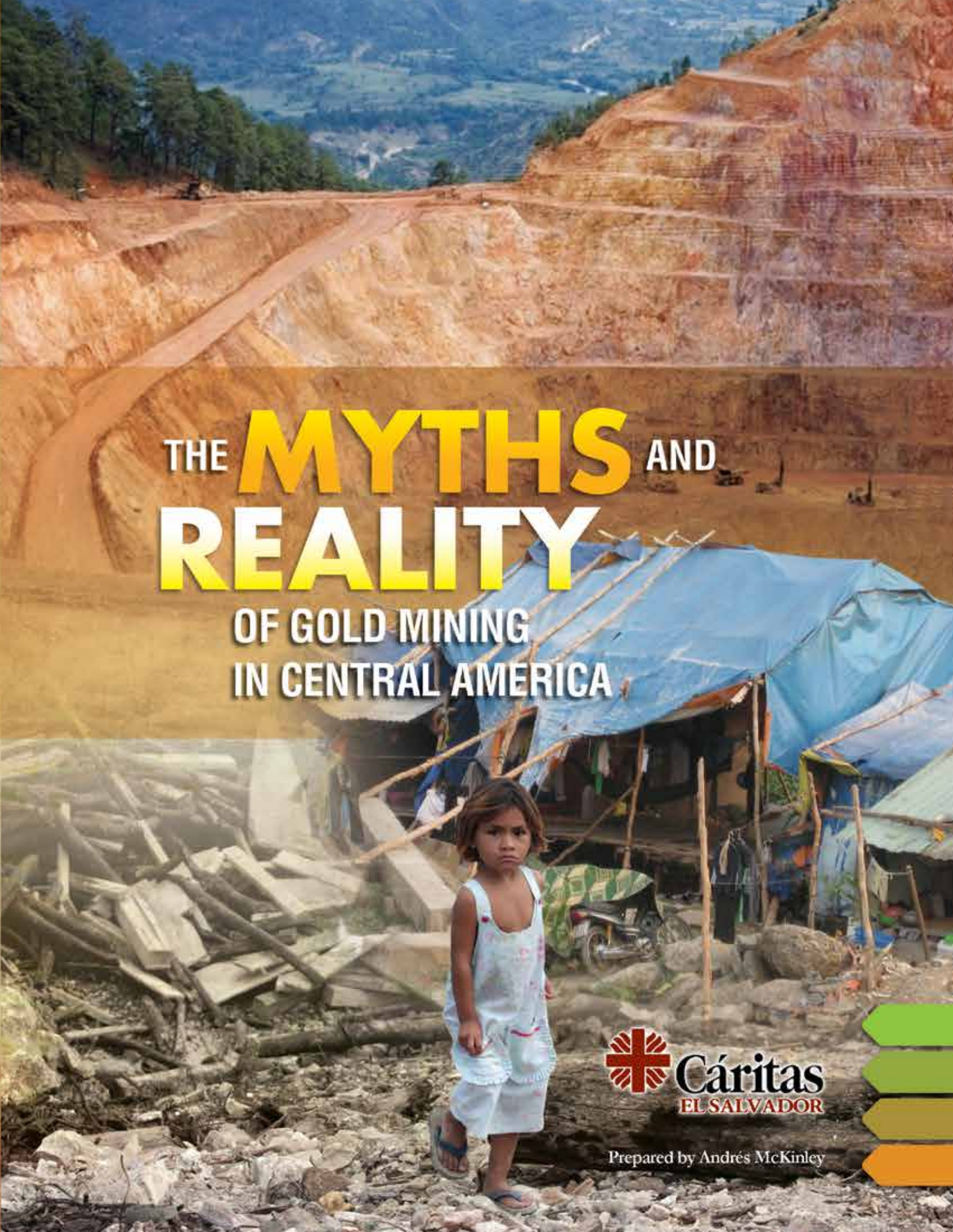
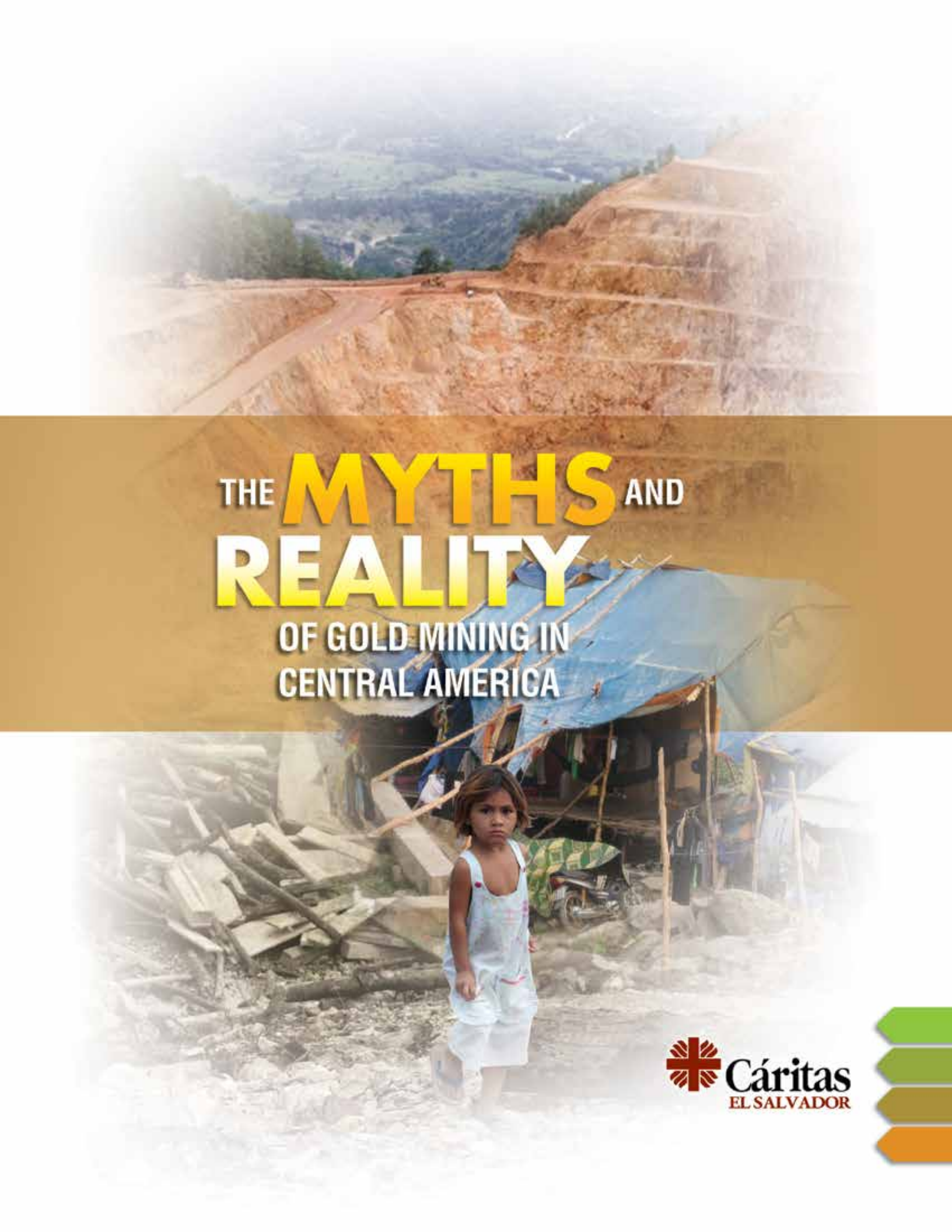


