

Hon. James Flaherty
Minister of Finance

Hon. John Baird
Minister of Foreign Affairs

Ms. Hélène Laverdière
Deputy House Leader of the Official Opposition
Foreign Affairs Critic

Mr. Peter Julian
Official Opposition Finance Critic

Hon. Scott Brison
Finance Critic

Hon. Dominic LeBlanc
Foreign Affairs Critic

Mr. Stephen S. Poloz
President and CEO
Export Development Canada

December 9, 2011

Re: Criticism of Environmental, Social and Human Rights Due Diligence by Export Development Canada and the U.S. Export-Import Bank.

Dear Sirs and Madams:

We are writing to express our serious concern about the environmental and social due diligence process employed by Export Development Canada and the U.S. Export-Import Bank. The process lacks transparency, neutrality and credibility.

We are local community organizations, civil society networks and non-governmental organizations in Chile and Argentina who are affected by the Pascua Lama gold mine project. The project, which straddles the border between our countries, is owned by the Canadian company Barrick Gold. Pascua Lama is located in the Andes Mountains, amidst glaciers, at an altitude of over 4,500 metres.

Barrick has applied for public financing for Pascua Lama from both the Canadian government's Export Development Canada (EDC) and the U.S. government's Export-Import Bank (Ex-Im Bank). Both institutions are public export credit agencies that are obliged to uphold environmental, social and human rights policies.

Three weeks ago we learned by chance that EDC and Ex-Im Bank staff were visiting Chile and Argentina. We received no advance information regarding the trip's objectives, the composition

of the mission team or its itinerary. Those individuals who were approached for interviews with bank staff received superficial information regarding the nature of these foreign agencies and the purpose of their visit. A priest from the Huasco Valley declined to meet with bank staff because he did not understand why he had been approached or by whom. Another local leader was contacted by Barrick and was invited to meet with bank staff at the company's office in Vallenar. The leader insisted that the meeting take place in a neutral, public setting.

This haphazard approach to due diligence is shocking, especially considering that last year, civil society organizations reached out in good faith to Ex-Im Bank to seek consultation on Pascua Lama. On May 10, 2010, many of the Chilean signatories to this letter [wrote to Fred Hochberg](#), President of Ex-Im Bank, with copy to EDC, regarding Barrick's application for financing. They expressed a number of concerns about the potential environmental, social and human rights impacts associated with project development, and provided information about the serious impacts that have already been sustained. The signatories offered to provide additional information and encouraged Ex-Im Bank to visit Chile. On June 29, 2010, James Mahoney responded to the letter, explaining that "[Mr. Hochberg] requested that we pay particular attention to the issues you raised when we commence our due diligence review of the project." Mr. Mahoney continues: "[w]e value the input you have provided us, and welcome any further information about the environmental and social impacts of the Pascua Lama project that you may be able to provide during the course of Ex-Im Bank's due diligence review of the project's application for funding."

Despite these expressions of interest, none of the Chilean organizations that signed the 2010 letter were contacted by EDC or Ex-Im Bank staff during their trip to South America. The Latin American Observatory of Environmental Conflicts (OLCA) contacted Ex-Im Bank when it learned from third parties that the agency was in-country. When the Bank responded, time constraints made it logistically impossible for the agency to meet with the signatories to the 2010 letter.

The central purpose of on-the-ground due diligence is to allow public financial institutions to assess the adequacy and veracity of information provided by a prospective client. In order to be credible, this process requires independence from the company in question. Individuals who are negatively impacted by an investment may be hesitant to share information with financial institutions if they feel that they lack neutrality. For this reason, we were surprised to learn that Barrick staff was asked to arrange interviews for EDC and Ex-Im Bank staff. Moreover, on at least two occasions, Barrick staff was present while interviews took place.

In addition to these irregularities, which demonstrate a lack of seriousness regarding the consultation process, we note that at least one interviewee was required to provide his own translator for a meeting with Ex-Im Bank staff.

Both EDC and Ex-Im Bank claim to apply the World Bank Performance Standards to their private sector clients. However, the deficient due diligence process recently carried out in our countries by EDC and Ex-Im Bank staff prevent these agencies from effectively assessing Barrick's compliance with those Standards, particularly with respect to issues such as community engagement, project support by local communities, and the free, prior and informed

consent of affected indigenous people. The banks' approach to due diligence exacerbates the sense of vulnerability experienced by local communities and undermines the credibility of both EDC and the Ex-Im Bank.

We remain interested in participating in a credible due diligence process regarding public financing for Pascua Lama. Such a process will necessarily include meaningful consultation with affected communities and interested civil society actors in Chile and Argentina. We look forward to hearing from EDC and Ex-Im Bank soon regarding their plans to return to South America.

Yours truly,

Chile

Observatorio Latinoamericano de Conflictos Ambientales (OLCA)
Agrupación Ecológica Atacama Limpio - Vallenar, Región de Atacama
Alianza por una Mejor Calidad de Vida RAP-AL
Centro Cultural Social y del Medio Ambiente Ceibo – Maipú, RM
Centro Ecoceanos
Consejo de Defensa del Valle del Huasco- Región de Atacama
Corporación de Defensa y Promoción de los Derechos del Pueblo, CODEPU-Chile
Acción por los Cisnes - Valdivia - Región de los Ríos
Centro Ecoceanos
Liga Ciudadana de Consumidores
Mapuexpress
Radio del Mar
La Coalición EcuMénica por el Cuidado de la Creación
Centro EcuMénico Diego de Medellín
Departamento de Paz Justicia e Integridad de la Creación, CONFERRE-Chile
El Comité de Defensa y Recuperación del Cobre
ONG Recuperemos el Cobre de Chile
Feministas Autónomas – Memoria Feminista
Organización Ciudadana Ambiental de Salamanca, OCAS – Región de Coquimbo
Oficina de Justicia, Paz e Integridad de la Creación. Sociedad Misionera de San Columbano
Pastoral Salvaguarda de la Creación – Alto del Carmen, Valle del Huasco
Red Ciudadana por la Defensa de la Precordillera de Santiago, RM Chile

Argentina

Frente Cívico por la Vida - San Juan
Inti Chuteh - San Juan
Conciencia Solidaria - Buenos Aires

United States

Columban Center for Advocacy and Outreach
Foreign Policy in Focus

cc: Ex-Im Bank and members of U.S. Congress