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Mines Alertes

REPORT

Corruption, Murder and Canadian Mining in Mexico: The case of Blackfire Exploration and the Canadian Embassy

Executive Summary

Documents released from the Canadian Department of Foreign Affairs and International Trade (DFAIT) under an access to information request raise serious concerns about the conduct of the Canadian Embassy in Mexico. Throughout a conflict involving Blackfire Exploration's mining activities in the municipality of Chicomuselo, Chiapas that saw an activist shot and ultimately triggered an RCMP investigation over corruption, it appears the Embassy provided instrumental and unconscionable support to the operations of a Canadian mining company in Mexico.

Blackfire Exploration is a small, privately held, Calgary-based company that obtained mining concessions in Chiapas, Mexico in 2005. In 2008, its Payback mine began to produce barite, a mineral used for drilling petroleum wells. The mine operated for approximately two years before being closed by Mexican authorities for violating environmental regulations. Two much more serious scandals involving the mine bracketed its suspension: a week earlier on November 27, 2009, local anti-mining activist Mariano Abarca was murdered; and days later, allegations that the company was involved in the corruption of a local mayor surfaced in the Canadian news media.

In March 2010, United Steelworkers, Common Frontiers, and MiningWatch Canada carried out a fact-finding mission to Chiapas at the invitation of the Mexican Network of Mine Affected Communities (REMA, by its initials in Spanish). The delegation looked into the impacts of Blackfire's Payback mine in the town of Chicomuselo, where murdered activist and father of four Mariano Abarca lived, and in the outlying communities of Ejidoⁱ Grecia and Ejido Nueva Morelia, where the mine was located. It produced a report in early 2010.

As part of its research, the delegation met with the Canadian Embassy in Mexico City. Although the Embassy repeatedly denied any involvement in the investigation of Abarca's murder, the delegation knew that an Embassy Political Counsellor had travelled to Chiapas two months after Abarca's death. The delegation requested a copy of the report from this trip, but the Counsellor refused to provide it. Several months later, the organizations filed an access to information request, and after 19 months DFAIT released Embassy documents dealing with Blackfire. The release consisted of more than 900 pages of sometimes heavily redacted emails, briefings, and other files dated from November 2007 to May 2010, spanning a period from before Blackfire's mine was operating until six months after Abarca was killed.

ⁱ An *ejido* is a social and territorial unit governed by a General Assembly that administers, regulates, and makes decisions over its territory and natural goods found above the surface. Until the signing of the North American Free Trade Agreement in 1994, it was not possible for *ejido* land to be parcelled off or sold.

Overall, the released documents suggest that in the case of Blackfire, the Embassy provided virtually unconditional support in spite of the company's behaviour and the Embassy's awareness of the tensions around the mine site. The documents also establish that Mariano Abarca was known to the Embassy before he was murdered. In July 2009, Mariano delivered a speech outside the Embassy in Mexico City, and in August 2009 the Embassy reported receiving 1,400 letters about Abarca following his arrest and detention based on a complaint filed by a Blackfire representative in Mexico. Even after Abarca had been killed, the mine had been suspended, and corruption allegations had surfaced, the Embassy continued to defend the company to Mexican 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.

An analysis of the DFAIT documents and ancillary materials supports the following conclusions. First, the Embassy's active and unquestioning support may have acted as a disincentive for Blackfire to comply with local and international laws. Second, in doing so, the Embassy failed to uphold Canada's own policies, as well as its international obligation to promote universal respect for human rights.

The picture pieced together is tremendously unsettling, especially given Canada's role as a top investor in Mexico's mining industry. Approximately 75% of the world's mining companies headquarter in Canada, and many of these companies are associated with serious conflict. In 2011, Canada's Office of the Extractive Sector Corporate Social Responsibility (CSR) Counselor reported that 204 of 269 foreign-owned companies in Mexico's mining sector in 2010 were Canadian.

Canada's prominent role in Mexico's mining sector, and our findings in this case, lead us to make several recommendations, some of which are:

- That Canada create robust eligibility criteria for all government supports to mining companies, including ensuring respect for the free, prior, and informed consent of Indigenous communities and for binding democratic and participatory decision-making processes of non-Indigenous communities before mine prospecting and project development begins;
- That Canada pass legislation to regulate Canadian mining companies operating abroad and provide affected communities with access to Canadian courts and an independent ombudsperson;
- That Canada's anti-corruption legislation be significantly strengthened and greater resources directed towards its enforcement;
- That Canada instruct its embassies abroad to carefully assess the impacts of Canadian mining operations on affected communities to ensure that commercial interests never outweigh collective and individual human rights;
- That Blackfire Exploration Ltd. renounce any future attempt to reopen the Payback mine in Chicomuselo, or open any other new mines in the state of Chiapas.