

Exploitation Abroad: The Canadian Mining Industry in Mexico

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Introduction

Extractivism, or the process of extracting natural resources from the earth to sell for profit, has occurred around the world for centuries, with one of the most common forms being mining. Canada has the largest mining industry in the world, with much of its outward investment targeting Latin America (Gordon & Webber, 2008).

It is often argued that foreign investment and extractivism have greatly benefitted the economies of Latin American countries. Petras & Veltmeyer (2014) note that “Latin America changed from being a relatively marginal location for north-south capital flows... into an important and dynamic destination” (p. 22). However, as this paper will reveal, there is great inequality between those who reap the benefits of this system and those who bear the consequences. This paper will examine extractivism in Latin America, focusing on Canadian mining companies in Mexico. I argue that the predatory and exploitative nature of Canadian mining in Mexico is in part due to neoliberal reforms by the Mexican government, but is mainly due to the support that these mining companies receive from the Canadian government, which includes negligent laws with regards to the prosecution of human rights abuses abroad.

This paper will begin by outlining the nature of Canadian mining in Mexico with specific examples, as well as how these companies present themselves in a positive light through Corporate Social Responsibility (CSR) strategies. It will then briefly look at the history of Indigenous land rights in Mexico. Next, the current case study of the Huichol people against First Majestic Silver in the Wixarika region of northern Mexico will be examined with reference to David Harvey’s (2003) theory of accumulation of

dispossession. This paper will finish by exploring how the laws and policies of both the Canadian and Mexican government allow these practices to occur and will offer my opinion on where to go from there.

The Nature of Canadian Mining in Mexico and Corporate Social Responsibility

In most cases, mining cannot occur without people “being dispossessed of their land, natural resources, and livelihoods” (Gordon & Webber, 2008, p. 68).

Unfortunately, the people that are most affected by these practices are often small, poor, rural communities, especially agricultural and indigenous communities (Tetreault, 2015).

Tetreault (2015) examines the environmental and social consequences of Canadian mining in Mexico, stating that “open-pit mining completely destroys the land that contains minerals, leaving behind gigantic craters and heaps of contaminated rubble that emit toxins into the environment” (p. 51). He gives the example of the residents of Cerro San Pedro, located in San Luis Potosí near Canadian company, New Gold’s mine. The area had been designated a protected area for natural conservation by the government of San Luis Potosí in 1993, however, permission to build the mine was granted to New Gold by Mexico’s SEMARNAT (Secretariat of Environment and Natural Resources) and Ministry of Economy (Tetreault, 2014). This mine will likely lead to the destruction of land for wildlife, loss of agricultural opportunities for locals, and possibly damages to local infrastructure due to explosives used (Tetreault, 2015). Activists who

have spoken out against this project have been subjected to death threats, physical aggression, and murder attempts (Tetreault, 2014).

In Mazapil, Zacatecas, Goldcorp's large gold mine, Peñasquito, entails the process of leaching, which uses "large quantities of water, often depriving local communities of the water they need to carry out small-scale agricultural activities" (Tetrault, 2015, p. 51). The leaching process also involves toxic chemicals (cyanide, in the case of gold), which can contaminate the local water supply and environment (Tetreault, 2015). Furthermore, smelting that occurs in this mine causes large scale air pollution and enormously drains local aquifers; it is predicted to lead to the destruction of about 4000 hectares of land that is used by local small-scale farmers (Tetrault, 2014). As compensation to those affected by the mine, local communities were promised plentiful jobs by Goldcorp during negotiations. While Goldcorp claimed to have directly created 8000 jobs, only around 70 men from nearby communities were employed at the height of the development phase. These men worked mostly as construction peons and got paid on average under US\$400 per month. Meanwhile, about 2000 local livelihoods based on farming and ranching have been destroyed (Tetreault, 2016, p. 649). In total, only about 0.031 percent of the profits of the Peñasquito mine has gone to local residents (Tetreault, 2015).

