



The road to ruin? Work is carried out through the mountains of Haiti to a drill site in Trou Du Nord (photo of Genove Valcimon taken courtesy of the *Huffington Post* from an article written by Martha Mendoza).

Undermining accountability in the new gold rush

The Miners Next Door

Haiti's government heralds recent discoveries of gold and silver on its side of the island as the bootstrap the country needs to pull itself up from the devastation of the 2010 earthquake. Yet the mining industry's record of forced displacement – and the country's opaque mining codes and even murkier business deals – leaves those who would most be impacted sceptical

“We in Baie de Henne [in north-west Haiti] are against any potential mining because we will not profit one bit,” said Vernicia Phillus of Tèt Kole peasant movement in a 2013 interview with Haiti Grassroots Watch. She fears for the lands on which she depends, its fruit trees and aquifers. With up to 15 percent of the country under mining contract, she has reason to worry.

Over the border in the Dominican Republic, the Pueblo Viejo mine is a stark example of what could go wrong. Locals accuse the joint venture of Barrick and Gold-

corp of dodging its obligations to test and treat its waste. They are suing its operating company, alleging that it is poisoning rivers, causing illnesses and killing farm animals. Could this be Haiti's future?

Haiti's mining sector is the latest phase of a well-known economic cycle, where US and Canadian companies secure lucrative deals for much less than they are worth, leaving little to show for it but cleared land, disappointed hopes or worse. “People who live in areas targeted by international mining companies are not aware of what is happening or indeed of the devastating impacts that such exploration could have on their lives,” a representative from a leading Haitian human rights group told the Haiti Support Group. “We were told that Haiti is ‘Open for Business’ but it is really our natural resources that foreign investors are interested in.”

There is still a long way to go if Haiti's people are to profit from its mineral wealth.

Readying the horses

Gold, copper, calcium carbonate and marble can all be found in Haiti. Spanish colonists were the first to dig up serious profit from the soil, wiping out the resident Tainos while running a lucrative market from eastern Hispaniola.

In 1943, the American corporation Reynolds Metals Company first discovered bauxite, a critical component for aluminium production, in Haiti. And the rush was properly on.

The American government pressured successive Haitian administrations to award an exclusive mining contract to Reynolds on terms more favourable to the company than to the government. During the 1960s and 1970s the relatively stable, if despotic, regimes of the Francois and Jean-Claude Duvalier presidencies allowed Haiti's mining sector to flourish. Primarily American and Canadian companies were locked in a geopolitical contest to get a foot in the Haitian mines, generally by the way of Haitian sub-

sidary companies, established with significant Haitian government buy-in.

“Word is beginning to leak out that large deposits are involved. As a result, individuals and companies, both national and foreign, are beginning to jockey for position”, warned the US Embassy in Port-au-Prince in a 1974 cable: the conflict among the various interests is likely to become more intense as GoH [Government of Haiti] moves towards establishing a national policy in [the] minerals field.” Even a European Community delegation got in on the action that year, hoping to enlist the US to urge President Francois Duvalier to delay granting all copper concession until a new mineral code was enacted.

Companies wasted no time in scuffling with their geopolitical rivals and partners. In one such case from 1976, International Halliwell Mines Ltd, a Canadian corporation mining copper near Gonaïves, and

