



MiningWatch Canada

Changing public policy and mining practices to ensure the health of individuals, communities and ecosystems in Canada and around the world

[English](#) [Español](#) [Français](#)

[Home](#) [About](#) [Links](#) [Contact Us](#) [Donate](#)

Blackfire adding threats to injury in Mexico: Canadian mining firm looks to pocket \$800 million via NAFTA Ch. 11

Feb 22 2010

[Common Frontiers-Canada](#) – [United Steelworkers](#) – [Council of Canadians](#) – [Sierra Club Canada](#) – [MiningWatch Canada](#)

(Ottawa and Toronto) A coalition of Canadian organizations is condemning the threatened use of NAFTA by [Blackfire Exploration](#) to extract 800 million dollars from the impoverished Mexican state of Chiapas. The Calgary-based mining company is embroiled in accusations of corruption of Mexican public officials and the murder of a prominent environmental activist in the Mexican State of Chiapas. Now, according to a [recent report in the Mexican press](#), Blackfire is also threatening to sue the government of Chiapas for \$800 million in compensation under NAFTA (North American Free Trade Agreement) Chapter 11 for the closure of its barite mine in December 2009.

In response to this development Rick Arnold of Common Frontiers states, "You'd think that Blackfire, mired as it is in controversy, would seek to mend fences with the affected communities in Chiapas by offering compensation. Instead the company is proceeding to bully Mexican public authorities by threatening a mega-million dollar NAFTA Ch. 11 action that the country could ill afford to pay."

"NAFTA Chapter 11 offers extensive foreign investor privileges and their private enforcement in undemocratic trade tribunals outside the domestic court system. It should be abandoned as an unfair trade practice," said Janet Eaton, Trade and Environment Campaigner, Sierra Club Canada. "It is time for NAFTA Chapter 11 to go."

For its part, REMA (the Mexican Network of People Affected by Mining) is demanding that the Mexican Federal Government act immediately to cancel all mining concessions given to Blackfire, and to expel the company from Mexico for violating fundamental human rights. REMA charges the Canadian mining company with masterminding the murder of Mariano Abarca Roblero in November, 2009, for which some of Blackfire's workers have been arrested.

REMA members point out that Blackfire has not lived up to its development promises of roads and water storage tanks, and has instead created a negative environmental impact, fostered a climate of threats, murder, and corruption, and further impoverished the local population.

Blackfire's misdeeds in Chiapas and its unrepentant attitude exemplify the need for a strong regulatory framework that the government of Canada should put in place right away to deal with cases where human rights, labour rights and environmental standards are trampled on by Canadian corporations operating beyond our borders.

"These Canadian companies investing in the mining, oil and gas sectors in developing countries are the face of Canada abroad. Self-regulation through a 'corporate social responsibility' framework is clearly not working," said Ken Neumann, Canadian director of the United Steelworkers.

Blackfire's blatant attempt to coerce lawmakers in Mexico with the very mention of a NAFTA Ch. 11 action raises once again the specter of private corporations thwarting government decisions made in the public interest. According to Jamie Kneen, of MiningWatch Canada, "It just flies in the face of reason that even the most minimal actions by a local government to protect its own people and environment can be called 'expropriation' and subject to legal action under NAFTA."

"The threatened Blackfire NAFTA lawsuit proves how trade rules have given corporations far more rights to profit than they allow communities to develop sustainably and protect human rights. If there was ever a glaring opportunity for the governments of Canada, Mexico and the United States to remove Chapter 11 from NAFTA, this must be it." said Maude Barlow, national chairperson, Council of Canadians.



Country
Articles organized by country, and by province within Canada



Issue
Articles organised by topic or issue



Company
Information on specific companies



Newsletters
Enter your e-mail address here to receive our quarterly newsletter:

[subscribe](#)



Glossary

Popular Tags

- [Abandoned Mines](#)
- [Barrick](#)
- [Gold](#)
- [British Columbia](#)
- [Canada](#)
- [Chile](#)
- [Copper](#)
- [Mesa/Ascendant](#)
- [Copper](#)
- [Corporate](#)
- [Social](#)
- [Responsibility](#)
- [Economic](#)
- [Development](#)
- [Economics](#)
- [Taxation](#)
- [Ecuador](#)
- [Environment](#)
- [Environmental](#)
- [Assessment](#)
- [Free Entry/Land](#)
- [Access](#)
- [Glamis](#)
- [Gold](#)
- [Goldcorp](#)
- [Guatemala](#)
- [Impact on](#)
- [Communities](#)
- [Indigenous](#)
- [Rights](#)
- [Metal](#)
- [Mining](#)
- [Effluent](#)
- [Regulations](#)
- [New](#)
- [Caledonia](#)
- [Ontario](#)
- [Placer](#)
- [Dome](#)
- [Québec](#)
- [Uranium](#)
- [Vale](#)

