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## Environmental offsets in Panama: A strategy that opens up protected areas to mining

Minera Panamá (MPSA), owned by Canadian company First Quantum, has a concession to conduct open-pit copper mining in the Donoso District, Colón Province, which covers an area of 13,600 hectares within a protected area of Panama. Additionally, the company has built a 200-hectare deepwater port on the Caribbean sea,—which it will use to export the mineral from the country—as well as a coal-fired power plant to provide energy for its operations. The concession is located about 120 kilometers west of Panama City. In order to obtain the environmental authorizations, the company has presented plans to "offset the loss in biodiversity."

### **Who is First Quantum?**

In 2013, Canadian company First Quantum bought 80 percent of Minera Panamá SA's share capital (MPSA), which was mostly owned by Canada's Inmet Mining/Petaquilla; the latter already had the concession to extract copper and gold in the area. Like the vast majority of Canadian companies operating in Latin America, First Quantum has a history of allegations of human rights violations in other countries where it has operated. A report by OECD Watch, Oxfam Canada and the Zambian organization, DECOP, has denounced the company's involvement in the eviction of villagers from an area in Zambia that they had traditionally occupied, causing serious harm to these communities. Another report claims that the company was involved in the illegal extraction of natural resources in the Democratic Republic of the Congo, in 2002 (1).

The 13,000-hectare concession in Panama lies within the Mesoamerican Biological Corridor—a biologically rich connecting region which will be severely damaged by MPSA's copper extraction. Its forests are in an excellent state of conservation and harbor incredible wealth in terms of biodiversity. The adjacent population are mainly peasant and indigenous peoples, engaged in subsistence farming and ranching.

Neighboring towns have already experienced the impacts of mining firsthand, since Petaquilla Gold has already operated in the region. In its 100-hectare concession area, the company caused contamination of rivers, deforestation, and health impacts in the communities—not to mention its hundreds of unfulfilled promises. The company was plunged into a financial scandal. It was then abandoned, leaving in its wake open cracks and pools of cyanide, which today are still a latent threat to the rivers and people of the area. This is in addition to the thousands of workers who were not paid, and other unmet labor obligations on the part of the company.

### **Offsetting damage that cannot be repaired**

According to environmental authorization requirements outlined by the government, Minera Panamá/First Quantum must offset the irreparable losses to the environment that the large-scale copper mining will cause. The company has committed to following the standards imposed by the International Finance Corporation (IFC), the private sector arm of the World Bank, and it has presented plans to "offset the loss in biodiversity."

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The mine has not yet begun to operate. Nonetheless, the company has mounted a strong campaign promoting its activities, perhaps to appease both the conservation NGOs that pushed to declare the Mesoamerican Biological Corridor as a protected area, and the local residents who oppose the massive destruction the project will cause. These activities include several programs that are part of its offset strategy. According to its website, the company "is committed to maintaining a net positive impact on biodiversity and to being a global leader in biodiversity management."

WRM visited the area in late 2016, to talk with local people and learn firsthand what is happening on the ground.

Among the company's projected biodiversity offset plans is the reforestation of 7,300 hectares. This plantation would serve to offset the irremediable losses that the mining project will cause in the Mesoamerican Corridor area. The local people we talked to in the Coclecito area knew that the company was carrying out reforestation plans. In spite of all the propaganda on the company's website, on our visit we saw just a few coffee plants and a few native trees planted along a steep edge of the road.

In the already absurd logic of offsets, it seems even harder to imagine how a few coffee plants and trees could compensate for the loss of forests in the area, which harbors enormous diversity of flora and fauna—including endangered endemic species, which are also highly important for local communities, who use them on a daily basis (2).

Furthermore, since several species that inhabit the area will evidently have their habitat destroyed, the company has made agreements with international organizations in an attempt to save some of these species—and thus improve its image. For example, its partnership with the Sea Turtle Conservancy seeks to protect endangered sea turtles that nest precisely on the part of the Caribbean coast that will now be impacted by the deepwater port used for exportation.

The company also presented another offset plan to support management of the protected areas surrounding the concession—the Santa Fé and Omar Torrijos National Parks—and to create a third multipurpose area in Donoso, altogether totaling some 250,000 hectares. Minera Panamá says it will cover the costs of equipment, infrastructure, biological monitoring, education, and a training program for park rangers in all of Panama's protected areas.

Here lies another great fallacy of offset mechanisms: Corporations do not even have to carry out their own offset plans. They have found a way to free themselves of the responsibility of implementing offset projects, and of the costs to maintain said projects—especially once the mine has ceased to operate.

Furthermore, one of the underlying concepts of offsets is that they should be "additional." That is, offset project promoters have to demonstrate that if it were not for their project, the area they are now conserving would have been destroyed—which is not the case in protected areas.

Using illegitimate methods—as is the case with offsets for irreparable damages—Minera Panamá is preparing to open up and destroy Panamanian forests in the Biological Corridor. Offset mechanisms are based on mercantilist logic that sees a forest as a set of independent and interchangeable parts. This is vastly different from the worldview of indigenous and farming communities, who see the forest as an interconnected and interdependent whole that includes even them. For these peoples, allowing the destruction and fragmentation of an area as rich as the Caribbean Atlantic is criminal.

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(1) See the Mining Watch Canada report, "Supporting Communication to the Special Rapporteur on the Rights of Indigenous Peoples",  
<https://justiceprojectdotorg1.files.wordpress.com/2012/03/supporting-communication-jcap-mw-dsg-final-english-1.pdf>

(2) Economic and distributive analysis of mining activity in Panama, The Nature Conservancy, <http://bit.ly/2C5NWEi>