

Canada Throws Ecuador into Reverse

When a little nation reined in big miners, our ambassador got very political.

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Canada is "re-engaging with the Americas." That's what Minister of International Trade David Emerson told the Canada Council for the Americas in Vancouver this past February, elaborating that Canada wants to play "a positive role" to "help citizens throughout the region thrive in the world."

"You can count on Canada and Canadians," Emerson assured.

But in Ecuador, a small Andean nation a quarter the size of British Columbia, Canada's government has aligned itself with powerful Canadian mining interests to undo a recently passed decree crafted to strengthen protection for human rights and the environment.

The government decree, hailed as a momentous victory by a grassroots movement fighting big mining projects in Ecuador, would halt what critics call a pell-mell method of granting mining concessions heedless of communities' wishes or damage to nature.

Canada is a top investor in Ecuador and Canada's ambassador to Ecuador is Christian Lapointe. Lately, he has been very busy helping to put Canadian mining companies in good stead with the Ecuadorian government. Two companies have projects suspended and have been involved in violent confrontations with protesters. These and more than 20 others have had the constitutionality and, in some cases, legality of their mineral rights challenged.

The ambassador would seem to be simply carrying out his mandate. On the embassy website it is written: "to promote Canada's economic interests in Ecuador to support the efforts of Canadian companies who have selected Ecuador as a target market."

Salvador Quishpe, a former Ecuadorian congressman from the national indigenous movement, has a different view of how Lapointe should be spending his energies. "The ambassador should not act in service of the economic interests of his multinational companies, but in service of people's lives," proposes Quishpe.

"The ambassador needs to take responsibility. Not to just come and see where the gold and copper are, but to see what life is about here, in order to respect the lives of Ecuadorians."

Quishpe is also a spokesperson for a nationwide movement opposed to large scale mining in which Canadians -- with the aid of their ambassador -- are by far the most dominant players.

Ecuador's buried riches

Vancouver-based Dynasty Metals & Mining says that Ecuador's gold, copper and other ore deposits hold "tremendous potential."

Dynasty boasts on its website of being the "largest concession holder in southern Ecuador." It holds about 1,300 square kilometres in mineral rights, nearly the size of Glacier National Park.

One of the biggest recent gold discoveries was made by Toronto's Aurelian Resources. Its Fruta del Norte project in Salvador Quishpe's home province could become the second biggest gold mine on the continent. It has also attracted a handful of Canadian companies to buy nearby concessions.

Beyond healthy deposits, Dynasty also points out that "Ecuador has done much to foster and encourage foreign investment in its mining industry." Dynasty's website highlights Ecuador's adoption of the U.S. dollar in 2000 and neo-liberal mining law reforms around the same time.

Until this spring, Canadian firms were pleased to be operating in a country whose government had abolished a 3 per cent royalty on mineral production payable to the national treasury. By law, the government was prohibited from being able to take away mineral rights for reasons such as negative environmental or social impacts.

Bold new mining decree

But then, in late April, Ecuador's legislative body, the National Constituent Assembly, passed a sweeping new mining decree that seemed to spell doom for the industry and mining companies were shaken as stock prices tumbled.

Former assembly president Alberto Acosta, also past minister of Energy and Mines for President Rafael Correa, is an economist and environmentalist. Acosta has provided important support to the grassroots movement opposed to large scale mining.

During final debate over the decree, Acosta called the decision "historic," saying that it would bring an end to the "free for all" over mineral rights in the country. By this time over 5,000 mineral concessions had been granted or were in the process of application. Covering more than one fifth of Ecuador's national territory, 60 per cent were in the hands of only twelve concession holders.

Quishpe points out that "concessions don't pertain to any natural resource management plan," saying "they were granted without even verifying first what was there: a mountain, a valley, even an entire town."

The decree responded to such concerns. It suspends all large-scale mining activity and orders vast numbers of mineral concessions cancelled for reasons such as failure to consult with communities, proximity to headwaters and overlap with protected areas.

As the assembly broke into applause, Acosta said that whereas "companies have specialized in how to divide communities" leading to "near civil war" in parts of the country that "it is our responsibility to help recuperate the peace."

