GDAE Releases Report on Mining Activities in Guatemala:
“Searching for Gold in the Highlands of Guatemala: Economic Benefits and Environmental Risks of the Marlin Mine”

The Marlin mine in Guatemala, owned and operated by the Canadian company Goldcorp, has been a source of local conflict and international controversy for nearly a decade. Mining is a major issue in the September 2011 Guatemalan elections, and continues to be a controversial topic in local politics. The mine has been commercially successful for Goldcorp and generated substantial returns to shareholders based on the global prices of gold and silver and the low local costs of production.

Little research has been conducted, however, to assess the both the environmental impacts of mining activities and the economic contributions of the mine to local communities in Guatemala. This report from the Global Development and Environment Institute at Tufts University, written by Senior Research Fellow Lyuba Zarsky and Leonardo Stanley, examines the economic benefits and environmental risks of the Marlin mine and its contribution to sustainable development in Guatemala.

This report has three central findings:

1. **The Guatemalan government’s share of Marlin’s high profits is minimal.** Guatemala receives about 42% of mine revenues, and local communities receive only about 5% of revenues. This is far below the best practice in global mining operations.

2. **The balance of Marlin’s benefits and risks is highly skewed in terms of place and timing.** While the mine generates significant economic benefits currently, all benefits will abruptly cease during the closure phase, and local communities will bear all of the environmental burdens. The environmental risk the Marlin mine poses to local communities is exceptionally high and likely to increase over the remaining life of the mine and in the post-closure phase.

3. **The Marlin mine is contributing little to sustainable development in Guatemala;** little of the royalty and tax revenue generated from the mine has been invested in public goods such as health, education and infrastructure.
Zarsky and Stanley find that, overall, environmental risks significantly outweigh the economic benefits of the mine. They make several recommendations for both Goldcorp and the Guatemalan Government to increase oversight and regulation of mining and assess the environmental risks to the local population surrounding the mine, with a particular focus on water contamination. The authors recommend that Guatemala’s Mining Law should be amended to capture a higher share of mine revenue and give a substantially larger portion to local affected communities.


For more information on this report, or to interview the authors, contact Joanna Miller at Joanna.Miller@tufts.edu, 617-627-6909.