Most Canadian mining companies are careful to put forward a clean public image of their activities abroad, presenting themselves as friends of local communities by creating jobs and building schools. Through Corporate Social Responsibility (CSR) strategies, these companies often gloss over the environmental and social damage to nearby areas caused by their mines and exaggerate their positive contributions, making

vague and unclear statements. For example, the webpage for Goldcorp's Peñasquito mine states that this mine site contains "a plant that processes sulphide ore using a high-pressure grinding roll circuit and has an average gold recovery of 66%" (Goldcorp, 2018). This refers to the smelting facility, however, the word "smelting" is not used, likely due to the negative connotations associated with the word.

Heidrich & Blundell's (2013) policy brief is an example of how Canadian mining companies make vague claims regarding their contributions in CSR reports, using ambiguous language and sweeping generalizations. The report states that "mining is a well-paying industry" and compares the mining industry to the car manufacturing industry, "which has traditionally been seen as a harbinger of economic growth and good jobs" (Heidrich & Blundell, 2013, p. 2). In the report, these broad statements are used to reach the conclusion that mining abroad must be beneficial to the host country. They use the two examples of Andean and Patagonian mine sites to explain the fact that since these sites are so remote, it is not feasible to bring in foreign workers, and therefore they hire and train locals. While this might be the case in these two specific sites, the authors allude to the fact that most mining companies hire and train locals, which is an enormous generalization. Many of their sources are CSR reports taken directly from Canadian mining companies, which are likely curated by expert PR personnel. Despite the efforts of mining companies to present themselves a certain way, "corporate social responsibility amounts to a discursive public-relations strategy, backed up by minimal amounts of cost-effective spending on the local level" (Tetrault, 2016, p. 644).

Overall, many Canadian mining companies operating in Mexico are involved in environmental damage, human rights abuses, and trickery. Tetreault (2016) notes that CSR:

is merely a discursive strategy to gain entrance into territories and to legitimize extractive activities. It is backed up with relatively small amounts of cost-effective local-level spending on social projects, as well as a media campaign to justify mining in terms of job creation (p. 649).

Unfortunately, those who bear the consequences of these activities are most often poor smallholder farmers and indigenous groups living near these mining operations (Tetreault, 2015).

Case Study

Bartra & Otero (2005) look at the history of land struggles between Mexican peasants and the government. During the rule of Mexican president General Porfirio Díaz in the late 1800's, also known as the *Porfiriato*, the Díaz government passed a law to allow the process of primitive accumulation, and thus 'after the liberal reform laws and during the *Porfiriato*, the Indian communities were deprived of 90 percent of their land' (Bartra & Otero, 2005, p. 385).

However, the Mexican revolution that challenged the regime of Díaz and ended with the 1917 Constitution "protected the legal rights of indigenous peoples and enshrined those rights in the ejido system, which allowed land to be collectively held and used" (Harvey, 2003, p. 133). Many years later in 1991 under the Salinas

government, the privatization of the ejidos was suddenly encouraged, thus ignoring “the basis for collective security among indigenous groups” (p. 133). Many were displaced from their land, unemployed, and close to starvation in overcrowded cities (Harvey, 2003). There was incredible resistance to this reform, on the part of various *campesino* groups and the Zapatista movement (Harvey, 2003).

Fights between Indigenous communities in Mexico and the Mexican government alongside mining corporations are still seen today. There is currently an ongoing struggle between the Canadian mining company, First Majestic Silver, in the Wirikuta/Catorce region of San Luis Potosí and the Huichol people of western Mexico. Certain groups of the Huichol people make yearly pilgrimages from their western Mexico community to Wirikuta, which is seen as sacred and thus mining is considered unacceptable on this land (Boni et al., 2015). On the other hand, however, many locals who live full-time in the Wirikuta region are in support of First Majestic’s mine, largely due to their promised “community projects” (Boni et al., 2015). The Huichol people argue that this support comes from the local’s dire need for social programs, and thus locals have little choice but to support the project (Boni et al., 2015).