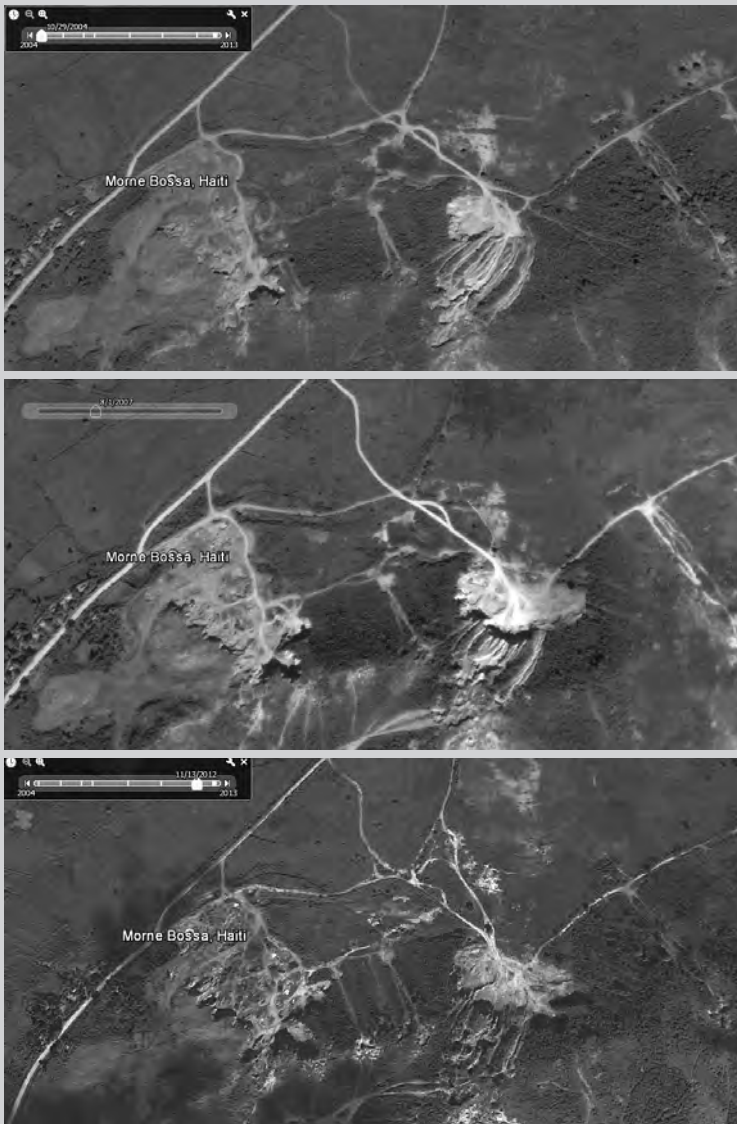
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A tale of t

When it comes to Haitian gold, activists have been accused of scaremongering over the strongest chance the nation has to “strengthen and diversify our economy,” according to Prime Minister Laurent Lamothe. What are the actual long-term physical effects of gold mining? Most of Haiti’s gold concessions are still being explored, though significant amounts of earth have been moved, apparently prior to any formal, public sanction (see main article). In neighbouring Dominican Republic, the industry is in full swing – the country exported US\$ 1.19 billion from its gold mines last year.

Spanning ten years, these satellite photos of two active mines, in two countries at two different stages of production, speak to the geophysical toll of gold mining, real and potential impacts for local communities. On the left is Morne Bossa mine in northeast Haiti, operated by US-based VCS Mining and its Haitian subsidiary. VCS Mining was only incorporated in 2009 and received a permit to exploit the site in December 2012. But as the photos show, significant amounts of earth appear to have been moved from Morne Bossa already in 2004, eight years before VCS officially received its permit. Morne Bossa was one of the sites mentioned in the Mining Conventions published in 2005, but backdated to 1997 – at the time, it was granted to Société Minière Citadelle, SA. In another case of the law adapting to reality rather than the other way around, the site was being worked though the true ownership of the land – including the fate of nearby communities hangs in the balance.

Can Haiti afford to yield so much land to commercial mining? As Mining Awareness Plus points out, from January to March 2014, about twice as much of the North and North-East departments was facing ‘stress’ on the food insecurity scale used by USAID’s Famine Early Warning System than in October-December 2013. The situation has worsened still in North-West Haiti, where twice as much territory is facing food crisis over the same period. Meanwhile, Morne Bossa and the other exploration sites continue to grow, poised to move from exploration to exploitation, while Haiti’s farm-



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its wholly owned Haitian subsidiary accused the American company Continental Copper & Steel Industries of “unlawful domination, misappropriation of corporate opportunities, breach of fiduciary duty and corporate mismanagement”. By the mid-1970s, the United Nations decided to put an end to the speculation and sent a survey team to find out how much mineral wealth Haiti truly had. The answer was clear: a lot. The US embassy in Port-au-Prince wrote impassioned cables about Haiti’s extensive copper and gold discoveries.

