

PRESIDENT FERNANDEZ: KICK OUT BARRICK GOLD AND CANCEL CAFTA-DR!

Dominican Republic: Opposition to Barrick Gold Mining Operations

Written by Rocio Diaz for Global Voices

In 2009, the Dominican people stood up to fight against a cement factory that would be installed in the Los Haitises National Park. In 2010, it appears that another cause is mobilizing thousands of young people and adults - the presence of the mining consortium Barrick Gold in Cotuí, the head municipality in the province of Sánchez Ramírez, which is home to one of the largest gold mines in the world: Pueblo Viejo (Old Town), with estimated reserves of 24 million troy ounces of gold. Activists are concerned about the terms of the agreement with the Dominican State, as well as environmental impacts on the region.

The contemporary history of the Pueblo Viejo gold mine, which produces gold oxide at the top and gold sulfide at the bottom, begins in 1975 with Rosario Resources Corporation, a company that later passed into the hands of the Dominican State under the name Rosario Dominicana, and whose operations ceased permanently in 1999 because of economic and environmental factors. In 2002, the mine found a new leaseholder, the Canadian company Placer Dome, which signed a 33-year contract before being bought by another Canadian company, Barrick Gold, in 2006. Barrick Gold has been in the sights of the Dominicans some of the details about the signed contract were made public, a contract which was approved at the end of 2009 in Congress by the vast majority of legislators.

Marihal, of the blog *Desde la República Dominicana* [es], emphasizes the following details about the renegotiated contract:

La Barrick Gold es la empresa minera más grande del mundo, en materia de oro, y adquirió a la Placer Dome en el año 2006, esta última compañía tenía un contrato que firmó en el 2002 con el Gobierno dominicano donde se había establecido que el Estado dominicano iba a recibir un 25% de las utilidades, sin incluir los impuestos y otros beneficios que alcanzaban el 3.2%. Sorpresivamente, la Barrick Gold consigue unos cabilderos (...) que logran que el 25% que recibiría el Estado dominicano con la Placer Dome subiera a 28% con la Barrick Gold, pero siempre y cuando se recupere toda la inversión y que la tasa de retorno sea superior al 10 por ciento.

“The Barrick Gold mining company is the world’s largest, in terms of gold, and acquired Placer Dome in 2006; the latter company had signed a contract in 2002 with the Dominican government which established that the Dominican State would receive 25% of the profits, without including taxes and other benefits that amount to 3.2% Surprisingly, Barrick Gold obtained some lobbyists (...) which were able to achieve that the 25% that the Dominican State would receive with Placer Dome would rise to 28% with Barrick Gold, but only when the entire investment has been recovered and the return rate exceeds 10%.”



**Protest Against Barrick in Cotuí,
Dominican Republic.**

The renegotiation of the contract with the Dominican State when Barrick Gold acquired Placer Dome followed the movement of gold prices in the stock market, which has risen substantially since 2002 in response to successive food and financial crises - both of a global reach- until it reached a price of more than US\$1000 an ounce, where it currently stands. The original contract signed with Placer Dome held the State's profits to the price of gold, which meant that the higher the price on the market, the greater the profits for the State. Geologist and blogger

Osiris de León explains it this way [es]:

(...) como el precio del oro ha ido en ascenso rápido y ha superado los 1,000 dólares por onza, ello implicaría una participación del Estado en las Utilidades Netas (PUN) de US\$194 millones por año, fruto de que la Barrick piensa producir en Pueblo Viejo un millón de onzas de oro anualmente, y al multiplicar 1,000,000 de onzas de oro por US\$775, que es el diferencial entre el precio del oro en este momento (US\$1,050/onza) y el costo de producción (US\$275/onza), y luego multiplicarlo por el 25%, obtenemos unos 194 millones de dólares anuales para el Estado. Y la Barrick se niega a entregar tanto dinero.

“Por tal razón la Barrick Gold ha obligado al Estado Dominicano a una renegociación del contrato original, a fin de que esa participación estatal del 25% de las utilidades netas sea llevada a cero, óigase bien, a cero, mientras ellos no hayan obtenido una tasa interna de retorno (TIR) de un 10% y hasta haber recuperado los US\$2,585 millones invertidos para desarrollar el proyecto, y a partir de ahí pagar un 28.75% como PUN, con lo cual la Barrick le quita 194 millones de dólares anuales al pueblo dominicano, durante al menos los primeros 6 años de operación, lo que implicaría que durante esos 6 años el pobre pueblo dominicano dejaría de percibir unos 1,164 millones de dólares, a los precios de hoy.

(...) As the price of gold has been growing rapidly and has exceeded US\$1,000 per ounce, that would mean State participation in net income (PUN) of US\$194 million per year, resulting in that Barrick thinks Pueblo Viejo will produce one million ounces of gold annually, and multiplying 1,000,000 ounces of gold by US\$ 775, which is the differential between the price of gold at the moment (US\$1,050/ounce) and the production cost (US\$ 275/oz) and then multiplied by 25%, we get about 194 million dollars annually for the State. And Barrick refuses to deliver that amount of money.”