Quishpe was one of a number of protesters captured and treated cruelly during a confrontation with armed military and private security forces in the southern Amazon at the end of 2006. Concurrent with the election of President Correa's government, such conflicts flagged how important mining would be for this administration.

But there was a trap in the decree, says Jose Cueva, an environmentalist from the northwestern Valley of Intag: "One hundred and eighty days to rewrite the new mining law."

Getting in before the new constitution

Industry's timeline has taken over. Now only about 80 days following the mining decree, the Ministry of Mines and Petroleum has already handed a new mining law to the president. While also paying minimal attention to criteria for concession cancellations, such as community consultation or proximity to water supplies, the rush to write the law could override changes being made to the political constitution. The constitution is due to be completed by the assembly on July 26th.

Calling for a "national mining dialogue," Minister of Mines and Petroleum Galo Chiriboga kicked off discussions about the new mining law in a special meeting with industry leaders on April 28th. However, in January Chiriboga had already announced talks requested by companies such as Corriente and Aurelian that included such plans.

Not enough, Canadian companies received a personal invite to the launch from President Correa. Ambassador Lapointe helped set up the meeting.

Eight companies were represented together with the embassy, President Correa and his advisors, as well as the Minister Chiriboga and his advisors. Lapointe is reported to have "presented concerns of the Canadian government for a fair, stable and long-term investment environment in Ecuador."

Darryl Lindsay, president of the Mining Committee for the Ecuador-Canada Chamber of Commerce, says that companies followed up by forming a "Council of Responsible Mining Companies." It includes the eight companies with "a single representative that groups together a lot of the smaller companies." "Via the council," Lindsay says, "we have participation" at each of more than half a dozen meetings around the country with a representative at each of the working groups.

Invited, but hardly feeling welcome, grassroots groups that have been in ongoing conflicts with companies didn't find much room to participate. Lawyer and water activist Carlos Perez called the process "a mining monologue." The Federation of Campesino Organizations from the south-central province of Azuay, of which he is part, chose to present feedback about the new law after the dialogue was over.

Other groups simply refused to participate. "It's an anachronous process without any legitimacy," says Jose Cueva. "Once the new constitution is in place, then we can begin seriously working toward a new mining law."

In Cueva's mind, putting the law before the constitution means "that the advances achieved within the new constitution won't be binding. Like the right to water, the

rights of nature, and [other changes] that aren't defined yet." Other changes could pertain to indigenous territorial rights and community right to consent.

Based upon a draft mining law, industry is already breathing a sigh of relief.

Prosperity and security

The new draft law promises to reinstate royalties competitive to the region and redistribute revenue to local authorities. That will be if companies can get a drill in the ground. People might still stand in the way.

"We didn't think that we could have a worse law. But now we see that we were wrong," says Carlos Perez. He is not referring to the absence of strong environmental protections. Nor is this a comment about how community consultation regulations have regressed, although he says these are issues too.

"When they included the public forces in order to control the communities, they managed to make a law worse than the last," states Perez. "Far from protecting the population, those that demand the right to live, the right to health, the right to life, far from protecting them, this protects the multinationals."

A draft of the new mining law "guarantees the continuity of mining activities through the intervention of the public forces at the petition of the mining contractor."

"If they approve this law as is," says human rights lawyer Wilton Guaranda, "it will mean that later on they will see much greater problems than those that exist." He notes how militarization in oil producing areas has deepened local conflicts, which occasionally become deadly.

The solution, he suggests, is greater respect for democracy. "It is a sensitive theme" Guaranda says, "that should be analyzed later with the utmost caution," indicating that the new law should wait. "The constitution should be the reference point for both communities and companies."

Last July, Prime Minister Harper traveled to Santiago, Chile and boasted of "Canada's foundational values of freedom, democracy, human rights and the rule of law" as he vowed to help expand "opportunities to all citizens" while spearheading Canada's "re-engagement in the Americas."

In Ecuador, those trying to rein in the ambitions of Canadian mining firms may wish Harper and his powerful friends could be less engaged with their small country. At least long enough to let citizens there democratically decide the fate of their mineral resources.