Then as today, Haiti’s mines remain of keen interest to the US. “Haiti’s logical... The assumption of most mining executives is that its proximity to the United States and its relatively small size mean that they will have a lot of leverage as large players in a small economy, and that the Americans will always be there to protect against complete disaster,” said Alex Turkeltaub, managing director of Frontier Strategy Group in a 2007 article.

A mining law – sort of

Today, with the backing of the World Bank, Haiti is working out the details of a new code to replace its badly dated legal framework for the mining industry. In 1976, the Haitian government, or rather President Jean-Claude ‘Baby Doc’ Duvalier himself decreed two laws, the first to encourage mining prospecting and “adapt existing judicial structures to the realities of the mining industry” and the second to regulate mining in open-air sites. The decrees remain in force today.

The decrees nevertheless did not stop Duvalier Jr. from negotiating separate contracts with the main companies on terms largely favourable to the companies and a small group of Haitian elite. It took until 1986 for his administration to establish the Bureau des Mines et de l’Énergie d’Haiti (BME) which remains the industry’s administrative authority and the gate through which the jockies drive their company horses. With US trade embargoes following the coup that removed President Jean-Bertrand Aristide from power in 1991, Haiti’s mining industry floundered

along with the rest of the economy. Interest and investment in Haiti’s mining sector increased only in 2004, with Aristide safely out of the way in forced exile.

Getting to know you

According to Camille Chalmers, an economist at Haiti’s Platform to Advocate Alternative Development (PAPDA), “there are nine companies who are currently in the exploratory phase in the north and north-west of the country.” Chalmers explained that since April 2013, a task force has modified the current law, reducing the four exploratory stages to three. “Mining is a priority for this government,” he said.

So who’s who in Haitian mining? The short answer is Canadian and American groups. The longer answer is mostly Canadian and American companies with the investment and direction of prominent Haitian-American and Canadians, at times rivals and partners, to whom the Haitian executive grants rights to the country’s most profitable mines by way of a dizzying array of ad hoc agreements.

The current mining framework rests largely on two mining conventions published in 2005 and a number of ad hoc licenses accorded to favoured companies. On May 3, 2005, a Mining Convention published in *Le Moniteur* accorded the Canadian companies KWG Resources Inc. and St. Genevieve Resources formal rights to conduct research and exploitation of copper and gold mines in Blondin, Douvray, and Faille in north-eastern Haiti. While the convention was only published in 2005, it was dated back to 1997, when they started working there thanks to deal with President René Préval’s administration. The Mining Convention published the following day is an agreement between the Haitian state and Société Minière Citadelle, SA that covers the exploitation of gold and silver deposits at Grand-Bois and Morne Bossa.

As Haiti Grassroots Watch reports, following a series of company sales or name changes, the concessions of the mining framework are now currently held by Société Minière du Nord-Est S.A. (SOMINE) and Société Minière