THE MYTHS AND REALITY

OF GOLD MINING IN CENTRAL AMERICA

Cáritas
EL SALVADOR

Prepared by Andrés McKinley



THE MYTHS AND REALITY OF GOLD MINING IN CENTRAL AMERICA

Cáritas
EL SALVADOR

CONTENT

About the author:

This document was written by Andrés McKinley in the context of the project, **"Defending Citizen Rights to Know and Decide on Metallic Mining in El Salvador."**

Mr. McKinley holds a Masters degree in Health Administration and has worked for the past 46 years with international development organizations. In the last 15 years he has specialized in the issues of extractive industries with a focus on mining. His extensive work and travel have permitted him to learn first-hand about the benefits and costs (economic, social, and environmental) of metallic mining in Mesoamerica (Guatemala, El Salvador, Honduras, Nicaragua, Mexico, Panamá and Costa Rica), South America (Colombia, Ecuador, Peru, Bolivia), Africa (Mali, Senegal, Liberia, Ghana) and the United States of America.

"Our tiny country is the physical space in which God the Creator called us to life. This is the portion of the world that He has entrusted to us to care for and to use in accordance with His will. ¨Fill the earth and govern it¨ (Gen 1, 28). But this blessed land, which we love with all our heart, suffers from increasing and relentless deterioration. We are all responsible for its preservation and defense because our environment is the ¨house of all¨: of all of us and of future generations".

(Pronouncement of the Episcopal Conference of El Salvador on gold and silver mining -2007)

INTRODUCTION:
There is gold in Central America!

In some parts of the world, this could be good news, but for the countries and peoples of Central America, it has tended to be a curse.

In the sixteenth century, when King Ferdinand of Spain was defining his priorities for the conquest of the New World, he gave his conquistadores clear instructions: ***"Get the gold, humanely if possible, but, at all cost, get the gold"*** (1). The gold of the Americas was the principle attraction for the Spanish Conquest more than 500 years ago, generating the pillage of natural resources along with the forced enslavement, displacement and extermination of indigenous peoples. Central America today is again being threatened by foreign powers, primarily Canadian, intent on exploiting remaining deposits of gold and other minerals in the vulnerable ecosystems of the region.

The survey maps of transnational mining companies depict gold deposits along a mineral belt that extends from Panama to Mexico (see map). However, these deposits are found in extremely low levels of concentration (between 1 and 14 grams of gold per ton of ore). For this reason, experts frequently refer to the gold and silver within this belt as "microscopic" or "invisible" gold. In order for the extraction of these mineral resources to be economically profitable, it is necessary to use technologies that are damaging to the environment, destroying forests and contaminating soils, air and water. All of this has enormous consequences for the traditional livelihoods and human rights of the peoples and communities most affected by mining operations.

Transnational corporations searching for gold in Central America are motivated by the high prices for gold on world markets (approximately $1300 per ounce in 2014) and by relatively low operating costs due to the lack of government monitoring and regulatory capacity. A third factor involves the existence of national legislation in all of the countries of the region designed to attract international investment by charging low taxes and royalties and (with the exception of Costa Rica) allowing foreign companies to keep most of the wealth derived from mining, leaving few benefits for the communities and nations where mining takes place.

The communities located nearest to mines in Central America, and throughout the world, suffer the largest impact and bare the largest costs from mining operations. For this reason, affected communities and social organizations are raising their voices with increasing force in protest of the enormous economic, social and environmental costs and sparse benefits that the mining industry has brought into their lives.

Mining companies have responded by taking the offensive in a campaign to win hearts and minds and convince the populations of the developing world that modern day metallic mining has something new, cleaner, more beneficial and more respectful of basic human rights to offer to countries with mineral resources to exploit. They tend to use the same arguments from one country to another, presented here in the form of claims or "myths".

The intent of the current document is to identify and objectively analyze these "myths" in an effort to learn the truth, to extract important lessons and to understand the real implications of gold mining for Central America. We believe this exercise to be important and urgent in order to defend the right of citizens to be informed and to make their own decisions related to development options in the region, in their countries, in their municipalities and in their communities.

To support our analysis and develop reliable, objective, evidence-based conclusions, we will be drawing on the lessons offered by emblematic cases of gold mining in Central America and in other parts of the world.

