

# Open Doors to Resource Extraction

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## Introduction

Control, over access both to natural resources and the territories in which they are found, has been throughout history the origin of numerous conflicts. These conflicts have existed since the beginning of civilization and have been a major impetus for migration and colonialism, from the “promised land” of milk and honey for the ancient Hebrews to the discovery of the “New World,” or the Americas, in the fifteenth century. This struggle for power continues to exist in the present—for example, with minerals that have played and continue to play an important role in the national and international economy.<sup>1</sup> In 1524, the pillaging of the natural wealth of Guatemala and Central American began with the arrival of the imperial interests of Spain. Today, the United States is intervening in a similar fashion, although more discretely, by way of imbalanced neoliberal trade agreements such as the Central and North American Free Trade Agreements (CAFTA, NAFTA).

Throughout the long history of the exploitation of Central America, the among only challenges to this system were the ones implemented during the 10-year period in Guatemala known as the “October Revolution” (1944-1954). At that time, true social-democrat presidents enacted laws in favor of the nation and the people of Guatemala. During that period, resource extraction by foreign-owned companies was banned. Part of the “development” strategy designed by the United States and implemented as part of the counterrevolution throughout Guatemala’s 36-year internal conflict (1960-1996), involved strengthening the private business sector and promoting foreign investment, which served to lay the groundwork for the all-out exploitation that we are facing today.

It is well-documented that neoliberal globalization exacerbates the gap between a North that is every day wealthier and a South that is every day more impoverished. The free trade agreements of Central American countries with the United States and mining exploitation by transnational corporations are an expression of this neoliberal system. With CAFTA, Central American countries are essentially concessioned off for 50 years, rendering governments effectively powerless, without the right to supervise or regulate foreign companies. Chapter 10 of CAFTA, the chapter related to foreign investment, sets an unequal legal playing field— it is very difficult for a state to take legal action against a multinational company, while investor companies can sue the state as they please for loss or potential loss of profit caused by any change in regulation, law, or policy. These changes often arise from the legitimate demands of the affected populations. Thus, chapter 10 of CAFTA, similar to the extremely controversial Chapter 11 of NAFTA, increases the power of large corporations while attacking the sovereignty of governments and their ability to act in public interest.

## Mining

Free trade dehumanizes society and legalizes destruction of the environment. Evidence of this is the way that CAFTA has facilitated open-pit mining activity in Guatemala which, because of its geomorphologic configuration, is a country rich in hydrocarbons and hard minerals. The Mining Law in Guatemala, implemented by the neoliberal government of President Alvaro Arzu (1995-1999),

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<sup>1</sup> Global Oil and the Nation State, Ali Rodriguez Araque. Oxford Institute for Energy Studies, 2002.

dictates that 99% of revenues be repatriated by multinational companies, leaving royalties in Guatemala of only 1%, a reform based on the neoliberal ideology that aims to attract foreign investment by creating favorable conditions for investors at the expense of the benefit to the population. Meanwhile, the mining industry is unsustainable by nature, as it aims to exploit a resource until it is used up entirely. Metal mining sucks community water sources dry, contaminates the environment that supports biodiversity and the lives of communities, and decreases agricultural productivity, leading to the underdevelopment of our communities.

Somehow, Guatemala's national oligarchy, and financial institutions like the World Bank, have promoted this type of exploitation under the discourse of development. Social organizations in Guatemala, as well as the Catholic Church, have expressed their opposition to mining activity, often utilizing data from other parts of the world that show that this industry, far from contributing to the development of communities, has generated higher percentages of poverty and misery.

Mining companies must solicit licenses of recognition, then exploration, and finally exploitation from the Guatemalan government. The current regime, while defining itself as "social-democratic," continues to liberally grant mining licenses to multinational companies. Today there are over 400 mining licenses granted in the country, presenting an immense threat to Guatemalan rural communities and to the agricultural economy. In Guatemala two subsidiary companies of mining transnational Goldcorp Inc. are operating: Montana Exploradora, with its "Marlin" mine project in the department of San Marcos, and Entre Mares, S.A. The Marlin mine has already generated great conflict in a region damaged by decades of war.

In the face of this reality, grassroots and social organizations, as well as the Episcopal Conference of Guatemala and specifically the diocese of San Marcos (COPAE), propose alternative forms of development that are born from the people and that respect human life and the environment.

Guatemala's highland populations are resisting mining in many different ways, but the most salient form of resistance lies in the organizing of community referenda, or community-level "votes". These referenda are carried out through community assemblies, in accordance with the Mayan communities' very own customs and histories. There have been community referenda organized in over 26 municipalities in the nation, where more than 500,000 people have declared themselves against this model of "development."