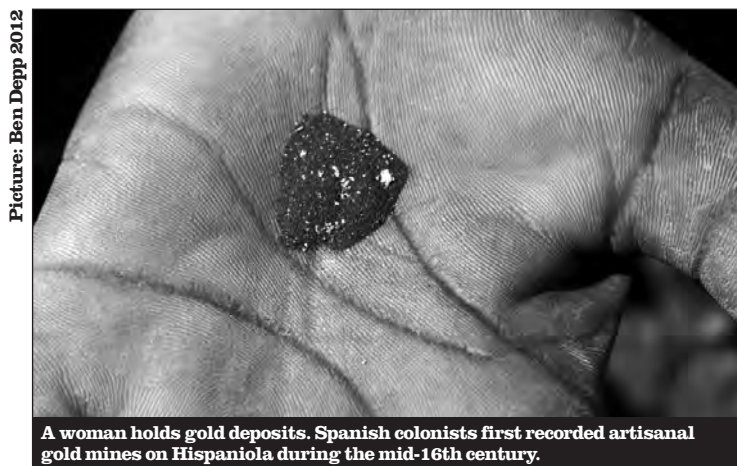
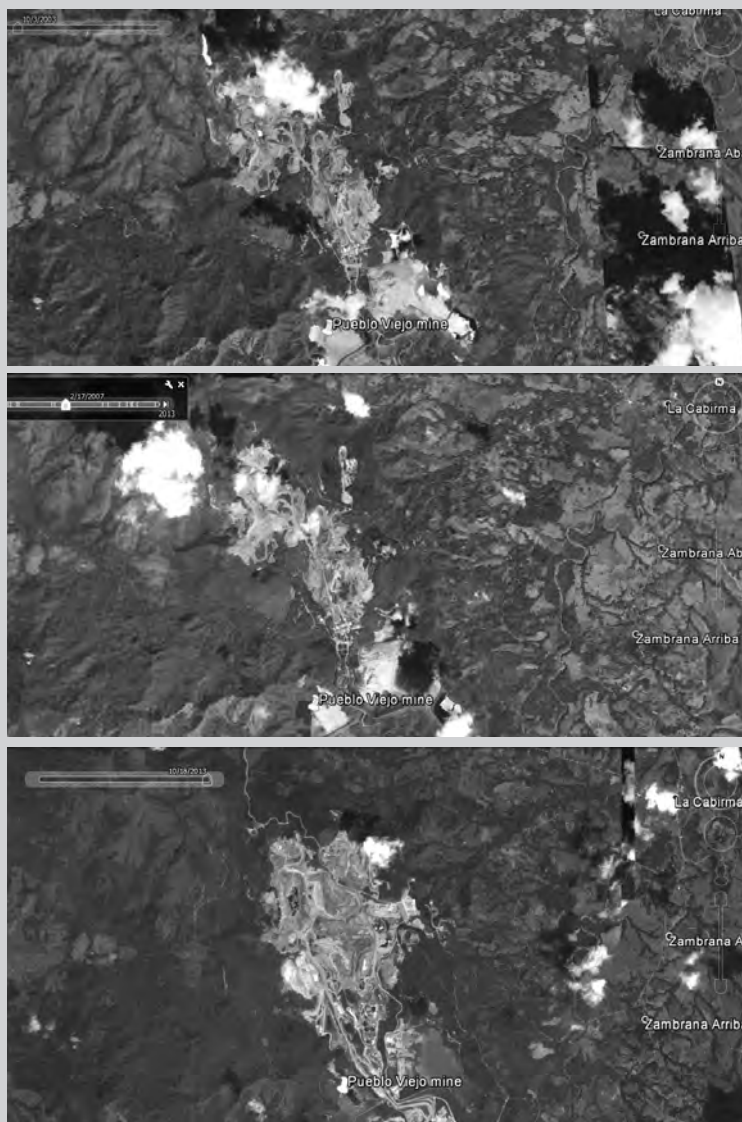
Two mines

ing communities continue to struggle with food insecurity and the government's pitiful investment in agriculture, which actually decreased from 9.9 billion gourdes in 2012-2013 to 7.2 billion in 2013-2014.

Pueblo Viejo mine in the Dominican Republic is for many the trap into which Haiti will fall if exploration, and eventually exploitation, continues unchecked. Pueblo Viejo is jointly operated by the Canadian mining companies Barrick Gold and Goldcorp. Promising at least 9.7 million ounces of gold, the mine was expected to reach full capacity in early 2014 with a mine life of 25 years and beyond, according to Barrick. The expansion of the mine between 2007 and 2013 is striking. During that period, locals have accused the Pueblo Viejo operations of dumping cyanide and iron-laced water into the river, poisoning communities and their livestock. In its defence, Barrick claims that its waste water is "safely treated at a water treatment plant on site before being discharged into the Margajita River" and that pollution is the fault of the mine's previous contractor.

No pain, no gain?

