



## The Irrationality of Extractivism in Honduras: The Guapinol Case

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### The Extractivist Model and its Long History

Honduras is found in the navel of the Americas. This geographical location, combined with the vast natural resources contained within its 112,000 km<sup>2</sup>, has historically affected the country, plaguing it with “the curse of abundance.” The world’s capitals have forever had their hands on our natural resources, turning us into a stockpile of mineral and land reserves, available to be withdrawn when required.

Since becoming a Republic two hundred years ago, Honduras has undergone at least three extractivist cycles, where each time, the State has been co-opted to serve the interests of a clique of elites. The first spans the late 19th century to the mid-20th century, with North American companies’ gold and silver mining activities<sup>1</sup>. The second was centred on the land, the search for cheap labour and the expansion of export-driven monoculture crop

cultivation, mainly bananas<sup>2</sup>. This laid the foundations for a model that, in the long run, dramatically worsened working conditions, concentrated wealth, and rendered the country economically dependent on foreign powers.

The third cycle involved the extraction of mineral resources and the licensing of hydroelectric projects. It began in 2007 when the Honduran Council of Private Enterprise (COHEP) focused its strategic plan on accumulating wealth from natural resources. The global economic crisis spurred the wave of market interest in commodities, and Honduras was caught in this current. This reflection is the focus of our exploration into extractivism in the last decades.

In 2009 a *coup d’état* took place in Honduras, the first of the 21st century in Latin America, a political crisis that was a smokescreen to allow the elites to gain total institutional control and put the government at the service of their new economic gamble. In just six months, the *de*

<sup>1</sup> To further explore this cycle see, Araya, Carlos, 1979, *El enclave minero en Centroamérica, 1880-1945: un estudio de casos de Honduras, Nicaragua y Costa Rica*. Available at:

<https://revistacienciasociales.ucr.ac.cr/imagenes/revistas/17-18/araya.pdf>

<sup>2</sup> For the milestone events of the century in Honduras see: Barahona, *Síntesis histórica del siglo XX*.

*facto* regime approved a flood of licenses for mining projects and energy, hydroelectric, wind and photovoltaic projects. Although the proposed energy transition may seem like a positive step in principle, the situation looks markedly different when the developments violate legal structures and exclude local communities. This cycle is summarized in the motto “Honduras open for business”, the tagline for auctioning off the national territory, with the Employment and Economic Development Zones (ZEDE)<sup>3</sup> used to attract investors.

A recent report states that in Honduras, the land in 156 municipalities is in danger due to 540 mining licenses, and rivers are under threat in 100 municipalities due to 307 permits for power generation. In addition, at least 165 extractive projects threaten indigenous peoples’ territories<sup>4</sup>.

The country gains nothing from this economic strategy. It only benefits a small group of investors, leaving only destruction for the communities that have historically cared for these rivers and mountains. In the last decade, licenses were handed out, and a legal framework to implement these projects was approved, fundamentally protecting investors. One such law was the General Mining Law, tailored to the owners of these new licenses.

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<sup>3</sup> The ZEDE are special development zones entailing the licensing of a portion of territory to investors. The law empowers them to have their own tax regime, security system, and education. Currently the law has been repealed by the National Congress, it is expected to be ratified in the next legislature.

<sup>4</sup> FOSDEH, UNAH, OXFAM. Territorios en Riesgo III: Minería, hidrocarburos, y

## Guapinol: An Emblematic Case

Among dozens of approved mining licenses, we find the Guapinol Case—named for its impacts on the Guapinol and San Pedro rivers—which entailed the granting of two iron oxide mining licenses known as ASP and ASP2<sup>5</sup> in the Montaña Botadero Carlos Escaleras National Park (hereinafter, Carlos Escaleras National Park), situated in the Aguán Valley, an area also affected by agro-industrial extractivism. Both licenses were awarded to *Inversiones Los Pinares*, belonging to the EMCO Group, whose main partners are the married couple Lenir Pérez and Ana Facussé, who belong to one of the wealthiest families in the country. Among their holdings is the *Corporación Dinant*, with over 12 thousand hectares of oil palm in the Aguán valley.