Wirikuta was declared a culturally and historically significant site as well as an area under ecological conservation in 1994 and was also declared a sacred natural site by UNESCO (Tetrault, 2014). The Hauxa Manuka Accord, signed by President Felipe Calderón in 2008, promised to respect and protect the sacred sites of the Wixrika people. “The mining concessions granted to First Majestic Silver by the Ministry of Economy blatantly violate this accord... [which] explicitly prohibits any kind of mining activities” (Tetrault, 2014, 185-186).

The Huichol people, in tandem with a diverse group of other NGO's, have formed the Frente en Defensa de Wirikuta (FDW), which has engaged in peaceful protests, recruited the help of national and international organizations for support, and generated a lot of public attention (Boni et al., 2015). The three main demands that the FDW have made to the government are: to cancel all mining concessions held by First Majestic; to implement development programs for the local Wirikuta communities; and to completely forbid future mining concessions in the area (Boni et al., 2015). Although the Huichol have seen partial success, the struggle is ongoing.

What is interesting about this conflict is that the Huichol people are demanding both that their culture be respected and that their land be recognized by the federal government. While many scholars make the mistake of examining Indian peasant movements in terms of either their material or their identity demands, Bartra & Otero (2005) argue that “in most social movements, but particularly so in the case of indigenous peasant struggles, material (land) and identity (culture) demands are inseparable” (p. 383). Although Bartra & Otero (2005) look at a different type of peasant movement, many of their theoretical ideas are still applicable to anti-mining movements, and specifically to the Wirikuta case. They note that “Indigenous ethnicity and culture are simply the anchoring points of the struggle for land” (Bartra & Otero, p. 383), and it is for this reason that the protection of the Wirikuta region is so important for the Huichol people. The physical space in the Wirikuta region is extremely important to the culture of the Huichol people, and allowing mining in this region is therefore disastrous to their beliefs, culture, and tradition.

Accumulation by Dispossession

Gordon & Webber (2008) note that “David Harvey’s concept of accumulation by dispossession is a useful framework for understanding the predatory activities of Canadian mining companies in Latin America” (p. 63). Harvey’s (2003) theory of accumulation by dispossession is particularly relevant to the situation of Canadian mining companies in Mexico as illustrated by the case studies presented above.

Accumulation by dispossession is based off Marx’s idea of primitive accumulation, which involves the:

privatization of land and the forceful expulsion of peasant populations; the conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights; the suppression of rights to the commons; the commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption (Harvey, p. 122).

Harvey (2003) notes that there are many different forms of accumulation by dispossession, and that it can occur both illegally and legally. Gordon & Webber (2008) explain that whether it is legal or not, accumulation always involves displacing some group of people: “the creation of new spaces of accumulation is not an innocuous process; it inevitably involves the forceful and violent reorganisation of peoples’ lives as they are subordinated to the whims of capital” (p. 63).

Tetreault (2014) contextualizes this idea in the framework of mining in Mexico. He explains that neoliberal reforms have facilitated accumulation by dispossession, “first, by transferring public resources in the form of mineral rights and state-run

mining companies to the private sector; and second, by dispossessing smallholder farmers and indigenous of land and water resources in order to allow mining companies to carry out their activities” (p. 173). While Tetreault (2014) places the blame on Mexico’s neoliberal policies, Harvey (2003) attributes these practices mainly to United States (US) imperialism as well as Washington-based international organizations such as the WTO and the World Bank.