Emblematic mining projects in Central America:

Project	Country	Mining company
Marlin	San Miguel de Ixtahuacan, Guatemala	Goldcorp (Canada)
Cerro Blanco	Asunción Mita, Guatemala	Goldcorp (Canada)
San Sebastián	Santa Rosa de Lima, El salvador	Commerce Group (EEUU)
El Dorado	San Isidro, Cabañas, El salvador	Pacific Rim (Canada)
San Andrés	La Unión Copán, Honduras	Yamada Gold (Canada)
San Martín	San Ignacio, Fco. Morazán, Honduras	Goldcorp (Canada)
Bonanza	Bonanza, Nicaragua	Hemco (Canada)

THE MYTHS OF GOLD MINING IN CENTRAL AMERICA

Mining companies make similar claims throughout the world in their attempts to convince citizens and governments in developing countries to support metallic mining and make it a central feature of local and national economies. These arguments can be summarized as follows:

1. Gold mining today applies new technologies harmonious with the environment.
2. Gold mining generates important levels of employment and an economic "boom" for local communities.
3. Gold mining generates sustainable development with important levels of income for national and local governments.
4. Gold mining companies today respect human rights.

Our task will be to analyze each one of these claims based on reality and practice in Central America and around the world:

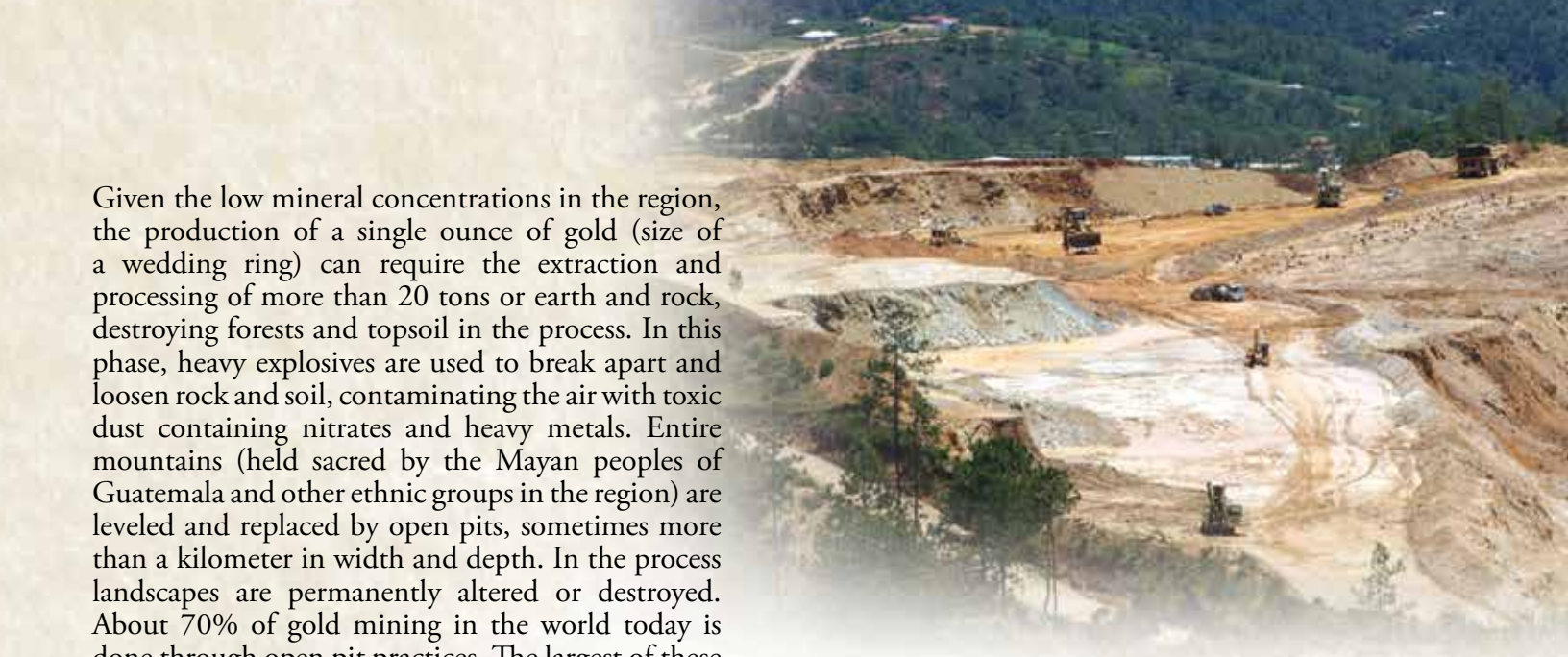
Myth 1

Gold mining today applies new technologies harmonious with the environment

Mining companies today speak in terms of a new form of mining, applying new technologies more harmonious with the environment. In Central America, they use phrases like ***"green mining"***, ***"modern mining"*** and ***"responsible mining"*** in their efforts to generate the perception that things have changed. Nevertheless, practice shows us that every phase of gold mining, from exploration to extraction and processing, continues to threaten the environment in important and often irreversible ways.

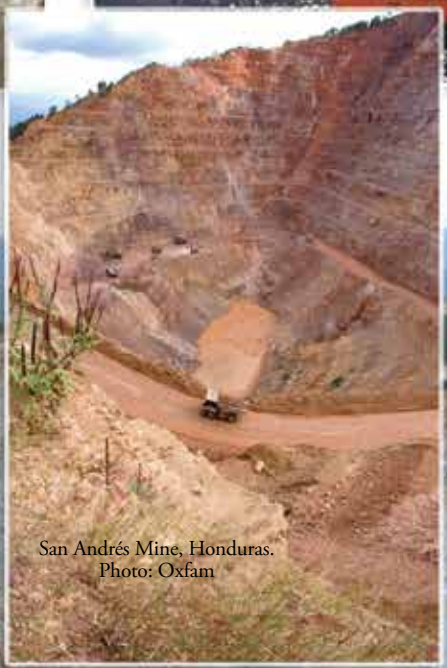
In the exploratory phase, mining companies make hundreds of perforations deep into the earth (often 400 meters or more in depth) in attempts to confirm the presence and grade of gold ore. In the process, aquifers are frequently tapped and traditional water sources for nearby communities are affected, as occurred between 2007 and 2009 in the mining project El Dorado, in Cabañas, El Salvador. In this case, according to reports by the Environmental Committee of Cabañas (CAC), a Canadian mining company destroyed 15 historic water holes in local communities. (2)

Given the low mineral concentrations in the region, the production of a single ounce of gold (size of a wedding ring) can require the extraction and processing of more than 20 tons or earth and rock, destroying forests and topsoil in the process. In this phase, heavy explosives are used to break apart and loosen rock and soil, contaminating the air with toxic dust containing nitrates and heavy metals. Entire mountains (held sacred by the Mayan peoples of Guatemala and other ethnic groups in the region) are leveled and replaced by open pits, sometimes more than a kilometer in width and depth. In the process landscapes are permanently altered or destroyed. About 70% of gold mining in the world today is done through open pit practices. The largest of these mines can be seen by NASA satellites circulating in outer space.