## Hydroelectric Dams

As an excuse to build hydroelectric dams and electrical lines without the consent of affected peoples, it has been claimed that there is an energy crisis in Guatemala. With this justification, the Executive Branch of the government declared on March 4th of this year, through decree 88-2008, that "with a character of national urgency, we will execute all plans and projects necessary to avoid a crisis in the system of generation, transport, and distribution of electrical energy." In fact, according to the vice-minister of Energy and Mines, "the first indispensable project to execute is the interconnection between Guatemala and Mexico." This interconnection is part of the System of Electrical Interconnection between Central American Countries (SIEPAC), a mega-project that forms part of Plan Puebla Panama (PPP) and whose goal is to connect a continuous electricity transmission line from Mexico to Panama. With this, supporters hope to "achieve greater efficiency in the exportation of energy to the United States market," according to Marcelo Antinori, coordinator of the Plan Puebla Panama in the Interamerican Development Bank (IDB). Carlos Colóm, of the National Institute of Electrification (INDE), announced last year that, "In the long term, Central America could turn into a net exporter of electricity." According to the Nicaraguan newspaper Nuevo Diario, "This potential has awakened an interest in developing sources of renewable energy, with special attention to hydroelectric plants..." But the owners of new hydroelectric dams in Guatemala will not pay taxes because, according to the "Law of Incentives for the Development of Renewable Energy

Projects,” they will be exempt from import taxes, including the added value tax, and from rent taxes for 10 years.

The benefits of these projects will reach the same wealthy masters as always: the oligarchy, large landowners, and owners of large businesses. Nothing will be left for the general population, or for the communities that live in the highlands and lowlands of the mountains—the communities that protect the forests and ecosystems in which they live. Private companies will continue to charge these communities exorbitantly high prices for electricity, leaving them only the negative impacts of the dams, which include risks of landslides and floods, displacement, loss of biodiversity in their ecosystems, contamination, and lack of water, among other things.

The population is not against hydroelectric dams as a source of energy; they are opposed to the fact that private national and multinational companies use their natural resources to achieve luxurious ends. The proposal of the communities is to construct small community hydroelectric dams, where the owners are the very municipalities, without the redirecting of rivers, and where there is no damage to the environment.

## Community Expression

Rejection of resource extraction has culminated in different popular protests seen throughout the country in the last few years against open-pit mining activity and hydroelectric dams that don't take the people into account. These protests have showed how the indigenous peoples of Guatemala express themselves peacefully regarding issues that directly affect them. The community referenda carried out in a growing number of municipalities are founded in Convention 169 of the International Labor Organization (ILO). This convention speaks of the right of indigenous peoples to consultation regarding industrial activity on their lands, above all articles 7 and 15. Similarly, the right of indigenous peoples to make decisions over the exploitation of their natural resources is included in Guatemalan legislation: Article 66 and 253 of the Guatemalan Constitution; articles 35, 65, and 66 of the Municipal Code; article 18 of the Decentralization Law; and article 20 of the Law of Development Councils—all laws that took root in the Guatemalan Peace Accords of 1996. However, the institutions of the state, in an open disrespect for the will of the people, continue on their mission to grant licenses for mega projects.

The position of the Guatemalan Church is to defend the life of human beings and nature. God created nature so that man and woman could live in harmony with her and protect her. If open-pit mining will provoke negative social impacts regarding the health and life of the people, and damage biodiversity, our position is one of firm and active resistance. This was made clear in the Catholic Bishops' Conference of Guatemala and when Bishop Alvaro Ramazzini made a call to the communities of Guatemala to resist selling their land to multinational companies.

## Proposals

- The organization of activities together with civil society so that the state prohibits concessions for mega projects. This involves the government declaring community referenda both legal and binding.
- The construction of a legal framework that supports a mining and energy policy that protects human rights and natural resources, as controlled and guaranteed by the communities of Guatemala.
- The strengthening of initiatives that are developed from the indigenous peoples in their territories to build their own economic, cultural, social, and environmental destinies.

## Conclusions

There is an effort being made to articulate this social movement so that in forming a national and regional network, we can see the day when the people become the subjects of their own development.

We have started on a path that leads us to the construction of a more humane, clean and hopeful future. There is more and more consciousness every day urging people to live lives without ambition or desire for luxury or power, and with a spirit of justice, caring for our natural resources, solidarity, tenderness, respect for nature, and contemplative gratitude. We are faced with a great challenge: reverse neoliberal globalization and its trade agreements and work for the globalization of human rights, justice, solidarity and caring for the environment.

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