Canadian Government

Gordon & Webber (2008) analyze the predatory nature of Canadian mining in Latin America and explain how deeply involved the Canadian government is in these exploitative practices. The authors use the example of Colombia, which like the Mexican government, has welcoming policies and conditions for foreign mining companies. The Colombian neoliberal mining code of 2001 greatly benefits Canadian mining companies. This was no coincidence; the Canadian International Development Agency (CIDA) and the Canadian Energy Research Institute (CERI) played a central role in developing the code since 1996 when the project was first initiated (Gordon & Webber, 2008). Another example of the Canadian government pushing for the interests of Canadian mining companies in Latin America was in 2002, when CIDA invested \$9.6 million in the Mineral Resources Reform Project in Peru. The purpose of the project was to support Peru’s Ministry of Energy and Mines to improve the management of mining in Peru (Gordon & Webber, 2008). “These actions are defended as contributing to ‘development’ and ‘poverty reduction’, but they facilitate the Canadian mining presence, whose contribution to these things... is non-existent” (Gordon & Webber, 2008, p. 69).

The Canadian mining industry has been successful at imposing their wishes on governments in Latin America, as many resource-rich countries including Mexico “have adopted mining codes that unambiguously favour foreign corporations over indigenous people, the environment and labour rights, and allow corporations greater ability to repatriate profits to their home economies while significantly reducing royalties imposed on them” (Gordon & Webber, 2008, p. 69).

In addition to creating favorable conditions for Canadian mining companies abroad, another factor that contributes to exploitation “is the Canadian government’s flat-out refusal to impose any kind of human rights standards on Canadian companies’ actions outside Canada” (Gordon & Webber, 2008, p. 69). Instead, the Canadian government pushes this responsibility onto other governments, claiming that it is the responsibility of host states to manage human rights laws on their territory. The Canadian government does not indicate any intention to pursue legislation to allow the persecution Canadian companies operating abroad, and “claims that there is no international norm for socially responsible behaviour that can measure a company’s deeds” (Gordon & Webber, 2008, p. 69). The Canadian government implies that its contribution to the World Bank and IMF shows their support for human rights while at the same time refusing to sign the United Nations Draft Declaration on the Rights of Indigenous Peoples (Gordon & Webber, 2008).

“In Mexico, the Canadian Embassy’s support for Canadian-based mining companies is virtually unconditional” (Tetreault, 2016). In the case of Calgary-based Blackfire Exploration, their mining operation in the state of Chiapas resulted in the murder of a local anti-mining activist, Mariano Abarca (Tetreault, 2016). Throughout

this process “the Embassy continued to defend the company to Mexica state officials and provided it with information on how to sue the state of Chiapas under the North American Free Trade Agreement (NAFTA) for closing the mine” (Tetreault, 2016, p. 646-647).

Rather than regulating mining companies in a legitimate way through passing laws and policies, the Canadian government instead promotes voluntary corporate social responsibility on the part of mining companies and pushes the burden of legislation on the host states of mining operations (Tetreault, 2016). Not only has the Canadian government overlooked human rights abuses committed by Canadian mining companies, but they have pushed for favorable mining conditions abroad and have facilitated an environment where these abuses occur. “This has fostered a value transfer from degraded mining regions in Mexico to affluent metropolitan neighborhoods in Canada, the habitat of mining entrepreneurs and their high paid professional staff” (Tetreault, 2016, p. 647).

Mexican Government

The Mexican government has welcomed the investment from Canadian mining companies, often to the point of turning a blind eye in the face of malpractices. Petras & Veltmeyer (2014) state that the Mexican government “is clearly aligned with both the neoliberal policy agenda and US imperialism—and it has one of the most *entreguista* regimes in all Latin America, particularly as regards mining capital” (p. 23). In other words, Mexico has one of the most open market economic systems in Latin America

with regard to mining, and this is a result of US dominance. In this case, Canadian companies have benefited from Mexican policies conforming to US neoliberalism.

