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Glencore-Xstrata Walks Away from Glacier Troubles at its El Pachón project in Argentina

By [daniel](#) | on November 17, 2014 | [0 Comment](#)

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Argentine Government Slams Glencore-Xstrata for Walking Away from Glacier Troubles at its El Pachón project in Argentina

November 14, 2014 – San Juan, Argentina. The multinational mining giant Glencore-Xstrata backed down from government-led mediation efforts regarding glacier impacts at its troubled El Pachón copper project in San Juan Argentina.

Glencore-Xstrata’s El Pachón, an intangible multi-billion dollar copper mining investment in-waiting on the Argentine-Chilean border, was fatally stalled in 2012 due to conflicts with Argentina’s new glacier protection law as well as adverse macro-economic conditions that persist in the country. After two years since finalizing exploration, Glencore-Xstrata has failed to produce necessary environmental impact

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studies that would allow the project to move forward —these studies, say some experts, may never materialize. Rumors in the mining sector suggest that Glencore-Xstrata wants to unload its investments in Argentina due to economic barriers, but underlying glacier impact problems, the same recently faced by Barrick Gold at Pascua Lama, may actually be more serious and irreconcilable for the miner, as local environmental groups are claiming the project is simply incompatible with Argentina's new glacier law.

Barrick Gold's flagship project Pascua Lama already set the tone in the region, running into complex legal problems in Chile with glacier impacts leading to a full closure and the indefinite suspension of Barrick's US\$10billion venture which seems to have no exit in sight. Barrick is now trying to pass off some of its losses and risks to the Chinese company Zijin.

Many are saying that El Pachón will be the next large mining project to fall into congealing glacier ice. But Glencore Xstrata's dark future in Argentina goes far beyond El Pachón. The company has recently passed up an option to deepen investments in Agua Rica which was slated to benefit from existing infrastructure at the now ending Alumbraera gold project. Agua Rica is yet another stalled copper project due to a very poor investment scenario as well as long standing community conflicts that keep the miner from freely accessing the project site. Agua Rica is in Catamarca province and also on the edges of glacier territory and is facing environmental claims that it too has skirted glacier due diligence.

A few weeks ago, junior miner Meryllion's Cerro Amarillo project in Mendoza was stalled by congressional refusal to permit drilling until glacier risks can be properly evaluated. Famatina, another project in La Rioja was also nixed by court order until the Canadian miner Osisko can prove there will be no harm to periglacial areas. The case is before the Supreme Court but Osisko has already chosen instead to walk away empty-handed.

Problems at the less-known El Pachón project started when Argentina adopted its Glacier Protection Law in 2010 banning mining in glacier and periglacial areas (permafrost areas below the visible glacier line storing away colossal subterranean glaciers called "rock glaciers"). Research work by the environmental policy organization, the Center for Human Rights and Environment (CEDHA), revealed satellite images that

showed that roads introduced by Xstrata at Filo Colorado in the mountains of Catamarca and at El Pachón, the copper project in San Juan, both evidenced severe impacts to several rock glaciers in the project area.

When CEDHA's Director Jorge Daniel Taillant confronted company officials in Australia with the evidence of glacier presence at El Pachón back in 2010, they scoffed claiming there were "no ice glaciers" at El Pachón. But a secret [geomorphological map](#) owned by the miner and obtained by CEDHA through legal recourse, identified more than 200 rock-covered glaciers inside the project concession area, two of which were drawn inside the projected project pit site. Taillant also met with San Juan Mining Minister Felipe Saavedra back in 2010 and showed the Minister Xstrata's glacier map. "Saavedra was surprised to see the map" says Taillant, "since the province has repeatedly stated that there is no mining occurring in glacier areas ... he kept looking closely at the map, searching for signs of authorship until he noticed small company logo in the lower right hand corner reading "Xstrata Copper".

The glacier impacts are so significant, says CEDHA, that they're visible from space! Part of CEDHA's work is to devise ways to bring glacier vulnerability home to everyday people that may never get a chance to trek up to altitudes of 5,000 meters or more where the air is thin and the atmosphere is warming and where glaciers are already vulnerable due to climate change. Taillant, who has become a self-trained glacier expert since he began scouring the Andes in search of mining projects in glacier areas simply by using Google Earth, invites people through Facebook, Twitter and other social media to see their glaciers and the mining impacts caused to these colossal ice reservoirs. Simply type "31 44 47 S, 70 27 19 W" in Google Maps in Satellite mode on a smart phone, says Taillant, and you can see a rock glacier with a road running right through the feeding zone of the glacier—that's one of Glencore-Xstrata's exploration roads at El Pachón. It looks like a tongue of rocks flowing downhill, but underneath", he says, "there is more than 100 feet of thick ice!

"The company lied", says Taillant, "and by the new Argentine Glacier Protection Law adopted in 2010, both El Pachón and abandoned works at Filo Colorado are illegal".

While the company maintained its public relations position to shareholders that there were no glaciers at El Pachón, Xstrata's legal team held a very different line, and followed Barrick Gold in its legal attack on the newly enacted glacier law—asking the Argentine federal court to rule the law unconstitutional. “Why would they attack the glacier law, if there are no glaciers at El Pachón, as the company claims!?” says Taillant. While the initial ruling at the federal circuit court suspended the glacier law for projects in San Juan, a later ruling by the Supreme Court, reversed the verdict, and once again, the Glacier Protection Law stands.