[more](#)

The Canadian organizations are demanding that Blackfire cease and desist in its NAFTA Chapter 11 threats against the government of Chiapas, and that the Canadian government begin a thorough investigation into Blackfire's activities in Mexico. The coalition also calls on all MPs to recognize that Canadian mining company abuses in the Global South are endemic. Passing Bill C-300, the Responsible Mining Bill, will be a step in the right direction to ensure government oversight of Canadian mining activities abroad.

Investor-state dispute mechanisms, such as NAFTA's Chapter 11, must be removed from all existing bilateral and multilateral trade agreements and not included in any future agreement. There is no justification for protecting investment and the profit drives of multinational mining companies to the detriment of basic human and ecological rights.

-30-

For more information please contact:

- Common Frontiers – Rick Arnold (905) 352-2430 – comfront@web.ca
- Sierra Club Canada – Michael Bernard (613) 241-4611x230 (office) (613) 302-9933 (cell) – michaelb@sierraclub.ca
- United Steel Workers – Judith Marshall (416) 544-5963 – jmarshall@usw.ca
- Council of Canadians – Dylan Penner (613) 795-8685 – dpenner@canadians.org

Background:

1. English translation: REMA-CHIAPAS statement on the threat of a lawsuit by Blackfire Exploration and the attitude and involvement of Chiapas State authorities. (Original attached.)
2. English translation and original February 9, 2010 article in *Milenio*.

1. Blackfire To Sue the Government of Chiapas – The Cynicism of Canadian Mining Companies

February 10, 2010, Chiapas, Mexico

Under Chapter 11 of the North America Free Trade Agreement (NAFTA), Canadian mining company Blackfire Exploration, linked to the death of opposition leader Mariano Abarca Roblero, intends to sue the government of Chiapas for almost \$800 million, to repair the damage and injury caused by the closure last December 2009 of the barite mine in Grecia ejido in the municipality of Chicomuselo. The Canadian mining company has significant interests in the state and plans to create the infrastructure in the Port of Chiapas that would allow it to market the wealth they extract from the state to the Asian market, in this case supposedly the largest titanium mine in North America containing around almost 1,570,000 metric tons of high quality ore (TiO₂) within the mineral ilmenite (Fe₂O₃TiO₂) from which titanium dioxide is extracted.

The national press reported yesterday [<http://impreso.milenio.com/node/8716870>] that officials of the Canadian mining company "have already met several times with officials of the Chiapas government to reach a settlement and, if they maintain the decision to close the mine, to be able to agree on compensation."

In an affidavit of 7 December 2009, the Ministry of Environment and Housing (Semavi) states that with the "verification visit, exploration, extraction and exploitation of mineral deposits or substances that are similar in nature to the components of land" and based on Articles 65, 66 and 68 in the Administrative Procedure Act, and in order to verify the environmental laws of Chiapas (Article 221 and 85 of the Administrative Procedure Act), it "proceeded to the temporary total closure of exploration, extraction, storage and processing of stone material -barite- and the movement of vehicles related to the company's extractive activity along the road leading from the area for storage and processing of raw materials towards the areas for extraction of material, for this purpose tying the red closure ribbons in the places described below: to the excavator, in the access to the area, Tower 1, and on the cabin and on the digging arm of the excavator."

It should be noted that Chapter 11 of NAFTA refers to expropriation and compensation under Article 1105 (1) under which the Canadian transnational seeks to recover \$800 million. In response, REMA states and alleges that:

1) The closing of the Canadian mine, one of the 5 the company has in Chiapas, was done because of the environmental pollution it is causing, its irreversible environmental impacts, and its significant contribution to Climate Change. Foreign investment should not be above the global environment or the health of the people, or sovereign environmental policies. Therefore, we demand the annulment of Chapter 11 of NAFTA which protects investments with impunity and exceeds the global interest.

2) While the government of Chiapas has refused to pay compensation to the family of Mariano

Abarca Roblero, despite the resolution of the State Congress, it is willing to negotiate millions of dollars with the Canadian company. The interest and profits of transnational mining companies can not be put ahead of the interests of the people of Chiapas.

3) That although the reasons put forward for the closure of the Canadian mine are environmental, the closure supports the vast domestic and international pressure to demand justice for the murder of the leader of REMA-Chiapas' opposition against the mining company's activities. To date the perpetrators of the crime have not been sentenced, nor have the responsibilities of other employees and officials of the Canadian company Blackfire been demarcated.