In the phase of extraction, mines destroy forests and topsoil.

Mining companies utilize dynamite to break up the rock and penetrate the earth, contaminating the air with toxic dust and heavy metals.



San Andrés Mine, Honduras.
Photo: Oxfam

In the extraction phase, mining companies leave enormous open pits.

Mirny Mine, Rusia (diamonds)

Some of the largest mines in the world can be seen from outer space.

Copper mine, Winkleman, Arizona, EEUU.

THE IMPACT ON FRESHWATER RESOURCES

Gold mining requires exorbitant quantities of fresh water, an increasingly scarce resource on our planet, for which mining companies rarely pay.

- The Marlin Mine of Guatemala utilizes approximately 250,000 liters of freshwater per hour (according to their own Environmental Impact Assessment), or 6 million liters per day, quantity that an average rural family would utilize in more than 30 years. The Pastoral Commission for Peace and Ecology (COPAE) in the Diocesis of San Marcos has reported that more than 40 communal wells near the mine site have dried up in 8 years of operation. (3)

- A nickel mine in reconstruction on the shores of Lake Izabal in Guatemala and known as the Fenix Project will utilize 16 million liters of water per day (according to its original Environmental Impact Assessment), the equivalent of the entire volume of this lake (the largest in Guatemala) every 19 days. (4)

- According to the Environmental Committee of the Siria Valley in Honduras, an area historically dedicated to cattle-raising and the production of basic grains, the San Martin mine, in 9 years of operation, has dried up 19 of the 23 rivers in the area. (5)

Apart from the consumption of exorbitant quantities of freshwater, gold mining in Central America has contaminated rivers, lakes and aquifers with cyanide, a highly toxic chemical required in enormous amounts for the phase of lixiviation (the process that separates gold from ore). This chemical is a threat to plants, animals, and humans; a quantity smaller than a grain of rice can kill a human being.

In the Siria Valley of Honduras, according to government as well as independent reporting, gold mining has left rivers and other freshwater sources contaminated with levels of cyanide dramatically above international norms (6). Other independent studies demonstrate the same phenomenon in the San Andrés mine in La Union, Honduras, where human error has led to several cyanide spills which contaminated the nearby Lara River, killing fish and other forms of aquatic life. (7)

In Guatemala, the Catholic Church Pastoral Committee in the Diocesis of San Marcos documented contamination with cyanide of the Tzala River in San Marcos (Marlin mine) (8), and similar studies document cyanide contamination in the San Sebastian River of La Unión, El Salvador and the Bambara River on the Atlantic Coast of Nicaragua. (9)

In the year 2000, cyanide and other toxic waste from mining contaminated a key tributary of the Danube River in Romania, killing more than 3 thousand tons of fish and generating a toxic current that travelled 3000 kilometers to the Black Sea.

But the most problematic source of freshwater contamination from metallic mining is acid mine drainage. This phenomenon occurs frequently in gold mining. It appears when subsoil rock has a high sulfide mineral content, a condition common to the volcanic regions of Central America. When the sulfides in the rock are exposed for the first time to oxygen in the air and to water, a chemical change occurs producing sulfates which are, in turn, transformed into sulfuric acid. This acid leaches into surface water and aquifers around the mine site, carrying with it heavy metals from the mine and accumulated waste rock. (10)

Acid mine drainage is a problem difficult to detect during the life of a mine. It tends to appear after the mine has closed and the company has left with the resource wealth of developing countries. What is worse, it is largely irreversible and can last hundreds or even thousands of years. It is for this reason that some analysts refer to it as "mining´s million-dollar time bomb".

A dramatic example of this phenomenon can be found in San Sebastian in the department of La Unión of El Salvador where industrial gold mining existed in previous decades. The communities nearby the San Sebastian River have permanently lost their principal source of fresh water for drinking, cooking, bathing and washing due to contamination from the mining operations.

The San Sebastian River in the department of La Unión, El Salvador is contaminated with acid mine drainage left by gold mining from previous decades.

There are mines in Spain and France from Roman times that are still generating acid mine drainage. (11)

Metallic mining, especially gold mining, is considered to be the principle source of contamination of freshwater with toxic waste in the United States and in other countries with a long history of this industry. A new report by Earthworks, utilizing US government data, indicates that mines in the US are responsible for the contamination with toxic chemicals and heavy metals of more than 27 billion gallons of freshwater rivers and lakes each year. According to the same report, cleanup would require more than $67 billion per year in perpetuity. (12)

CONCLUSION

The low concentration of gold in Central America requires mining technologies highly damaging to the environment in order to be economically profitable for transnational corporations. These technologies damage and contaminate soil and water resources for current and future generations.