“It’s a risky gamble”, says Romina Picolotti, Argentina’s former Environment Secretary, an outspoken voice against mining operations in glacier territory and one of the political supporters of the Glacier Law during her tenure in the Environment Secretariat—it was President Cristina Fernandez’ veto of the glacier law to accommodate Barrick Gold that led to her resignation as Environment Secretary back in 2008. “Barrick Gold lied to shareholders about Pascua Lama’s risks and impacts to glaciers, water and other environmental resources, and now (following the Chilean government’s closure of the project) they are facing a multi-billion dollar lawsuit in Canadian courts because shareholders have realized they were duped and as a consequence lost billions in shareholder value. Glencore-Xstrata is walking in the same footsteps with El Pachón”, says Picolotti.

CEDHA took its glacier research on El Pachón and on Filo Colorado, and filed a complaint against Xstrata Copper in Australia, for violations of the OECD Guidelines for Multinational Enterprises, which lay out a corporate standard for social and environmental due diligence, the corporate compliance of which governments must monitor. Australia transferred the case to Argentina, where the government admitted the complaint and set up mediation between Xstrata and CEDHA to discuss glacier impacts at El Pachón and Filo Colorado.

“That’s’ when everything stalled”, says CEDHA. It’s been more than three years since CEDHA filed the case (called a Specific Instance in OECD speak), and since that date, nothing has changed. The company still does not recognize its’ glacier impacts and risks, and has abandoned both Filo Colorado and now El Pachón. “They want to dump the project off on some other investor because they know the project will

never fly with the National Glacier Law in place.

While several bilateral meetings took place between the government and Xstrata and between the government and CEDHA, to sort out the glacier problems at El Pachón, the company never agreed to formally meet with CEDHA—although in early stages of dialogue, before the complaint, they had made some inroads with a view to developing a due diligence protocol for mining in glacier areas. “We’re not against mining” says Taillant, “but we don’t want to mine minerals at the expense of glaciers and it’s unbelievable that no mining company working in high altitude environments, has a protocol for how to protect glaciers or permafrost!”

Finally, after more than three years of skirting the issue, and following the major buyout of Xstrata Copper’s assets, the new Glencore-Xstrata has decided to walk away from glacier talks. In response, the government of Argentina, states in its press communiqué of October 3rd “[the government of Argentina] expresses its deception regarding the refusal of the company to maintain face to face conversations with CEDHA regarding the issues presented in the Specific Instance”. Finally, after 2,300 days of fruitless bureaucracy, and numerous efforts to get Glencore-Xstrata to the mediation table to address glacier impacts at El Pachón and Filo Colorado, the Argentine government moved to close the mediation effort stating that the government “considers that it can no longer offer a constructive role as facilitator, and thus concludes the Specific Instance”.

CEDHA also approached the governments of Switzerland and the UK, asking for help to bring Glencore-Xstrata to the mediation table and under compliance of the OECD Guidelines for Multinational Enterprise. None of these requests worked.

“This case outcome reveals the ongoing difficulties of affected communities have in obtaining recourse when facing severe environmental risks and impacts. It also underlines the urgent need to strengthen the OECD Guidelines’ complaint mechanism in order to ensure that multinational enterprises abide by internationally-accepted standards for good corporate behavior”, said Dr. Joseph Wilde-Ramsing, senior researcher at the Amsterdam-based Centre for Research on Multinational Corporations and coordinator of OECD Watch, an international network of civil society organizations promoting corporate

accountability. "If companies like Glencore-Xstrata can blatantly and with absolute impunity ignore the mechanisms that have been created to resolve these sorts of problems, such as the mediation forums offered by the OECD Guidelines, not only are the guidelines themselves utterly useless, but what hope have we of achieving greater global sustainability and accountability from corporate actors?"

For the time being, Glencore-Xstrata's El Pachón remains on glacier ice.
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Specific Instance Complaint to Australia Against Xstrata:
<http://wp.cedha.net/wp-content/uploads/2011/06/Specific-Instance-xstrata-copper-glaciers-june-1-2011-final-english.pdf>

CEDHA's Glacier Impact Report at El Pachón:
<http://wp.cedha.net/wp-content/uploads/2011/08/Glacier-Impact-Report-el-pachon-xstrata-FINAL-english-version-may-23-2011.pdf>

Glencore-Xstrata's Secret Glacier Map
http://wp.cedha.net/?attachment_id=6569

Argentine Government Press Release:
http://wp.cedha.net/?attachment_id=14450

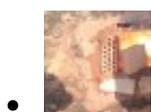
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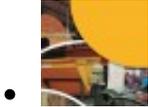
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Jorge Daniel Taillant es fundador de CEDHA y dirige su trabajo en glaciares y minería

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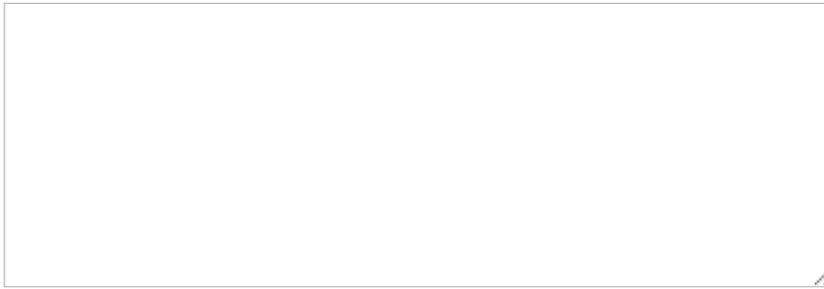
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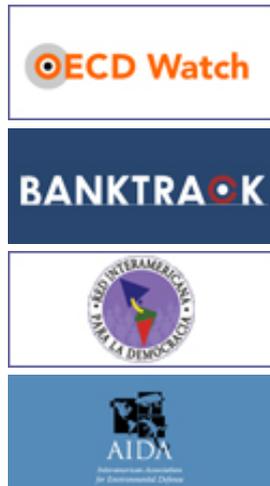
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