

Ore & building materials extraction

Keywords

- > Gold
- > Pacific Rim
- > International arbitration under CAFTA
- > Activist assassinations
- > Project suspension

Introduction

Located in San Isidro, Cabañas, the El Dorado mine is about 65 kilometres east of San Salvador, and 420 metres (1377 feet) above sea level. The area enjoys tropical weather and is characterised by humid subtropical forests. The Project is situated in the Rio Lempa Basin, Copinolapa, San Francisco and Titiuhauapa.

There were 11,000 inhabitants in the area when exploration activities began in 2005. Cabañas has one of the highest poverty rates in the country.

The project—currently suspended—has generated great controversy because the activists opposing it have been assassinated. In addition, the company filed a polemic lawsuit against the Salvadoran State.

Background

There were small scale and underground mining activities in the region around the 1950s. The El Dorado Project is now fully owned by and the main project of the Canadian company Pacific Rim Mining Corporation, through its subsidiaries Pac Rim Cayman LLC and its Salvadoran companies Pacific Rim El Salvador S.A. and Dorado Explorations S.A.

The exploration of El Dorado began in 2002. The company applied for the necessary concessions to exploit the founded gold sites. In 2008, an exploration took place to determine the estimated reserves.

Project

The Project has three concession licences that cover 144 square kilometres (55.5 square miles); two of the licences will expire in 2013. The gold and silver veins in El Dorado are part of several formations that span a large area of approximately 50 square kilometres (19.30 square miles). It is an epithermal formation in terms of its mineralisation characteristics, meaning mineralisation occurred between 1 and 2 kilometres from the surface and was



Protests against water contamination by mining activities

Source: Mines and communities, "El Salvador: Communities oppose Pacific Rim Mining Project", 10 November 2005. minesandcommunities.org/

deposited there by hydrothermal fluids that are inherent to active volcanic areas.

According to company data, the reserves are close to 1.4 million ounces equivalent to gold in combined materials. The Project has a lifespan of 10 years and a projected 6.2 years of mine life (Pacific Rim, 2012).

A total of 670 holes have been drilled in El Dorado. Gold and silver concentrations were found in most El Dorado veins, and three extra deposits discovered. The gold and silver resources are located in five different veins: Zancudo, Minita, Minita 3, Nueva Esperanza and Coyotera.

According to the official company website, the Project is expected to have an operational cost of 163 dollars per ounce of gold (Pacific Rim, 2012). However, explorations in the area have been mostly undertaken without any support to communitarian or environmental initiatives.

While the company submitted an Environmental Impact Assessment (EIA) for approval in September 2004, the national environmental authority has yet to respond to it. The Pacific Rim's activities were suspended in July 2008, until the necessary permits and concessions are issued under Salvadoran law.





Location of the El Dorado Project



Francisco Durán Ayala - the fourth anti-mining activist murdered in Cabañas.
Source: CDHAL, 2011



El Dorado Project"
Source: official website of Pacific Rim Mining Corp: pacrim-mining.com/s/ES_Eldorado.asp

Impacts

According to the EIA submitted by the mining company, there were no major negative effects foreseen in terms of the people or the environment. Understandably, this document drew criticism from several civil society organisations.

One of the impacts of the Project concerns water use. Estimates show that over 36,000 litres of water per hour (over 10.4 l/sec) is needed for metal extraction. The Ministry of Natural Resources has confirmed that water used to explore and perforate tunnels in the mine have already depleted water sources. Community members also state that the company began to bring water trucks to the mine daily because natural sources have been exhausted.

Meanwhile, chemical waste from the sodium cyanide, lead salts, zinc and caustic soda used in the exploitation process has contaminated remaining water sources. It is important to note that the Project's processing plant uses cyanide, and thus its waste has traces of

this component.

Conflict and consequences

Conflict erupted in 2002, when the company began to explore the mine and filed the Project to obtain the necessary concessions. A main theme in the struggle against the mining company is the lack of information and transparency with the local population when it first entered the area.

The chief organisations against the mine are Comité Ambiental de Cabañas para la Defensa del Agua y los Recursos Naturales (Environmental Committee to Defend Water and Natural Resources); la Asociación de Amigos de San Isidro-Cabañas (Friends of San Isidro-Cabañas Association) and Mesa nacional frente a la minería metálica en El Salvador (National Table against Metal Mining in El Salvador).

To secure the concessions, the company is engaged in intense lobbying efforts with the authorities. It also promotes the Project during local soccer matches or regular community meetings. Locals claim that the company has divided the community. The schism grew

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2002	Pacific Rim enters the Cabañas area to explore El Dorado
2002-2004	Exploration begins, the first protests of the community
2004	EIA submission
2008	Pacific Rim suspends exploitation activities, site maintenance and exploration activities continue
2009	Arbitral lawsuit under ICSID
2009	Human rights defenders and environmental activists assassinated, irregularities in trials denounced
2012	First resolution of ICSID on competition—against Pacific Rim
2002-20012	Continuous community demonstrations
2002	Pacific Rim enters the Cabañas area to explore El Dorado
2002-2004	Exploration begins, the first protests of the community

Chronology of Major Events



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wider when the company decided to suspend its activities in 2008, which affected the group that had benefited from it.

In April 2009, the company filed an arbitration lawsuit before the International Centre for Settlement of Investment Disputes (ICSID), under the Central American Free Trade Agreement (CAFTA) between the United States and Central America. It argued that the rules of international law and Salvadoran legislation under chapter 10 of CAFTA had been violated. The mining company hopes to receive USD 77 million for delays caused by the Salvadoran State in the execution of the Project.

Since then, tensions have increased due to several instances where the human rights of anti-mining activists in Cabañas were violated. Marcelo Rivera was kidnapped and found several days later, bearing signs of torture. The priest Luis Quintanilla suffered a kidnapping attempt but escaped unharmed. The lawsuits filed have been plagued by claims of irregularities.

Sadly, four activists opposed to the Project have been killed: Dora "Alicia" Recintos Sorto and Ramiro Rivera Gómez (together with Felicita Echeverría). In 2011, the Inter-American Court of Human Rights (IACHR) condemned the assassination of Juan Francisco Durán Ayala (CIDH, 2011), a human rights defender and activist with the Comité Ambiental de Cabañas para la Defensa del Agua y los Recursos Naturales (CAC Cabañas Environmental Committee to Defend Water and Natural Resources). On 2 June 2011, Durán Ayala had placed posters and banners asking for the approval of a law against mining activities and demanding the company leave the Cabañas area. He was seen alive for the last time the following day, when he left his home to go to Universidad Tecnológica de El Salvador (El Salvador Technical University). According to information received by the IACHR, his body was found with two shots in the head in the municipality of Soyapango, on 4 June 2011. The IACHR urged the Salvadoran government to investigate the case and denounced threats against human rights defenders.

In June 2012, ICSID determined that the mining company did not have substantial activities in the United States in the past or present, and decreed that the case be tried under Salvadoran law.

More on this case

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