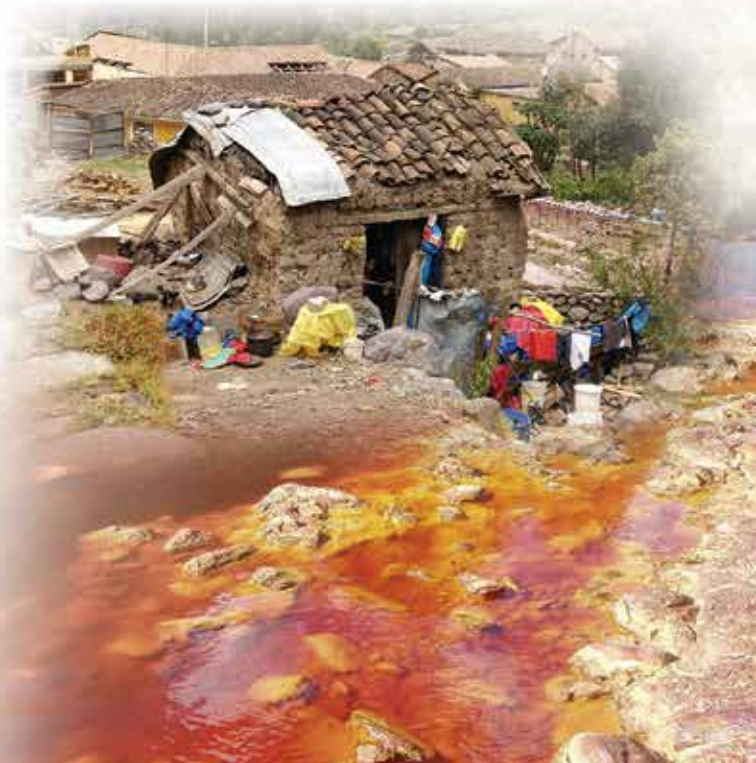
Myth 2

Gold mining generates important levels of employment and an economic "boom" for local communities

It is not uncommon to find gold mining operations adjacent to communities living in abject poverty. One has to ask, how is it possible for a community located in walking distance from an operating gold mine to live in extreme poverty? From this, arises the question: Who really benefits from gold mining in developing countries and who pays the costs?

Mining companies argue that mining generates high levels of employment for local communities. Nevertheless, according to statistics from the International Labor Organization (ILO) of the United Nations, mining today generates only .09% of employment around the world. And the employment that it does generate is principally for skilled and experienced technicians brought in from the outside, not for the people of nearby communities. (13)

The reason is simple: metallic mining today is highly mechanized, requiring less unskilled manual labor than in previous periods. The jobs that are available for local communities tend to be the most dangerous and the lowest paid.

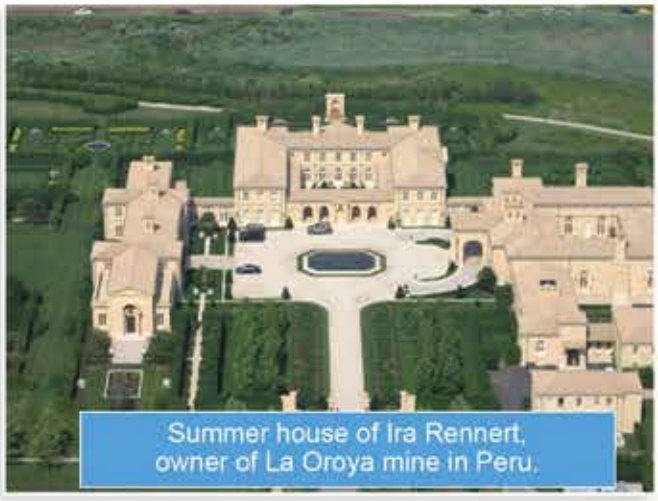


Few people in the communities around a typical gold mine possess the experience or knowledge required for the specialized jobs of modern day mining.

Another important factor is that modern day metallic mines tend to have relatively short life spans:

- The Marlin mine in Guatemala was originally programmed for 10 years of operation;
- The El Dorado mine in Cabañas, El Salvador has a proposed life span only 6 years;
- The San Martin mine in the Siria Valley of Honduras was recently closed after only 9 years of operation.

Hence, employment generated by gold mining in Central America is limited and of short duration. At the same time, the contamination of water, soil, and air from mining tends to impact traditional livelihoods based on agriculture, livestock and fishing. This situation leaves mine workers and the communities in which they live wondering about the future when the mine closes. This is the economic "boom" that local communities inherit from gold mining.



(The economic "boom" generated by gold mining is only for company owners and stockholders)

CONCLUSION

Gold mining in Central America generates few unskilled jobs for a limited time for local communities. The only economic "boom" that it produces is for the owners and stockholders of mining companies.

Myth 3

Gold mining generates sustainable development and important levels of income for national and local governments

Gold mining exploits non-renewable resources. Once the gold and silver of Central America are removed from the subsoil of the region and exported, they will never return. Hence, there is nothing sustainable about this activity. There are also serious doubts regarding the assertion that gold mining generates even short-term wealth for governments and the peoples of developing nations.

In a now famous study focused on the contribution of metallic mining to the economies of developing countries, researchers Jeffrey Sachs and Andrew Warner, from the Center for International Development of Harvard College, concluded in 1997 that "countries abundant in natural resources tend to grow at a slower rate than countries without abundant natural resources". (14)

In a similar study, Michael Ross of the University of California, concluded in 2001, that "there exists a strong correlation between high levels of dependence on minerals and high indices of poverty". (15) The study also found that in countries dependent on the exploitation of minerals:

- Life expectancy is lower;
- Infant mortality is greater;
- Wealth distribution is less equitable;
- Economic instability is greater;
- Levels of corruption, government inefficiency, authoritarianism, militarization and violence are higher.

