

Colombia

Living between Coal Mines

The coal sector is booming in Colombia. Since 2000, coal production has more than doubled and now totals 89 million tons per year. And forecasts predict a further rise to 150 million tons per year by 2020. The war-torn nation already extracts more coal than the rest of Latin America combined.

Time and again, the Colombian government has declared that mining is an “engine of development” for the country. But after decades of coal mining, there is no visible benefit for the population in the mining regions. Some 90% of Colombia’s coal is produced in the provinces of La Guajira and Cesar, near the Caribbean coast. After 30 years of coal mining, these provinces are among the poorest in the country.¹²⁶

In Colombia, coal is an export business. While a few small underground artisanal mines produce coal for the domestic market, 92% of the nation’s coal is shipped out of the country. Four big international companies, operating in Cesar and La Guajira, produce virtually all of Colombia’s export coal. Enormous open-pit mines scar the landscape, making it impossible to imagine that these were once green and productive lands. The traditional inhabitants, indigenous and Afro-Colombian communities, have lost large parts of their land. But even their remaining lands offer no reprieve from the mining industry. Mountainous waste rock dumps tower over the villages and noise is a constant companion: explosions, heavy machinery and trucks ferrying the coal day and night. Mining is a 24-hour industry in La Guajira and Cesar.

The Cerrejón mine in La Guajira covers an area of 69,000 hectares. It is the biggest mine in all of Latin America and is owned by the biggest multinational mining companies: Anglo American, BHP Billiton and Glencore Xstrata. Cerrejón pioneered open-pit coal mining in Colombia in the 1970s. For local people, the mine seems like an insatiable monster intent on devouring their most precious resources: land and water.

In 2001, police and private security forces entered the village of Tabaco. They expelled the inhabitants and bulldozed their houses, leaving the community traumatized and impoverished. It took years and years of international pressure to make Cerrejón sign an agreement that it would provide the community with new land and houses. The company, however, is in no hurry to see this promise fulfilled. While the old village was long ago buried beneath a waste rock dump, the people of Tabaco are still waiting.¹²⁷

Although much of their land had already been taken, the Wayúu communities in the South of La Guajira never imagined that even their river would become a target for the company’s greed. That is, until Cerrejón announced its intention to develop a 500 million ton coalfield beneath the Ranchería River. In the semi-arid South of La Guajira, this river is a lifeline for local communities and sacred to the Wayúu. Cerrejón’s plan to divert the river would impact dozens of Wayúu villages, whose livelihoods revolve around the Ranchería. As Oscar Guariyu, the elected President of the Wayúu communities in the southern Guajira, points out: “We are not against the development of our country, but we are against a blind development. The relocation of the river would be at the expense of our territory, our environment, our health and our culture. For an indigenous community there is no development without land. An indígena without territory is no longer an indígena.”¹²⁸ The unstable international thermal coal market has proved lucky for the Wayúu as low coal prices forced Cerrejón to postpone its plan. But when coal prices rise again, the Wayúu will be fighting for their very survival.

“An indígena without territory is no longer an indígena.”

126 “Cesar - Informe sobre el Estado de Avance de los Objetivos de Desarrollo del Milenio - Estado de Avance 2011,” UNDP 2012 & “La Guajira 2012 - Estado de avance de los Objetivos de Desarrollo del Milenio,” UNDP 2012

127 Video footage of the forced displacement of Tabaco: <http://www.youtube.com/watch?v=FPzhP70aPIM>

128 Speech held by Oscar Guariyu at the RWE shareholder meeting, April 18, 2013



Photo: Sebastian Rötters

El Hatillo

Drummond is
accused of
having financed
Colombia's
paramilitary
forces.

