

Summary:

Canadian mining companies are major players in the Americas. But the record shows that they are often more interested in profits than people. As a market leader in the mining sector, Canada must also become a leader in addressing the social and environmental ills that so often characterize the industry.

Quick Facts:

- 60% of the world's publicly traded mining companies list on Toronto stock exchanges.¹ Between 2007 and 2011, Toronto stock exchanges raised over a third of equity capital in the global mining sector. Canadian mineral exploration in Latin America and the Caribbean rose from 35% to 50% between 2002 and 2007.²
- Over 500 Canadian companies have invested about \$40 billion in Latin America with over 1,000 mining properties in the region. Official figures greatly underestimate actual investment due to Canadian companies' frequent use of Offshore Financial Centres.³
- According to a suppressed 2009 report commissioned by the Prospectors and Developers Association of Canada, Canadian mining companies are implicated in four times as many violations of CSR as mining companies from other countries.⁴
- Canada is the largest foreign investor in Chile's mining sector and is expected to contribute nearly a third of investment to the sector in the coming five years. Barrick Gold recently withdrew its request for public financing of its Chilean Pascua Lama project after an outpouring of criticism about outstanding lawsuits, mine worker deaths, irreparable damage to glaciers, state sanctions against the company and ongoing problems regarding water quality and quantity affecting farmers in the area.⁵
- Latin Americans who defend their families and communities from the impacts of mining are increasingly under threat. Violent threats, attacks, repression, murder and false charges against environmental defenders have become commonplace. Recently, Bernardo Vásquez Sánchez, an outspoken opponent of Fortuna Silver's operations in Oaxaca, Mexico, was killed - the second murder related to this conflict since January.⁶ In Colombia, Father José Reinel Restrepo was killed in September 2011 after speaking on national television about Gran Colombia Gold's plans for an open pit mine that would displace small-scale miners in the town of Marmato.⁷

Key Issues:

Human Rights and Environmental Issues

Canadian companies in Latin America are frequently associated with human rights violations and environmental degradation. Resource extraction often occurs in remote regions of the Americas where indigenous peoples or peasant farmers live. Rural peoples are often forcibly displaced from their lands to make way for multinational companies⁸ and criminalized when they protest.⁹ The concept of Free, prior and informed consent (FPIC), understood as the right of indigenous

peoples to approve or reject projects that may affect them or their lands and resources, is seldom respected despite its being enshrined in international law.

In countries such as Colombia, Canadian companies can exacerbate existing conflicts. Canadian oil and mining companies are working in some of the most active conflict zones in Colombia. Regions rich in minerals and oil have been marked by violence, paramilitary control, and internal displacement. It is estimated that these resource-rich regions are the source of 87% of forced displacements, 80% of violations of human rights and international humanitarian law, and 83% of assassinations of trade union leaders in the country.¹⁰

The gradual degradation of the environment by mining companies, including the contamination of land and drinking water and the deterioration of living conditions, is well documented by civil society groups.¹¹

Lack of Regulatory Mechanisms

Canada lacks the regulatory mechanisms necessary to enforce human rights and environmental standards for its companies operating abroad. The 2007 *National Roundtables on Corporate Social Responsibility (CSR) and the Canadian Extractive Industry in Developing Countries* set out recommendations for a CSR framework of good conduct for Canadian extractive companies operating abroad. The framework recommended establishing reporting obligations for Canadian companies, and creating an ombudsman to receive and investigate complaints. Instead of implementing these recommendations, the Canadian government established the Office of the Extractive Sector CSR Counsellor. The Office has been widely criticized for being expensive and ineffective. It can only review extractive companies with their explicit consent and is not equipped to undertake fact-finding, assess wrong-doing or apply sanctions.¹² It has spent \$1.1 million in the past two years, but has yet to mediate any cases.¹³ There are examples of regulatory mechanisms in other countries that have been used to sanction Canadian companies when human rights and environmental concerns go unaddressed. Danish pension fund SamPension, which manages the pension funds of public employees in Denmark, divested from Canadian company Goldcorp over pollution concerns at the company's Marlin mine in Guatemala.¹⁴

Recommendations

- That Canada establish a mandatory framework to ensure that companies are held to account for their activities when operating abroad, typically in areas of weak governance. Bill C-300, which was narrowly defeated in October 2010, would have been an important step. It aimed to make Canadian public support for companies operating abroad conditional on abiding by a set of standards.
- That the Canadian government make public support – such as export and project financing and services offered by Canadian missions abroad – conditional on companies meeting clearly defined corporate social responsibility and human rights standards, such as through the mechanism of human rights impact assessments.
- That the Canadian government strengthen monitoring and oversight of Canadian corporations operating abroad, including its capacity to respond to complaints promptly, undertake investigations, and recommend appropriate measures against companies violating established guidelines.

- That clear legal norms be established in Canada to ensure that Canadian companies and residents are held accountable when there is evidence of environmental and/or human rights violations associated with the activities of Canadian mining companies
- That Canada remove barriers to justice for victims of human rights abuses related to Canadian companies' operations abroad who want to seek remedy in Canada.
- That Canada recognize the right of Indigenous communities to "free, prior and informed consent" by ratifying the International Labour Organization's Convention 169 and by implementing the United Nations Declaration on the Rights of Indigenous Peoples, which it endorsed in November 2010.
- That Canada actively support human rights defenders throughout the region, especially when environmental defenders with concerns related to Canadian companies' activities face threats.
- That Canada prioritize governance capacity building in the area CSR in its efforts to promote good governance and private sector development in Latin America. This should include the identification and protection of "no go" zones of great ecological, cultural and social sensitivity, as well as independent human rights and environmental impact assessments prior to mining operations being developed.

¹ [Mining Watch: Canadian Mining in Central America \(2011\)](#)

² [Economic Commission for Latin America and the Caribbean: Foreign Investment in Latin America and the Caribbean \(2007\)](#)

³ [Economic Commission for Latin America and the Caribbean: Foreign Investment in Latin America and the Caribbean \(2007\)](#)

⁴ [MiningWatch Canada: Suppressed Report Confirms International Violations by Canadian Mining Companies \(2010\)](#)

⁵ [Halifax Initiative: Barrick Gold Fails to Obtain Financing for Pascua Lama \(2012\)](#)

⁶ [Mining Watch: Murder of Indigenous Opponent of Canadian Mine \(2012\)](#)

⁷ [Mining Watch: Response from Marmato, Colombia to the murder of Father José Reinel Restrepo \(2011\)](#)

⁸ [Peace Brigades International Colombia: Mining in Colombia: At what Cost? \(2011\)](#)

⁹ [MiningWatch Canada: Murder of Indigenous Opponent of Canadian Mine in Mexico \(2012\); Ottawa Citizen: Listen to the Women of Honduras \(2012\)](#)

¹⁰ [Peace Brigades International Colombia: Mining in Colombia: At what Cost? \(2011\); The Walrus: The Only Risk is Wanting to Stay \(2011\)](#)

¹¹ [Rain Forest Information: Cyanide Incidences \(2006\); Tufts University: Factsheet on the Economic Benefits and Environmental Risks of the Marlin Mine \(2011\)](#)

¹² [Canadian Network for Corporate Accountability: Comments on the Implications of the Guiding Principles for the Implementation of the United Nations Framework for CSR in the Canadian Extractive Sector \(2011\)](#)

¹³ [Canadian Broadcasting Corporation: Federal Mining Agency Can't Find Work \(2012\)](#)

¹⁴ [Rights Action: Goldcorp in Guatemala \(2012\)](#)