean-Argentine border, are considered one of the world's largest untapped sources of gold ore, with a potential yield of 17.5 billion ounces or 600,000 tons. The project will require an investment of 1.5 billion dollars.

According to activists, not only the environment but the economy and national sovereignty will be the victims of the gold mine, which they say was made possible through a bilateral treaty adopted under pressure from **Barrick** Gold Corporation.

In 1997, then presidents Eduardo Frei of Chile and Carlos Menem of Argentina signed the Mining Integration and Complementarity Treaty, ratified by the two countries' legislatures in 2000. The agreement made it possible for national or foreign investors to explore and exploit mineral deposits that straddle the border between the two countries.

The treaty allowed Argentina to develop numerous deposits along the border, thereby moving closer to the Chilean ports on the Pacific Ocean and gaining access to the lucrative Asian market. In the meantime, Chile was given the opportunity to participate in Argentine mining projects by providing consulting and other services.

Nevertheless, there is no doubt that the primary beneficiary of the bilateral agreement was the Pascua Lama project.

Barrick Gold sparked an international outcry when it revealed its intent to "move" three glaciers that provide irrigation water for 70,000 small farmers in the Huasco Valley, 660 km north of Santiago.

"We are not happy about the approval of the mining project, because of the implications it will have for the people in the Huasco Valley, a semiarid zone that is completely dependent on the water that comes down from the Andes mountains," Bernardo Reyes, with the Institute of Political Ecology, commented to IPS.

But he added that he was pleased by the COREMA decision to order **Barrick** Gold not to touch the Toro I, Toro II and Esperanza glaciers.

López, however, said that was no guarantee that the glaciers would be preserved, since they have already deteriorated as a result of road-building and other activities by **Barrick** Gold underway in the area for the past few months.

The local activist also said he doubted that the company would live up to its promises to hire Huasco Valley residents, because they are farmers "who have no experience in mining in the mountains."

Omar Turres, an adviser to the Committee for the Defence of the Huasco Valley, told IPS that **Barrick** Gold was "winning the battle," because it had managed to earn the growing support of the area's residents through the promise of jobs and other incentives..

He pointed out that while the first protest organised against the company involved 300 people and the second attracted 2,500 participants, no more than 500 Huasco Valley residents took part in the more recent march.

Government spokesman Osvaldo Puccio said the resolution would "protect the environment" while leaving the door open for the company to make the planned investments, as long as the restrictions laid out by COREMA are complied with.

Puccio said the government would monitor environmental conditions around Pascua Lama, as stipulated by the COREMA resolution, and that the request for further studies remained in effect, in order to adhere closely to Chile's "rigorous environmental protection legislation."

The parties involved have 30 days to appeal the COREMA decision. The company has not mentioned a possible appeal, while the Committee for the Defence of the Huasco Valley said it would continue to fight the project by any means possible.

Barrick Gold has stated in the past that underground mining methods would not be economically feasible in Pascua Lama, where the company was planning on an open pit mine.

But since the gold is located under the three glaciers in question, Reyes said the company would have to adapt to the conditions set by the country's environmental authorities, or risk losing the investment made so far.

On its web site, the company says construction of the mine will begin this year, and that it will begin to operate in 2009.

Another of the projects made possible by the 1997 binational treaty is the El Pachón copper mine, which is owned by another Canadian company, Noranda/Falconbridge, and located in the Argentine region of Caligasta, three km from the Chilean border. Investment in El Pachón is expected to total 1.2 billion dollars.

The treaty has been harshly criticised by non-governmental organisations like the Committee for the Defence and Recovery of Copper, the Committee for the Defence of the Huasco Valley, the Corporation to Defend Sovereignty, and the Latin American Observatory of Environmental Conflicts.

Beginning in 1990 -- when the 17-year dictatorship of Gen. Augusto Pinochet gave way to democratic rule under the centre-left coalition Concertación por la Democracia, which is still in power -- foreign mining companies began buying up all of the mineral deposits on the Argentine border, convinced that the new Chilean government would allow them to be mined, said Julián Alcayaga of the Committee for the Defence and Recovery of Copper.

Barrick Gold succeeded in convincing both the Chilean and Argentine governments to sign the binational mining treaty, which allows the unrestricted flow of machinery, ore and personnel across the border, after exerting heavy pressure throughout the 1990s, Alcayaga told IPS.

When asked by IPS to shed light on these accusations, **Barrick** Gold responded through the Chilean public relations agency Extend Comunicaciones that it had no comment.

The Chilean Ministry of Mining also declined to comment, on the grounds that the issue must be addressed by the incoming government that will take office on Mar. 11. President-elect Michelle Bachelet pledged during the election campaign that she would not allow the removal or destruction of glaciers in Chile, clearly referring to the Pascua Lama project.

Activists are firmly convinced that the treaty will not benefit Chile in any way, and that on the contrary, it poses a threat to the country's economic and strategic interests, as well as its national sovereignty.

On the one hand, they fear that the entry into operation of copper mines in Argentine territory will lead to overproduction and thus undermine one of Chile's most important economic sectors.

In 2005, the state-owned National Copper Corporation (Codelco), which accounts for around 15 percent of state revenues, registered windfall profits of over five billion dollars thanks to high world market prices for copper. These funds will be allocated primarily to social programmes.

"We also believe that the treaty places national sovereignty at risk, because it creates a 'virtual country' in the area covered by the pact," said Alcayaga.

A binational administration commission established in 2001 controls the border zone encompassed by the treaty.

Since the pact was signed, the Committee for the Defence and Recovery of Copper has used every means possible to prevent its implementation, including appeals to lawmakers and the Constitutional Court.

In 2000, activists convinced a group of 13 senators to file an appeal with the Constitutional Court calling for the annulment of the treaty's ratification, on the grounds that it had not been approved by an absolute majority of lawmakers, a requirement for measures that modify the constitution.

The Constitutional Court also ruled that the treaty administration commission does not have jurisdictional powers, which would mean that the area covered by the agreement could no longer operate as a "virtual country". This in turn would make the treaty impossible to implement, the activists argue.

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