Across the border, while Haitian politicians dismiss their critics by insisting that projected gold revenues justify selling off Haitians' land, the Dominican Republic's own slice of the revenue pie is infinitesimal. For every US\$100 of Dominican gold exported, Barrick receives US\$ 97, leading President Danilo Medina to threaten higher taxes on the minerals giants unless the Pueblo Viejo contract were revised. The stalemate ended last September: the sides agreed to frontload tax payments to ensure an extra US\$ 1.3 billion in revenues. That's the government satisfied. And what of Pueblo Viejo's neighbours (victims)? Their lawsuit and request to the government for answers on the environmental assessment have both been stymied and those not lucky enough to be employed at the mine have staged protests – in one of the most notorious, at least 25 persons were injured during a gunfight with the police.



Picture: Ben Depp 2012

A woman holds gold deposits. Spanish colonists first recorded artisanal gold mines on Hispaniola during the mid-16th century.

Delta. SOMINE S.A. is a subsidiary of the Canadian mining company Majescor that runs the 50 kilometre mining concession in north-east Haiti. In 2011, Majescor put US\$ 2.5 million worth of shares for 'the SOMINE project' on the market. Majescor says it controls SOMINE because it controls a company called SIMACT Alliance Copper-Gold Inc., which in turn controls the majority of SOMINE shares. SIMACT, in keeping with the pattern, is a Mon-

trepreneur-based private company headed by a group of Canadian financiers and Haitian-American developers.

VCS Mining, a small US private company registered in the state of Delaware, owns Société Minière Delta. VCS is headed by Angelo Viard, a Haitian-American whose assortment of projects over the past decade includes a consulting business whose clients include Nevada-based miners Mainland Resources. In 2009, US-based min-

ing and exploration group PHI Mining became an "equal partner" in its operations in Northeast Haiti. PHI Mining is a US-based mining and exploration enterprise focused on acquiring and developing precious metal, base metal and industrial mineral properties.

Revolving doors

But despite the competition the Haitian mining world is close and cooperation can be fruitful. For example, Jean-Marie Wolff head of both SIMACT (since 2006) and SOMINE President (since 2012) sits on the board of PROMOCAPITAL investment bank, founded by the head of VCS' Mining's "Board of Advisory Committee", Joseph Baptiste (a US army colonel to boot).

Another major player that has successfully carved out a piece of the mining action in Haiti is Canada-based Eurasian Minerals. Its CEO David Cole pronounced in 2007: "we love to get into areas that have excellent geology but also have perceived political turmoil, so that there's limited competition." Though Haiti's mining zones are

hardly uncontested, Eurasian has competed surprisingly well. With the support of its parent company Newmont Mining (the American gold giant currently in hot water over displacement and violent demonstrations surrounding its Minas Congas project in Peru) it became operational at six joint venture Designated Projects across northern Haiti that include La Miel, La Mine and Grand Bois.

In 2010, despite Haiti's most devastating earthquake on record, Eurasian got the boost it needed. A month after the quake, the World Bank's International Finance Corporation (IFC) invested US\$ 5.3 million in Eurasian's Haiti holdings receiving 7 percent of its shares in return.

The IFC is no stranger to the close world of Haitian mining. Its current principal mining engineer, Keith Laskowski was Eurasian's man on the ground from 2005 until July 2009, a few months before the IFC's investment plans were made public. He was also, until taking up his IFC appointment in 2012, CEO of Estrella Gold Corp, which is ag-

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Published by the Haiti Support Group, 49 Stanger Road, London SE25 5LD Email: info@haitisupportgroup.org Website: www.haitisupportgroup.org

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gressively applying for permits in neighbouring Dominican Republic. Being an investor in Eurasian has also not prevented the World Bank bankrolling the development of a new Haitian mining code, discussed below.

A new year, a new rush

Geologists estimated in 2012 that there are at least 1 million ounces of gold to be found at two Haitian sites. In April 2012, prospectors found the first significant silver deposit ever reported in Haiti: between 20 million and 30 million ounces, and for copper, even more: more than 1 million tons lay in just one of many areas under exploration.

President Martelly's administration capitalised on the discoveries by signing a spate of further mining contracts. These included an April 2012 Memorandum of Understanding with Eurasian and Newmont for gold and copper exploration and mining over a 1,000 square mile band stretching across northern Haiti. In December 2012, VCS and its Société Minière Delta subsidiary touted its gold mining exploitation permit for its Morne Bossa project.