If Cerrejón is the best-known coal company in Colombia, then Drummond is the most controversial. The privately owned U.S. company started its mining operations in the Cesar department at the beginning of the 90s, and is accused of having financed the so-called 'North Block' of Colombia's paramilitary forces. Former paramilitaries have testified that the company financed the "Juan Andres Alvarez" paramilitary unit between 1996 and 2006, the year of the North Block's demobilization. According to their testimonies, the paramilitary unit would not have been able to increase its numbers of armed fighters without the money from Drummond. For the company, the protection of business interests obviously outweighed the hundreds of killings, forced disappearances and massive displacement of peasants reported in the area.¹²⁹

On March 12th 2001, Valmore Locarno Rodríguez and Victor Hugo Orcasita, president and vice-president of the miner's union Sintramienergetica, were on a bus with other co-workers. As the bus traveled from the Drummond mine to the next town, it was stopped by members of the paramilitary unit Juan Andres Alvarez. They stormed the bus, forced the workers to disembark and executed Locarno Rodríguez with 4 shots to the head. Hugo Orcasita was abducted. When his body showed up the next day, it showed clear indications that he was first tortured and then shot. Although Drummond denies any responsibility for these deaths, a former sub-contractor, Jaime Blanco Maya, was recently sentenced to 38 years of prison by a Colombian court. During the court proceedings, Blanco Maya and other former paramilitaries stated under oath that company officers - who are still employed by Drummond - were involved in these crimes. In its judgment against

Blanco Maya, the court therefore expressly ordered public prosecutors to begin investigations against members of Drummonds' management.¹³⁰

IV. The "Hot Spots"

Near Drummond's operations, lie the La Francia and El Hatillo mines, which were acquired by the U.S. bank Goldman Sachs in 2010 and 2012 respectively. These mines, together with others owned by Drummond and Prodeco (a subsidiary of Glencore Xstrata), have caused extremely high air and water pollution in the communities of El Hatillo, Plan Bonito and Boquerón. The three communities are boxed in by the mines. The air is full of dust, and many people are stricken with respiratory diseases or other health problems. The situation is especially bad for El Hatillo where hardly anyone has a job, and arable land is no longer available.

Due to the absolutely dismal situation of these three communities, in 2010, the Colombian authorities put out an order to the mining companies that they must resettle El Hatillo and the other villages. This is the first time in Colombian history that the government has acknowledged the pollution problems of communities living adjacent to mines.¹³¹ The companies, however, ignored, delayed and then fought the resettlement order. In the meantime, people continue to live in the polluted area. And especially in El Hatillo, hunger is a constant companion. In August 2013, its leaders published a communiqué appealing to the companies: "The community will not survive if there is no relocation process. This is our third try, and we wish that it will be the last one and one that will be dignified and successful."

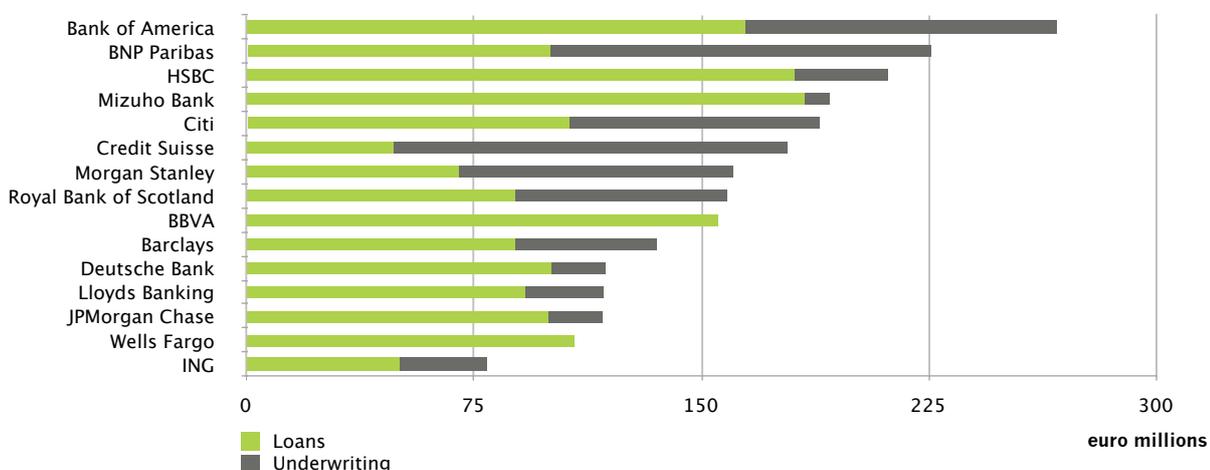
One of Drummond's top financiers is offering a "human rights debit card." What's next?

