

**Extracted from:**

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**South-East Ecuador: a new mining frontier?**

This study is located south east of the city of Cuenca towards the border with Peru in and around Gualaquiza, the largest town in the vicinity of two large scale mining projects. Gualaquiza is located right on the border between Morona Santiago and Zamorra Chinchipe provinces. The mining projects that are being contested are owned by two companies: one, Corriente Resources whose projects are located north east (Panantza and San Carlos) and south east of Gualaquiza (Mirador), and Aurelian Resources which owns the Fruta del Norte project (soon to be taken over by another Canadian company -Kinross Resources) is also located south east of Gualaquiza, further south of the Mirador project and right on the border of with Peru in the Condor Mountain Range.

Corriente Resources is a Canadian natural mineral resource company that since 1992 has been engaged, through its subsidiaries, in the acquisition, exploration and development of mineral resource properties, primarily in South America. Since 2000, Corriente has been pursuing the development of its mining concessions in the Copper Belt in South Eastern Ecuador, most notably the Mirador project. In October 1999 and April 2000, Corriente entered into two option agreements with BHP Billiton Plc. and received the option to acquire a 70% interest in a large package of mineral exploration properties identified by BHP Billiton in the Rio Zamora valley in southeast Ecuador.

The Fruta del Norte (FDN) discovery lies at the heart of the Condor Project properties, located in South Eastern Ecuador along the Cordillera del Condor mountain range. It consists of 38 mining concessions totalling approximately 95,000 hectares. The project is owned by Aurelian Resources Inc. which is a Canadian, publicly-listed (TSX:ARU) resource company engaged in exploring, discovering and developing mineral wealth in Ecuador. The company describes the project as “including 58.9 million tonnes grading 7.23 g/t gold and 11.8 g/t silver for 13.7 million ounces of contained gold and 22.4 million ounces of contained silver.”

Morona Santiago is located north of Zamora Chinchipe and has similar geography with lowland Amazon towards the east, and highland jungle towards the west. A large part of the Sangay National Park, declared by UNESCO as Natural Patrimony of the Humanity is located in Morona Santiago. The Eastern mountain range is the highest and most important in the province. The elevations of greater altitude are: the Altar (5319m) and the Sangay (5230m) and other mountain ranges of smaller altitude: Condorzazo, Huamboya, Logroño, Cruzado and Patacocha. The Cutucú old mountain range is located to east, next to the Upano River valley. In the South Eastern part of the province is the Cónдор mountain range historically the area of military confrontations between Ecuador and Peru.

Gualaquiza is located midway between the western mountain range and the Condor mountain range where various rivers originate, such as the Zamora and Bomboiza rivers that feed into a web of rivers that flow down towards the Zamora Chinchipe province.

Zamora-Chinchipe, south of Morona Santiago, has a very varied geography due to the influence of the Eastern and Condor highland areas. Situated at the confluence of the Zamora and Bombuscara rivers, the province as a whole is rich in natural beauty and has a wealth of plant and animal species. The Podocarpus National Park is located on the south eastern part of the province and is a cloud forest, stretching west to east from the city of Loja to Zamora. It is home to many rivers and various species of bird in its 146,200 hectares. Elevations in the park range from 1,000 to 3,000 meters with temperatures varying from 8 to 20 degrees centigrade. According to the Fundacion Arco Iris that has contributed to the conservation of the Park, the Podocarpus Park also has more than 100 lakes and an uncountable number of waterfalls and canyons and a myriad of plants and mammals. The southern area of the province towards the border with Peru is the country's "mining capital" with artisanal and small scale gold mines in Nambija, Chinapinza, and Guayzimi.

### **Mining Conflicts in South East Ecuador**

The conflicts related to mining are not new to the area of Gualaquiza. In 1992 a mining company Antemin Cia. Ltd. purchased the rights to 1250 hectares gold-mining concession located in the county of Gualaquiza, on a site known as "La Misionera" alongside the Bomboiza River. This area is inhabited by the Shuar and "colonos"<sup>1</sup> from the highlands that migrated to the area approx. 50 years ago. The area of the concession includes the Shuar centre of Pumpuitz (Bomboiza), Nayanmak, the colono parish of Mercedes Molina, the parish of Bomboiza, and other small communities.

A student, at the time in the University of Wisconsin –Madison, performing his field studies and working with the Federation Shuar-Achuar, an indigenous organization based in Sucua, province of Morona Santiago became involved with the struggles in resistance to the mining project. During his time there, he travelled with the coordinator of the federation to different Shuar "centros" that were struggling to defend their lands from outside development. He describes that during an assembly in the Gualaquiza Municipal Council on November 12th, 1993, people voted unanimously to prevent the company from exploiting the mine, and an assembly at the Asociacion de Bomboiza (in the Shuar centro of the same name) where again both Shuar and colonos resolved to fight to the end.

