El Salvador becomes first country to ban metals mining nationwide

Congress passes bill after dispute with Canadian-Australian company over gold project

MARCH 29, 2017 by Jude Webber in Mexico City

El Salvador, Central America's smallest nation, has become the first country in the world to ban metals mining nationwide following a long-running dispute with a Canadian-Australian company over an environmentally questioned gold project.

The ruling is sure to be closely watched by activists in other countries in a region where protests over mining projects have sometimes led to loss of life.

“It’s a historic day in El Salvador. It’s a historic day for the whole world,” Lina Pohl, environment minister, told reporters after a vote in Congress. “This is a brave step, an extraordinary step, and an enormous step towards reverting the environmental degradation in this country.”
The bill was passed by 69 votes. Robin Broad, a professor of development at the American University in Washington and supporter of the ban, said only 43 ballots were needed for it to pass.

Officials, lobbyists, academics and the Catholic church united behind the bill, which came after the World Bank’s arbitration tribunal, Icsid, last October threw out a $300m suit filed by Pac Rim Cayman, a unit of Canadian-Australian company OceanaGold.

No one at the company could immediately be reached for comment. The seven-year suit stemmed from its failure to be granted permits for the El Dorado project in the north of the country. OceanaGold, which took over Pac Rim in 2013, last month reported record profits.

El Salvador is desperate for cash — it is seeking to secure a lifeline from the IMF as its debt is expected to exceed 60 per cent of gross domestic product by the end of 2017.

But Ms Pohl refuses to accept investment at the cost of health and the environment. “We’re talking about human lives,” she said.

Activists believe the El Dorado project risked contaminating water in a country that has the scarcest and some of the most contaminated supplies in the region, and one of the highest levels of environmental damage.

“The case of El Salvador is a particularly serious one. There is almost no clean water left in the country,” said Lynn Holland, a senior research fellow at the Council on Hemispheric Affairs.

The ban is an about-turn on El Salvador’s once welcoming policies towards mining, which authorities had seen as a way to bring investment into the country after a peace accord ended the 12-year civil war in 1992.

Partial bans are in place in other countries, for example prohibiting the use of cyanide or open-pit mining.

Icsid initially ordered OceanaGold to pay $8m to El Salvador but this week ordered it to pay interest as well.