Haitian press reported exploration permits in 5 departments of which SOMINE alone reportedly obtained permits for no fewer than 16 of the 18 sites concerned.

But no sooner was the ink dry and the champagne uncorked than the Haitian parliament flexed its muscle to demand a say. Recalling the 'trauma' of contracts past, the Senate adopted a resolution demanding that all activities cease, to allow for a national debate and analysis of all contracts. The Senators came down especially hard on the BME chief, Ludner Remarais and Public Works Minister Jacques Rousseau, demanding that they explain themselves.

And what of the communities near the proposed or actual mines? Those not fortunate enough to be employed by the companies are being mostly left to fend for themselves, watching and waiting. "They don't even ask you who owns what land," said peasant organiser Arnolt Jean in an interview with Haiti Grassroots Watch. "All of us are just watching. We need a government that controls what is going on, because we don't have the capacity to do that."

Method to the madness

With the domestic pressure for mining reform, it became clear that Haiti needed a comprehensive law to bring a method to the madness. According to the former BME head, Dieuseul Anglade in 2012: "The government doesn't give us the means to supervise the companies... We don't really have an operating budget."

Indeed, the 2005 Mining Codes provided for little government oversight and



A boy climbs out of a gold mine in northern Haiti. A study by Haiti Grassroots Watch estimated that up to 15 % of the country was under mining contract.

technically, the mining code that regulates the industry dates back to 1976. Haiti's regulatory regime is hardly more robust on the international front. It has signed neither the International Labour Organisation's convention concerning safety and health in mines nor the voluntary Extractive Industries Transparency Initiative, the global standard for assessing transparency of natural resource industries.

Knowing full well that the Haitian government and much less its people reap only a fraction of Haiti's mineral profits, the World Bank (parent institution to the IFC, an investor in one of the biggest mining operators in Haiti) and the Bureau of Mines and Energy organised a June 2013 'Mining Forum' to develop "the mining sector in a way that makes it a motor for the country's economic take off." Ostensibly, they were seeking to update the mining law.

Finally, was this a platform for meaningful public consultation? Not at all. While Prime Minister Laurent Lamothe assured international audiences that his government was working with "competent experts who have [Haiti's] national interests at heart," those actual Haitians affected by mining company operations were not represented. Of civil society groups only Oxfam (hardly a grassroots one) was invited to and attended the meeting, presumably standing in for Haitian civil society while parliamentarians, local elected officials, independent geologists and researchers, representatives of the people from the regions concerned, and grassroots organisations were noticeably absent.

Pushing back

In 1974, when Haitian mining was really kicking off, journalists at *Le Petit Samedi Soir* had the gall to publish a very critical

article on the country's bauxite mines. Its authors alleged that US Reynolds company's investments had not yielded adequate benefits for the country and its people and even harmed them. The litany of complaints – forced relocation, pollution, abysmal wages for local workers – could have been written today. "We could lose our fertile fields. We will be forced off our land. Where will we live?" asked Willy Pierre, a resident near Eurasian's Grand Bois concession in a 2013 interview.

Today the resistance continues, coalescing around the Mining Justice Collective, a collection of Haitian NGOs and donor backers (including American Jewish World Service). Among its ranks some of the best known Haitian groups: Défenseurs des Opprimés (DOP), whose leader Patrice Florvilus has received death threats for his human rights work and the peasant movement Tèt Kole. For its voice to compete with that of the intimate circles of the Haitian mining industry, it will need both a strong, fair law and a political class that sees more profit in the sustainable development of its country than pumping it dry of its most precious natural resources with little to show for the effort.

■ For more on Haitian mining, Haiti Support Group recommends the following resources:

- Platform for Alternative Development and the Haitian Mining Justice Collective: www.papda.org
- Haiti Grassroots Watch 2013 report on Haitian mining: haitigrassrootswatch.squarespace.com
- Haitian Bureau of Mines and Energy: www.bme.gouv.ht
- Mining Awareness Plus blog: www.miningawareness.wordpress.com