In response to Mexico's 1982 debt crisis, the federal government introduced a series of neoliberal reforms in the 90's and early 2000's. 'These included the elimination of taxes on the exportation of metals and minerals, the reduction of tariffs on the importation of mining machinery and equipment, and differential discount rates for production taxes' (Tetreault, 2016, p. 645). Many of the reforms occurred during Salina's presidency in 1989-94, in which the mining sector was privatized and subsequently opened to foreign investment. This involved making changes to mining laws as well as the Constitution to stop post-revolutionary land distribution, allowing foreign-owned mining companies to operate in Mexico, and allowing unlimited spatial extension on mining concessions as well as extending the length of concessions from 25 to 50 years (Tetreault, 2016). Tetreault (2016) explains that this "gives the federal government the legal basis for expropriating *ejidal* and communal land in order to hand it over to mining capital" (p. 645), thus "dispossessing smallholder farmers and indigenous communities of land, water, and cultural landscapes in order to allow mining companies to carry out their activities" (Tetreault, 2015, p. 48).

Tetreault (2015) notes that these neoliberal policies enacted by the Mexican government "give transnational mining capital access to the country's mineral resources for next to nothing, allowing them to use environmental destructive technologies that undermine the basis for sustaining rural livelihoods and cultures" (p. 59). Tetreault (2016) believes that in the attempt to grow Mexico's economy with extractivism, Mexico has allowed certain segments of their own population to be harmed.

Closing Remarks

Petras & Veltmeyer (2014) state that “while the neoliberal agenda can be seen as an imperialist project promoted by the US government and Washington-based international financial institutions, it was adopted and implemented by the Mexican government in such a way as to privilege the accumulation of nationally-based mining capital” (p. 195). They explain that these policies put in place by the Mexican government have favoured transnational corporations, and Canadian mining companies in particular, “largely because of the various forms of support they receive from their home government” (p. 195). Similarly, Tetreault (2014) fails to hold the Canadian government accountable, and instead focuses on the Mexican government’s neoliberal policies. Thomas (2017) agrees with the above authors, noting that neoliberal economic policies have caused an “unprecedented level of environmental destruction at the hands of the mining and petroleum industries” (p. 18). However, he acknowledges that these policies were advocated for by countries of the Global North, countries with much more power and resources than Mexico.

While this paper acknowledges that both the Canadian and Mexican governments contribute to the conditions that allow these predatory practices to occur, it is the Canadian government that has the power to impose regulations upon these companies. As Mexico is attempting to grow their economy and attract foreign direct investment, they are not in a position to be placing restrictions upon companies that strengthen their economy. Due to the power and economic imbalance between Canada and Mexico, the responsibility should therefore fall on the Canadian government to ensure the upkeep of adequate human rights practices. We must look at the activities of Canadian mining

companies and the Canadian state within the context of “global capitalism and, in particular, the relations between countries of the global North and those of the global South” (Gordon & Webber, 2008, p. 64).

Conclusion

‘The interests of Canadian mining companies and the Canadian state, on the one hand, are irreconcilable with those of the people across Latin America resisting Canadian mining development in their communities, on the other’ (Gordon & Webber, 2008, p. 64). While many of the authors that this paper draws upon have proposed change through reforms on the part of the Mexican government (Tetreault, 2014), Indigenous peasant resistance (Gordon & Webber, 2008), or through global ideological challenges (Thomas, 2017), I argue that the most conceivable and concrete way to solve the issue of exploitative mining practices is through government regulation. Unless there are strictly enforced laws regulating how mining companies can operate abroad, there is no incentive for these companies to regulate themselves. Unlike governments, mining companies are not accountable to citizens; they are commercial enterprises existing in a free-market capitalist system. While the issue may lie within the mining companies, it must be solved through government laws and policies.

Furthermore, the Mexican government placing restrictions on the flow of capital would not stop Canadian companies from continuing these same practices in other states as there are many other countries in Latin America and beyond that have similar neoliberal policies. If Mexico created obstacles for Canadian mining companies, these companies would simply take their business elsewhere. It is for this reason that it is

crucial that the restrictions are placed upon Canadian companies by the Canadian government, rather than by host countries.

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