In the meantime, coal mining in Colombia continues to expand. New port facilities have been built, with more under construction. Many more concessions have been given out and further expansion is still projected, while homeless farmers and indigenous communities struggle for survival among the coal mines. The alliance of government and coal companies continues to create dependency while calling it development.

Top Coal Mining Banks for Colombia

The following chart shows the 15 financial institutions which have played the lead role in financing the coal mining sector in Colombia since 2011. With an exposure of 267 million euros, Bank of America is number one, while BNP Paribas (226 million euros) and HSBC (211 million euros) are number 2 and 3 respectively. When it comes to direct lending, the Japanese bank Mizuho took lead position. Credit Suisse, on the other hand, was the largest underwriter.

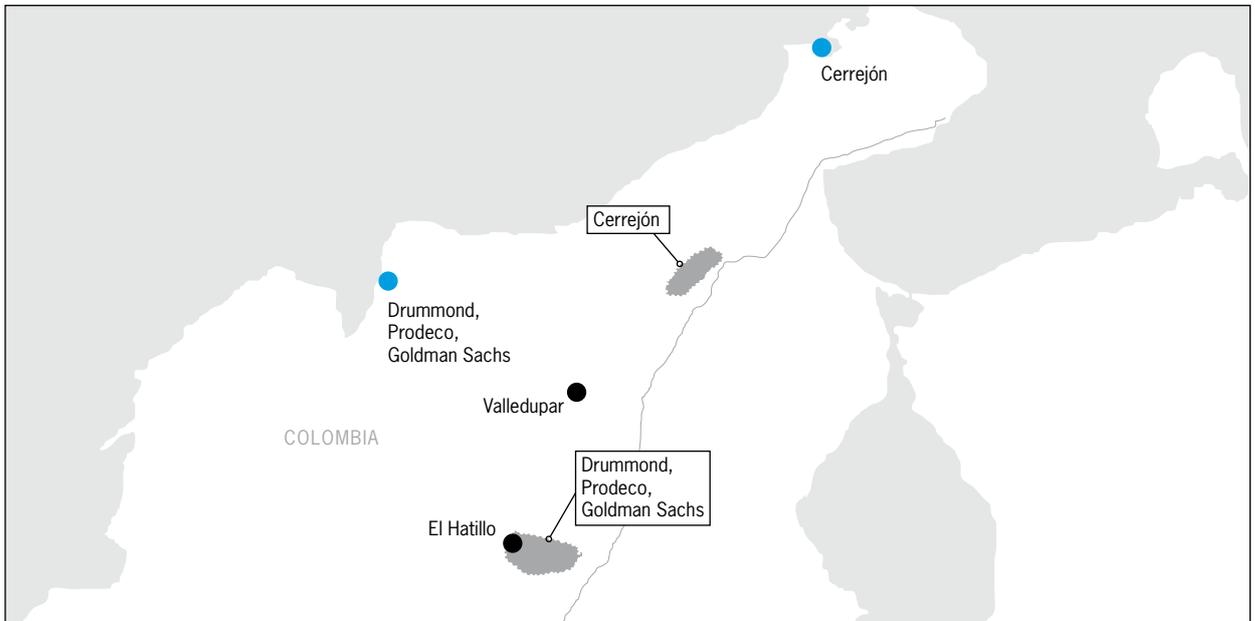
Banking on Colombian Coal, 2011 - mid-2013



130 Judgment against Jaime Blanco Maya, January 25th, 2013

131 "Resolución No. 0970," Ministerio de Ambiente, Vivienda y Desarrollo Territorial, May 20th, 2010.

- Hard Coal Deposits
- Important Coal Ports



Banking on Human Rights Offenders

We also undertook a separate analysis to see which financial institutions have been bankrolling the company Drummond since 2009. Five of the banks below (HSBC, BBVA, Mizuho, Citi and BNP Paribas) are signatories to the Global Compact, which states: “Businesses should support and respect the protection of internationally proclaimed human rights.” Bank of America, one of Drummond’s top 3 financiers, is currently offering a special “human rights debit card” to its customers. The Drummond case shows just how meaningless and cynical banks’ human rights promises are.

Banks financing Drummond, 2009 – mid-2013