For this reason, Barrick Gold has forced the Dominican State to

renegotiate the original contract, so that the state share of 25% of net profits will be brought to zero, pay attention, to zero, while they have not obtained a rate of return of 10% and until they had recovered the US\$2,585 billion invested to develop the project, and thereafter pay a 28.75% as PUN, which means Barrick takes away the US\$194 million annually from the Dominican people during at least the first 6 years of operation, implying that during those 6 years the Dominican people would stop earning of US\$1,164 million at today's prices.

While some people believe that the contract leaves the Dominican Republic at a clear disadvantage, this is not the only reason for protest. There is concern about the effects that the operations of Barrick Gold will have on the environment, due to the bad reputation the consortium has on a global scale, which has not escaped the attention of Dominicans. Indeed, there have been public protests [es] and various groups have utilized groups on Facebook [es]. There is also a blog called *Dominicana Contaminada* [es] (Contaminated Dominicana) dedicated to detailing cases in which Barrick Gold has been involved with environmental damages, such as Pascua Lama [es] in Chile and the pollution of Lake Cowal in Australia. The blog also provides details of the contract approved by Dominican lawmakers, forced evictions for area residents, and the work currently being performed by Barrick Gold in the readjustment of the mine, which has made headlines in recent days for the intoxication of over 300 workers for reasons still unexplained. While the company talks about food poisoning [es], others insist that the poisoning was due a boiler explosion [es].

Barrick Gold has felt a lot of pressure in the Dominican Republic that it has seen the urgent need for a public relations program, which includes the publication of statements in paid advertisement spaces in national newspapers and on national television. Their representatives leave no doubt the benefits that their presence is having in Cotuí.

Despite the public relations efforts, people are continuing to protest. For Holy Week, there is a planned 4-day pilgrimage walk that will depart from Km. 9 of the Duarte Highway towards the mining installation in Cotuí. March organizers expect more than 10,000 people to walk the 105 kilometers to protest against Barrick Gold and to protect the environment in Cotuí, which has been damaged by the operations of Rosario Dominicana, as explained by Alexander Medina, who has 30 years of experience in the mining sector [es].

Una vez procesados los óxidos de oro, los sulfuros quedaron expuestos y la mina fue abandonada a su suerte, permitiendo que esta drenara hasta la Presa de Hatillo aguas ácidas del río Margajita, producidas por la mezcla del agua de lluvia y el mineral de los sulfuros de oro que quedó al descubierto. Otro impacto ambiental negativo legado por Rosario es la acumulación de metales pesados como el hierro, cobre y mercurio en el sitio de la vieja planta y en los lodos del lecho de los ríos Mejita y Margajita.

“Once the gold oxide was processed, the sulfides were exposed and the mine was abandoned to its fate, allowing acidic waters from the Margajita River to drain away to the Hatillo Dam. The acidic water is the result of a mixture of rainwater and the minerals from the gold sulfides that have remained exposed. Another legacy of negative environmental impact from Rosario is the accumulation of heavy metals like iron, copper, and mercury at the site of the old plant and the sludge from Mejita and Margajita Rivers.”

Paola Mejía Sandoval, of the group NO A LA BARRICK GOLD,

BATEALA Y SACALA DEL PAIS [es] (No to Barrick Gold, bat them and kick them out of the country) summarizes the feelings from some Dominicans towards Barrick Gold:

Si no peleamos ahora por defender lo que es nuestro quizás mañana dej de pertenecernos entonces, por que lucharemos??? nosotros debemos plantarnos en favor de nuestros ideales. NO A LA BARRICK GOLD EN REPUBLICA DOMINICANA.

“If we do not fight to defend what is ours, maybe tomorrow it may stop belonging to us. Why do we fight?? We should stand up for our ideals.

No to Barrick Gold in the Dominican Republic.” [End of article]

DR-CAFTA

On March 1, 2007, under President Fernandez, the Dominican Republic implemented the Dominican Republic-Central America Free Trade Agreement. The Agreement includes investor-state provisions that allows extractive industries to sue governments in international tribunals for unlimited sums if government policies result in the loss of potential future profits. In 2010, Pacific Rim and Commerce Group brought a case against the government of El Salvador under DR-CAFTA for cancel gold mining projects that threatened to pollute the Rio Lempa, the primary source of drinking water in the country. The Dominican Republic could suffer the same fate if it bows to public pressure and kicks out Barrick Gold and Barrick claims to be a US domiciled corporation and sues— unless the country pulls out of the DR-CAFTA agreement.



WHAT YOU CAN DO:

- Contact your Senators and Representatives and urge them to co-sponsor the TRADE Act, which will require positive reforms in DR-CAFTA and other US trade agreements or better yet to introduce legislation to repeal DR-CAFTA altogether. You can find their contact information at <http://snipurl.com/LegLookup>.
- - Urge President Leonel Fernandez and him to cancel the Barrick gold mining project and to push his nation to pull out of DR-CAFTA. President Leonel Fernandez, c/o Embassy of the Dominican Republic, 1715 22nd Street, NW, Washington DC 20008 Tel:202-332-6280 Fax:202-265-8057 embassy@us.serex.gov.do