4) The Canadian company's illegal and immoral demand for U.S. \$800 million against the Mexican people while refusing to pay farmers an average of 230,000 dollars (3 million pesos) that the *ejidatarios* of New Morelia Ejido claimed against it for stealing barite located in their territory. The responsibility of the Canadian company for this theft and illegal dispossession has not been determined, nor for threats with firearms by company staff and officials.

5) The compensation of \$800 million that Blackfire plans to demand would mean that each of the 4,293,459 people in Chiapas would pay USD \$186.32 dollars or the equivalent of \$2,422 Mexican pesos per person, equal to 46 'minimum wages' per Chiapas resident. Therefore, the promises of development and jobs from these foreign investments, as well as bringing environmental impacts, threats, intimidation, murder, climate change, extortion, and corruption, also bring with them further impoverishment of the population. We demand that the government of Chiapas take a firm position on monitoring and meeting the Millennium Development Goals adopted in the Constitution of Chiapas.

6) We demand that the Mexican Federal Government, through the Ministry of Economy, cancel of all mining concessions of the Canadian mining company Blackfire and its expulsion from the country for violating the interests of peasants and indigenous peoples, for violating fundamental human rights, and for being implicated as being responsible for masterminding the murder of Mariano Abarca Roblero for which its workers are now detained.

7) While the Canadian mining company failed to comply with agreements and promises of support and infrastructure in the *Ejido* of Grecia, such as roads and water storage tanks, in exchange for deforestation and soil removal to extract barite in open pits, the cost of which has no comparison with what it now demands, aims to take \$800 million from the Mexican people. The Chiapas state government should require that the company comply with these agreements to support the interests of the people of Chiapas.

8) Chapter 11 of NAFTA enables transnational corporations to sue governments if their investments are threatened by the demands of compliance and respect for human rights which society requires. This heightens the criminalization of social protest and repression to prevent governments having to pay. We demand an end to this situation and to increasing militarization. We demand that the responsibility of criminal foreign investments be identified, and an end to their impunity.

Blackfire Out of Chiapas! REMA Chiapas

Mexican Network of People Affected by Mining (REMA) www.rema.codigosur.net

Otros Mundos, A.C.

Francisco I. Madero 49, Barrio Guadalupe 29, 200 San Cristobal de las Casas, Chiapas, Mexico
P.O. Box 43; Phone (967) 631-6643; www.otrosmundoschiapas.org

2. Canadian Company, unhappy over the closure of titanium mine Suing the Chiapas government for \$800M Blackfire Exploration Mexico says that this action inhibits the business environment.

2010-02-09 • Business

The company has an open-pit barite mine in the state. Photo: Notimex

The mining company Blackfire Exploration Mexico will sue the Chiapas government for nearly \$800 million, considering that this is the amount of damages caused by the illegal closure of the barite mine in Grecia *ejido* in the municipality of Chicomuselo, undertaken last December 28.

According to company spokesmen, it will base its arguments on regulations under the North American Free Trade Agreement, seeking the advantages it is entitled to under the trade agreement.

The company believes that the \$800 million covers a portion of the projects it plans to launch in the area, including a port that would allow it to connect with the Asian market, the development of

a mine which contains nearly 570 million metric tons of high quality titanium in what could be the largest deposit in North America.

Blackfire Exploration is a Canadian company, based in Toronto, whose representatives have already met several times with officials of the Chiapas government to reach a settlement and, if they maintain the decision to close the mine, to be able to agree on compensation.

The spokesman said the company's position in talks with the government of Chiapas is that this action inhibits the bilateral business environment within the state and harms the trust relationships necessary to invest in long-term projects.

The company has an open-pit barite mine in Chiapas, with large reserves of mineral that is used in the oil fields of the country; as well, according to the information held by the Company, it expects that this area is one of the highest grade hard rock TiO₂ deposits in the world.

This means that due to the characteristics of the area it has a large deposit of titanium (TiO₂) within the ilmenite (Fe₂O₃TiO₂), resulting in a high concentration of this metal, whose price has been rising for several months. Its use is diverse, ranging from cosmetics to paints and engineering and construction.

Spokesmen for the mining company Blackfire Exploration Mexico said they have let the state government know that there is willingness to continue the company's productive activity under friendlier operating parameters, including productive opportunities, green technologies, and development for the population.