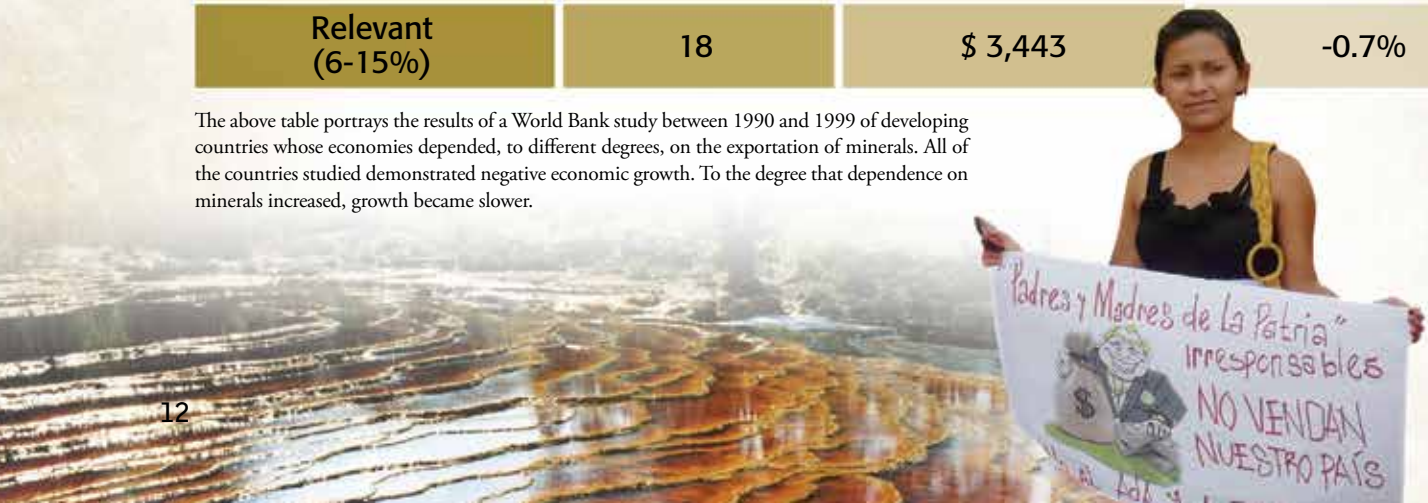
Even the World Bank, who has promoted mining in developing countries around the world, reports that the economies of countries dependent on minerals for exportation tend to grow more slowly (even negatively) than countries without minerals. (16)

World Bank Study

"Treasure or Trouble: Metallic Mining in Developing Countries"
(2002)

Mining products as a percentage of exports	Number of countries	National income/capita (average), 1999 (US$)	Growth in GNP/ capita 1990-99 (%)
Dominant (>50%)	8	$ 1,096	-2.3%
Critical (15-50%)	22	$ 1,040	-1.1%
Relevant (6-15%)	18	$ 3,443	-0.7%

The above table portrays the results of a World Bank study between 1990 and 1999 of developing countries whose economies depended, to different degrees, on the exportation of minerals. All of the countries studied demonstrated negative economic growth. To the degree that dependence on minerals increased, growth became slower.



Six years after the World Bank report, Doctor Thomas M. Power, of the University of Montana, in his study on costs and benefits of metallic mining in Central America, confirmed this reality and concluded:

"In general, metallic mining has not brought substantial prosperity to workers, communities or countries. With a few exceptions, countries specialized in the exploitation of minerals have experienced significantly lower levels of economic growth than other countries during the last quarter century". (17)

The abundance of evidence on the correlation between metallic mining and poverty in developing countries has led many analysts to speak in terms of the "natural resource curse". The underlying reason for this relationship is simple: the economic, social and environmental costs of metallic mining for developing nations are much greater than the benefits.

In an attempt to study this phenomenon further, Christian Aid, a Catholic development organization based in England, conducted a study in 2009 of income generated for the government of Guatemala by the Marlin mine. The Marlin mine is owned by the Canadian company, Goldcorp, and located in the northern department of San Marcos and is one of the largest and richest gold mines in Central America. It is also one of the most controversial, due to the destruction of forests, the contamination of rivers, the destruction of local housing, the forced relocation of local communities, the health problems and the social conflict that the mine has engendered.

Using the company´s data, the Christian Aid study found that in 2005, the year the mine opened, Goldcorp exported from Guatemala gold and silver with a value of $11.7 million, but only paid $130,094 in royalties to the Guatemalan government, 1.1% of the value of gold and silver exported. In the year 2006, Goldcorp exported gold and silver valued at $109.9 million, but only paid $4.7 million to the State, 4.3% of the total value of gold and silver exported. In the year 2007, with the mine fully operational, Goldcorp exported gold and silver with a value of $203.7 million, but only paid the Guatemalan State $11.4 million, 5.6% of the total value (see table below). (18)

Summary Marlin Mine Operations

2005-2008

Source: Glamis Gold (Goldcorp) corporate annual report 2005, 2006, 2007 and 2008

	Total Producction (ounces)		Total sales (US$ million)	Corporate taxes (US$)	Royalties (US$)	Total paid to goverment (US$)	% of sales paid to goverment
	Gold	Silver					
2005	23.858	1.598.400	$11.7	-0-	$130,094	$130,094	1.1%
2006	161,000	1,598.400	$109.9	$3,399.750	$1,298.762	$4,698.512	4.3%
2007	227,200	2,837.300	$203.7	$9,524.892	$1,902.953	$11,427.845	5.6%
2008	241,400	3,212.600	$258.1	ND	ND	ND	ND

Clearly, gold mining has been a bad business deal for Guatemala. This point was confirmed again in a study done in 2010 by the Association for Investment and Social Studies (ASIES) of Guatemala, a conservative research organization. Analyzing the same mining project, ASIES included in its analysis, not only taxes and royalties paid by Goldcorp to the Guatemalan State, but also the value of the jobs generated at the local level, "development" projects executed by Goldcorp in the municipality of

San Miguel Ixtahuacan and other benefits. Even with these additional revenues, the conclusions of the study point to the same imbalance identified in the Christian Aid study:

"The existence of economic benefits derived from the operation of the Marlin mine is evident. Nevertheless, upon comparing these benefits with the distribution of the value of production, and without including economic, social and environmental impacts, it is clear that this distribution is unfavorable for the State, considering that the State is the rightful owner of the gold and silver resources. Based on the figures obtained in the study, an average of 13.9% of the gross value of production of the Marlin mine remains in the hands of Guatemala while 86.1% remains with the mining company". (19)

In the same study, ASIES found that the Marlin mine generated costs three times greater than benefits for the country:

"With the values obtained, costs exceed benefits; taking as a reference the year 2008, by a factor of 3.51. Given that costs are significantly greater than benefits obtained, the economic logic of evaluation of this class of project would advise that the Marlin project is not economically or socially favorable for the country". (20)

We find this same phenomenon in other countries around the world which permit metallic mining. The majority of benefits go to mining companies and the costs remain with the local communities, generating a clear and worrisome relationship between metallic mining and poverty:

- In the past decade, Mali has become the third leading gold producer in Africa, but continues to be listed on the UN poverty index as the third poorest country in the world. (21)
- The province of Cajamarca in Peru is home to the largest and richest goldmine in the Americas, Yanacocha. Nevertheless, Cajamarca continues to be among the poorest and most conflictive provinces in the country. (22)
- The municipality of Bonanza, in the famous "Mining Triangle" of Nicaragua, has experienced over a hundred years of industrial gold mining, yet almost half of the population continues to live in extreme poverty. (23)
- Historic mining regions in the United States (Kentucky, West Virginia, Tennessee) continue to be the areas of least development, highest unemployment and greatest dependence on government assistance. (24)

CONCLUSION

Gold mining in Central America tends to generate very limited levels of income for governments and the peoples of the region. Its costs are much higher than the benefits for local communities, and it undermines economic development over the long run.

