



El Salvador wins arbitration against Oceana Gold/Pacific Rim mining company

Today, the General Attorney of the Republic of El Salvador offered a press conference in Washington D.C. to share the results of the arbitration, about which he had been notified by the International Centre for Settlement of Investment Disputes (ICSID/ CIADI), with respect to the case that the Pacific Rim-Oceana Gold mining company had initiated in June 2009 against El Salvador.

This litigation went on for seven years. During this time, El Salvador had to spend over 13 million dollars in its defense. The mining company had initiated the process demanding 70 million dollars; over the time, the amount rose to over 300 million and, after a new calculation that it was obliged to accept, due to the fact that it had been proved that the numbers were deliberately inflated, the demand was set in 250 million dollars.

The General Attorney announced that the arbitration award was in favor of the State of El Salvador.

Although we are pleased with the result, it must be said that El Salvador did not gain anything by the arbitration; the tribunal simply concluded that the company has to pay 8 million dollars to El Salvador. Whereas El Salvador will not have to pay the compensation that the company had demanded, only because the country applied its own laws. On the other side, people in El Salvador have not seen in 7 years an improvement of the legal framework for the protection of environment and water resources; besides, 13 million dollars had to be spent for legal costs, financial resources that are so urgently needed in a country with so many social needs.

We are pleased on behalf of the communities, because of their persistent struggle; as well as on behalf of all the individual persons and organizations that on a national and international level have contributed to the cause.

We recognize the attitude of the actual and the previous Government, as to stay firm in their decision to not permit mining and to not negotiate with the mining company.

The arbitration award confirms once more something that we have constantly pointed out during these 7 years: that the arbitration was an attempt of a transnational mining company to blackmail the State and to abuse the process, in order to get a mining concession, which it was not entitled to get.

The ICSID/ CIADI could have concluded the case during the phase of recognition of its jurisdiction, as it could be proved that the company lied and made believe that it was a us-company, and thus could benefit from the CAFTA-DR (Dominican Republic-Central America Free Trade Agreement). Later on, the ICSID/ CIADI delayed deliberately the public knowledge of the arbitration award, despite the fact that it had concluded in 2014. These two aspects, among others, is once more a demonstration that its actions are very opaque.



After 7 years of litigation and over 13 million dollars payed to lawyers, the tribunal's resolution says what we all already knew: that Pacific Rim/Oceana Gold's demand was frivolous and undeserved.

The arbitration and the Pacific Rim Company have caused great moral and economic damage to El Salvador. The country was put onto the "bench of the accused" for many years. The Pacific Rim company is also responsible for the violence generated in Cabañas, which brought about threats, harassment and assassination of community leaders for the protection of environment.

We demand of the Oceana mining company that it definitively abandons the case and gets out of El Salvador, and we demand the same of its subsidiaries Minerales Torogoz and El Dorado Foundation. We will be attentive and demanding that the Company will pay immediately the 8 million dollars that it has been condemned to pay to El Salvador in respect of legal costs.

The arbitration award also reconfirms the need to establish the prohibition of mining in the country, and we demand of the President of the Republic to immediately approve the proposal for an Executive Decree that prohibits mining, until the Legislative Assembly passes a Law for the prohibition of metal mining in El Salvador, that would also avoid similar arbitrations.

Now we are in front of a new setting, in which the Government and the Legislative Assembly have no longer excuses for not passing the legal instruments that prohibit mining by law.

Mesa Nacional frente a la Minería Metálica -MNFM National Roundtable against Metal Mining

San Salvador, October 14th, 2016



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No minería en ESA