Production: 1,570,000 metric tons

- Keys

Conflict

- The state government of Chiapas closed the mining consortium of Canadian origin on December 7, 2009.
- The Secretariat of Environment and Housing (Semavi) argued that the mining had resulted in the diversion of watercourses and natural runoff and also in changing land use over a large area.
- The authorities also named other reasons such as lack of environmental impact permits for the opening of new roads, in addition to emissions of suspended particles.

Mexico • Luis Carriles

**Empresa canadiense, inconforme con el cierre de mina de titanio
Demandarán al gobierno de Chiapas por 800 mdd
Blackfire Exploration México dice que esa medida inhibe el ambiente de
negocios.**

[La empresa tiene en la entidad una mina de barita a cielo abierto. Foto: Notimex]

La empresa minera Blackfire Exploration México demandará al gobierno de Chiapas por casi 800 millones de dólares, al considerar que este es el monto de los daños y perjuicios causados por el cierre ilegal de la mina de barita en el ejido Grecia, en el municipio de Chicomuselo, realizado el pasado 28 de diciembre.

De acuerdo con voceros de la compañía, la minera se amparará en la reglamentación del Tratado de Libre Comercio de América del Norte, apegándose a los beneficios que le corresponden por tener dicho acuerdo comercial.

La empresa considera que los 800 millones de dólares cubren una parte del total de los proyectos que pretenden poner en marcha en la zona como son un puerto que les permita conectarse con el mercado de Asia, el desarrollo de una mina que contiene casi un millón 570 mil toneladas métricas de titanio de alta calidad, en lo que podría ser el depósito más grande de Norteamérica.

Blackfire Exploration es una compañía canadiense, con sede en Toronto, cuyos representantes ya se ha reunido en diversas ocasiones con funcionarios del gobierno de Chiapas para llegar a un acuerdo extrajudicial y, en caso de que se mantenga la decisión de cerrar la mina, para poder acordar una indemnización.

Los voceros informaron que la posición de la compañía dentro de las pláticas con el gobierno chiapaneco es que esta medida inhibe el ambiente de negocios bilaterales en la entidad y dificulta las relaciones de confianza para invertir en proyectos de largo plazo.

La empresa tiene en Chiapas una mina de barita a cielo abierto, con grandes reservas del mineral que es usado en los campos petroleros del país, además, de acuerdo con la información

con que cuentan la empresa prevé que en esta zona hay uno de los depósitos más fuertes de roca dura, del grado TiO₂, del mundo.

Lo que significa que por las características de la zona se tenga un gran depósito de Titanio (TiO₂) dentro de la ilmenita (Fe₂O₃TiO₂), dando por resultado una alta concentración de este metal, cuyo precio se mantiene al alza desde hace varios meses. Su uso es diverso, desde pinturas y cosméticos hasta ingeniería y construcción.

Los voceros de la minera Blackfire Exploration México comentaron que le han dado a conocer al gobierno estatal que hay voluntad y esfuerzo para continuar con la actividad productiva de la empresa, con parámetros de operación más amigables, acercándole oportunidades productivas, tecnologías verdes y desarrollo para su población.

Producción: 1,570,000 toneladas métricas

- Claves

Conflicto

- El gobierno del estado de Chiapas clausuró el 7 de diciembre de 2009 el consorcio minero de origen canadiense.
- La Secretaría de Medio Ambiente y Vivienda (Semavi) argumentó que la minera incidía en la desviación de cauces y escurrimientos naturales y también en el cambio de uso de suelo de una superficie importante.
- Las autoridades señalaron otras causas como carecer de permiso correspondiente en materia de impacto ambiental para realizar la apertura de nuevos caminos; además de emisión de partículas suspendidas.

México • Luis Carriles

<http://impreso.milenio.com/node/8716870>

Attachment



REMA-Chiapas: Blackfire Demandará al Gobierno de Chiapas 160.53 KB



» [Send to friend](#) [Español](#) [Français](#)

Tags: [Blackfire](#) [International Trade and Investment](#) [Mexico](#)

Related Items

- [Corruption and Oppression in Chiapas, Mexico](#)
- [Canadian Fact-finding Delegation Discovers Mexican Community Devastated by Mining Activities of Blackfire Exploration](#)
- [Groups File Documentation with RCMP on Canadian Mining Company's Involvement in Mexican Corruption Case](#)
- [Documents Show Corruption and Intimidation by Canadian Mining Firm Blackfire in Its Mexican operations – Ottawa Must Investigate Immediately](#)
- [Mexican Activist Murdered for Opposing Canadian Mining Company - Killing Sparks Protest at Canadian Embassy in Mexico City](#)
- [Urgent Action: Stop Murders and Threats Against Mexican Activists Fighting Mining Abuses in Chiapas](#)