Myth 4

Gold mining companies today respect human rights

In his presentation at the World Forum of Mining Ministries in Toronto, Canada in 2006, John G. Ruggie, Special Representative of the Secretary General of the United Nations on Corporations and Human Rights, made the following statement:

"The extractive sector – petroleum, gas and mining -…generates the major part of allegations of the worst human rights abuses, including complicity in crimes against humanity… and an ample variety of abuses in relation to local communities, especially indigenous peoples". (25)

Mining companies in Central America (primarily from Canada), in their insatiable pursuit of wealth, have been notorious for the violation of human rights of affected populations. One of the most important and frequent violations involves the right of local communities to dignified and sustainable livelihoods. An analysis of the practice of the most emblematic metallic mining projects in the region provides us with important lessons in this area:

Marlin Mine, Guatemala.

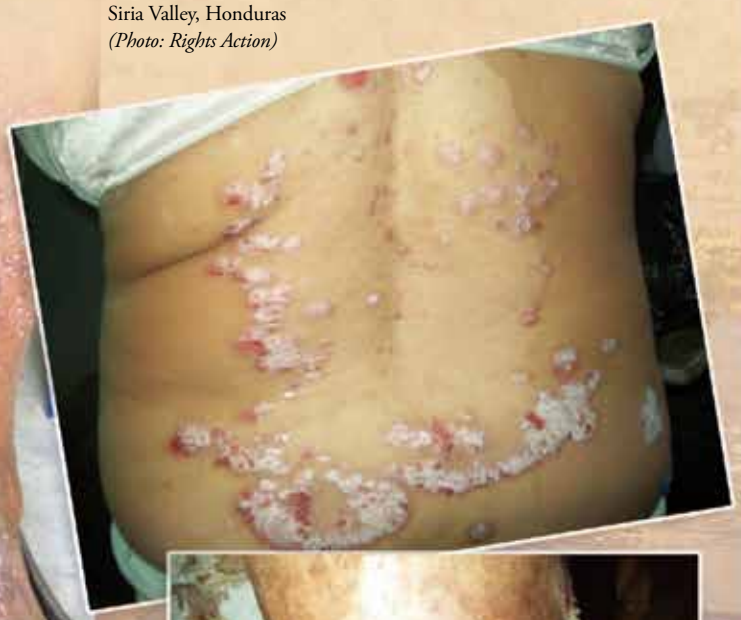
- The Marlin mine in San Miguel Ixtahuacan, Guatemala has destroyed entire mountains, contaminated rivers and aquifers, generated an environment of vice and high levels of social conflict and violence, especially against women. All of this occurred without having solicited the consent of local indigenous communities prior to exploiting their mineral and water resources, a right guaranteed by UN Convention 169 of the ILO. (26)

- The same Marlin mine has destroyed more than 150 houses of indigenous families residing close to the mine site from the vibrations of heavy equipment and the constant use of heavy explosives. (27)

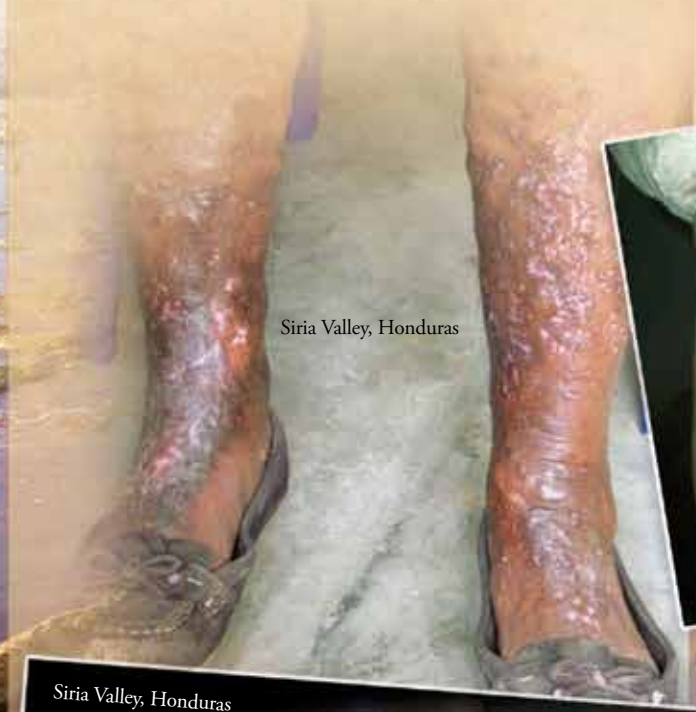
- The Fenix Project in Izabal, Guatemala has forcefully displaced Mayan communities from lands they have occupied for hundreds of years. Former Canadian owner, Hudbay Nickel, is currently being accused of the rape, torture and assassination of local leaders and their families protesting the presence of the mine in their territories. The case is scheduled to be heard in coming months in a Canadian court. (28)

- The San Andres mine in La Union, Honduras, has displaced the entire community of San Andres. (29)

- According to government as well as independent studies, the San Martin mine in the Siria Valley of Honduras has contaminated rivers with cyanide and heavy metals. The contamination of freshwater sources in the area has produced a dramatically high incidence of disease and infant deaths in the communities surrounding the mine. (30)