The local resistance to the company was composed by the "Comite pro-Defensa del Valle del Bomboiza," and the Asociacion de Bomboiza, part of the Federation Shuar organization representing 21 Shuar centres in the area, both within and without the concession. Other principal actors have been the Federation Shuar-Achuar, IERAC (Ecuadorian Institute of Agrarian Reform and Colonization), Fundacion Arco Iris, Fundacion Natura, COFENAIE (Confederation of Indigenous Nationalities of the Ecuadorian Amazon), CONAIE (Confederation of Indigenous Nationalities of Ecuador), and the Gualaquiza County Municipality.<sup>2</sup>

Though it remains unclear as to the reasons for the Misionera project not being developed the experience has left an important antecedent of conflicts and struggles related to mining in the area. Yet another example, (though more an ecologically

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<sup>1</sup> Colono refers to the immigrants that in commonly come from the Andes highlands

<sup>2</sup> Source: document written on July 26, 1994 in Native-I by Gilles Combrisson

based struggle) around the same time is found further south of Gualaquiza, in the province of Zamora Chinchipe.

The Podocarpus National Park was declared a national reserve in 1985 and is located south of Zamora and east of Loja. However, in the same year the Ecuadorian Mining Institute granted mining concessions to several domestic and foreign companies. Almost the entire Park was allocated in concessions. One of the companies, the Norwegian company Ecuator S.A. that operated with under the name of their subsidiary Cumbinamasa S.A started exploration activities in the park. Later, Cumbinamasa struck a joint venture with British mining giant Rio Tinto Zinc in order to expand its project early 1990's.

The mining activities were not widely known until students from the Imperial College of Science in England made an expedition to the Park at the beginning of 1990 in search of parrots but to their dismay found machinery and mine workers. Concerned for the delicate environment of the national reserve, the students together with the local ecologist organisation Arcoiris and national NGO Accion Ecologica started an international campaign to protect the Park. They found that not only was the concession and the exploration activities illegal, park rangers were not allowed to enter the Park; the national police and the army collaborated to control entrance into the Park, and the Park suffered environmental damage due to the clearance of vegetations and contamination of rivers with mercury. The students prepared a second expedition to the area a year later and filmed the documentary "Parrots of Peril" shown to European viewers early 1992.

RTZ pulled out of the Park, for various reasons such as lowering mineral prices, but also because it is company policy not to work in protected areas. They feared the bad publicity when confronted in their Annual meeting in 1992 with a delegation from Ecuador and after an evaluation of risks and complications decided best to leave the Park and have not shown interest in Ecuador since.

### **Conflicts and Movements Today in the Area**

Since RTZ left Ecuador conflicts related to large scale mining activities appears to have been rather dormant. Even though, mining activities have continued, concessions given to varying companies, exploration activities being carried out etc. After the struggles mentioned above, the rise in conflicts related to large-scale mining do not arise until mid 1990's in the north of the country, while in the south confrontations and tensions start to become visible at around 2005- 2006.

Below are some important events in the conflict:

- 2005 communities in the vicinity to the mining projects start to find out that large scale mining projects are developing
- 2006 (more or less) resistance to mining, meetings and conferences discussing mining, exchange of information etc.
- Oct-2006- conference held in El Pangui more than 500 participants in the municipalities of Llansasa and Gualaquiza. In this meeting some mine workers attended and there was public verbal confrontations
- Nov 2006 Shuar communities occupied the San Carlos and Panantza concessions of Corriente Resource, they still remain in the area up to date

- Dec 2006 Shuar and Saraguro federations, populations of Gualaquiza, El Pangui, Yantzantza, Yunganza and Bomboiza try to cross bridge to Corriente concession to protest and experience violence from Ecuadorian army contracted by company
- Jan-2007 international observer delegation was called upon by the municipality of Gualaquiza to approach the Corriente concession to verify if indeed the area was militarised; the delegation was first confronted by a 'pro-mining' street mobilisation and later prevented by the police and the army from approaching the concession area
- March-2007 Shuar leader taken by mining Company (Corriente) to Canada, publicly accuses Mining Watch Canada of preventing the development of his people, of instigating fear and promoting anti-mining activities etc. Later ousted by Shuar federation
- June-2007 National uprising in relation to mining and hydroelectric projects, road blockades that lasted for days, confrontations with army and civilians
- June-2008 'anti mining' protests in Cuenca, violent confrontation between University students and police, student held hostage,

Ecuador may be moving towards a regionalisation of mining by focusing on developing mining activities in the south, where numerous concessions in the provinces of Zamora Chinchipe, Morona Santiago and Loja have been granted. The 1998 Brasilia Peace Accord between Peru and Ecuador (a peace agreement following the war along the border) sought to promote the development of the border region, facilitate transport integration between the two countries and promote free trade across the frontier, including mining projects<sup>3</sup>. What we may be moving towards is a situation where the activities of transnational corporations straddle frontiers where such collaborative investment projects are almost certain to raise questions of sovereignty, as well as issues of security for people living in the copper belt.

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<sup>3</sup> See document Acuerdo de Integración Fronteriza de Desarrollo y Vecindad firmado entre Ecuador y Perú art.11 title II and the Anexx 5 under the Project of the Program D.