Siria Valley, Honduras
(Photo: Rights Action)



Siria Valley, Honduras

Siria Valley, Honduras

Siria Valley, Honduras
(Photo: Rights Action)

- The mining project, El Dorado, in Cabañas, El Salvador, has generated an environment of conflict and violence in the municipality of San Isidro and in surrounding municipalities, resulting in the assassination of 5 anti-mining activists between 2008 and 2011, including a woman 8 months pregnant and her unborn infant. (31)

The most fundamental right of countries and communities affected by metallic mining is the right to define their own path towards development and to be consulted prior to the approval of any activity which affects traditional livelihoods or territorial viability. This is referred to as the right to "free, prior, and informed consent". The right pertains, in a special way, to indigenous peoples, guaranteed in the UN Covenant 169 of the ILO, in the UN Declaration of the Rights of Indigenous Peoples and in the Inter-American Declaration of the Rights of Indigenous Peoples of the Organization of American States (OAS). Nevertheless, there is not a single case today in Central America of mining operations that have respected this right of indigenous or non-indigenous communities in areas where gold is being exploited.

Too frequently, the corporate interests of mining companies take precedence over community and national interests and are imposed on populations residing near mining projects. Too often, transnational corporations exercise greater power of decision over the destiny of developing countries than elected national governments.

- Such is the case in Guatemala where mining companies continue exploiting gold and other natural resources in territories of Mayan, Sipakapense and Xinca indigenous groups in spite of more than 74 municipal referendums, with the participation of close to 2 million indigenous people, expressing clear opposition to this industry. (32)

In municipal referendums, almost 2 million Indigenous people have rejected metallic mining in Guatemala.

- Such is the case in Honduras, where a movement of more than 40 civil society organizations (including indigenous peoples) promoted a bill in Congress to prohibit open pit mining, the use of toxic chemicals and the approval of mining licenses without the consent of affected communities, only to face the sudden approval of an alternative bill, developed with the participation of Canadian mining companies, which opens the country without restrictions to metallic mining. (33)

- Such is the case in El Salvador where citizens and governments alike in this small and densely populated country (with a deepening water crisis and environmental deterioration described by the United Nations as being the second worst in the western hemisphere, after Haiti) have announced their opposition to gold mining. The voice of resistance includes some of the most important institutions, and organizations in the country:

- The Salvadoran Conference of Catholic Bishops
- Caritas
- The Human Rights Ombudsman
- The National University
- The Jesuit University (UCA)
- The communities of the upper Rio Lempa watershed
- Environmental organizations
- The National Roundtable on Metallic Mining
- The National Water Forum
- The current president of the nation
- The former president of the nation

The citizens of El Salvador have said "NO" to metallic mining.

Nevertheless, a Canadian mining company, Pacific Rim - recently purchased by Australian mining company, Oceana Gold - insists on its right to extract gold and silver in the department of Cabañas, and has sued the Salvadoran government for over $300 million for having exercised its sovereign right to say "no". (34)

- Such is the case on the border of El Salvador with Guatemala where Canadian mining company, Goldcorp, is moving forward with plans to build a gold and silver mine (Cerro Blanco) just a few kilometers inside Guatemala which affected communities in both countries have rejected and which experts assure is already contaminating nearby rivers with arsenic, threatening the shared Guija Lake and El Salvador´s most strategic freshwater source, the Lempa River. (35)

CONCLUSION

Gold mining in Central America continues to violate the human rights of the region´s peoples and inhibits the sovereign search for sustainable development options.

FINAL CONCLUSIONS

A serious and objective analysis of metallic mining in Central America, based on evidence provided by the most emblematic mining projects in the region, offers important lessons on costs and benefits as well as winners and losers. In the process, it demonstrates that the promises or "myths" promoted by transnational mining companies to win hearts and minds in favor of this industry are false.

There is no metallic mine in the region that has not damaged the environment in serious ways. Gold mining threatens the region´s environment because of the technologies that are used. New technologies make mining operations more cost efficient, but they do not significantly reduce the environmental impacts.

Due principally to its impact on water and soil, gold mining in Central America threatens traditional livelihoods based on agriculture, fishing, cattle-raising and small industry while generating relatively few jobs for a limited time. This is significant when considering the enormous demand for employment that exists in the region, an issue that tends to become more complex and urgent over time.

Gold mining generates more costs than benefits to surrounding communities, provides little income to the countries of the region, threatens important sectors of national economies (like tourism and agro-exportation) and actually undermines sustainable socio- economic development. Finally, gold mining in Central America, as in many other parts of the world, continues to systematically violate the most fundamental rights of citizens (especially of women and indigenous peoples) and threatens the social fabric of a region still recovering from decades of political polarization and civil war.

This is the reality of gold mining in Central America and in most of the developing world. Minerals are important for industrial development. But this does not justify mining in any region or under any circumstances.

This is especially true for gold mining. Gold mining generates a product of luxury more than of need - more than 80% of gold extracted from the earth today is utilized for jewelry. The amount of gold circulating on the world market today (or that could be recycled) is more than sufficient for to meet industrial needs.

Responsible mining (metallic and non-metallic) requires good governance. Good governance means public policies, programs and practices that assure:

- the active participation of an informed citizenry in the decision making process on extractive industries,
- the prohibition of technologies and practices that threaten the environment,
- the institutional capacity (of government and civil society) to effectively monitor and regulate extractive industries,
- the channeling of extractive revenues into programs of poverty alleviation and sustainable development,
- transparency in the payment and use of extractive revenues.

Good governance must also include the option of prohibiting metallic mining in certain regions of the world, like Central America.

It is important that countries with mineral resources in Central America (especially those with gold) exercise their right to know and to decide based on their own analysis of costs and benefits in the face of a new offensive by mining companies in the region.

We hope that the information, evidence and insights offered in this document will contribute to that analysis, enriching and informing the debate in the north, where mining companies are based, as well as in Central America. Most of all, we hope that it motivates policy decision-making that benefits integral human development, based on the sustainability of our planet, national sovereignty and the rights of the poor and those traditionally marginalized from decision-making processes.

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