The mining licenses were preceded by the installation of the iron oxide pelletizing plant, located fifty meters from the Guapinol River. To carry out the iron processing, the EMCO Group created *Inversiones ECOTEK S.A.* because the licenses granted to *Inversiones Los Pinares* are for non-metallic mining<sup>6</sup>, so they cannot be involved in the processing stage. These two mining licenses and the pelletizing plant could easily have gone unnoticed among the 540 licenses scattered across the country; however, this case came to symbolize the irrational nature of the

generación de energía eléctrica en Honduras. UNAH, FOSDEH, OXFAM: Tegucigalpa, 2021.

<sup>5</sup> The list of licenses in Honduras is available at: <https://inhgeomin.gob.hn/mineria/>

<sup>6</sup> CESPAD, Una procesadora de óxido de hierro, la otra tragedia de Guapinol. October 2022

country's mining industry. Here we will detail at least four perspectives as to why the project is unviable:

First, the project is environmentally unviable because of the destruction it entails. The two licenses are located in the heart of the Carlos Escaleras National Park, home to "34 declared micro-catchment areas that supply drinking water to the Tocoa, Sabá, Gualaco, Olanchito, Bonito Oriental and San Esteban municipalities. Around 42,000 inhabitants from the various communities receive water from Botaderos Mountain."<sup>7</sup>

Second, there have been indications of lawbreaking in the project from start to finish. For example, in April 2013, EMCO MINING COMPANY, now *Inversiones Los Pinares*, submitted two applications for granting two non-metallic mining licenses called ASP and ASP2, covering 200 hectares. Both licenses were located in the core zone of the protected area of the *Montaña de Botaderos* National Park.

On December 12 of the same year, the National Congress reduced the core zone of the Park by Decree without complying with the required process for the modification of protected areas, reconfiguring article 5 of Decree 127-2012, which had previously declared the *Montaña de Botaderos* National Park a protected area. This new legislation, Decree 252-2013, was published in the new year by *La Gaceta*<sup>8</sup>, the official journal of the Republic of Honduras, confirming yet another crime.

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<sup>7</sup> Cronología de la Criminalización del Campamento Guapinol

<sup>8</sup> Ibid.

Illegality characterizes the modus operandi of *Inversiones Los Pinares*. In this case, the company did not comply with technical advice from the Forest Conservation Institute or the Ministry of the Environment. Their expert opinions establish that the project's development is not feasible as the mining project is located both in the forested area and in the recovery subzone of the protected area of Carlos Escaleras National Park, where mining is prohibited. Nevertheless, despite all these legal violations, the mining project has proceeded with the road construction, removing forested areas in the Park's core zone and installing the pelletizing plant.

In addition to these illegal activities, there has been no prior, free and informed consultation, which is a prerequisite for establishing these projects in communities. No feasibility studies have been carried out, and the permits provided by the Tocoa municipality were issued unlawfully. In parallel to violating environmental regulations, the police and the military have protected miners and repressed the local population.

From a socio-economic perspective, it is unviable because the environmental impacts far outweigh the employment opportunities offered to communities. The State receives barely 6% of the profits that mining companies make from mineral extraction<sup>9</sup>.

And finally, these licenses have damaged the social fabric and sense of community. The company has pursued a multi-

<sup>9</sup> Oxfam, *Privilegios que niegan derechos. Desigualdad extrema y secuestro de la democracia en América Latina y el Caribe*. p. 88.

pronged strategy, from influencing institutions, public officials, and media campaigns in favour of mining and against the communities resisting the project to sowing division within organizations and communities and assassinating their leaders.

By studying the behaviour of the EMCO Group in its mining licenses and other companies with extractive projects, we can identify common patterns in the rolling out of these projects. Companies across the extraction industry follow the same template. The strategy has at least four phases<sup>10</sup>:

First comes the “seduction” or “persuasion” phase. In this phase, the company seeks to seduce the community with offers of community projects such as schools, health centres and electricity services. In addition, some business groups have created foundations to soften up communities or “social wash” their image.

In the second phase, divisions are sown within the community and leaders who oppose mining are harassed. When seduction does not work, the companies provoke division and violence in community organizations. They lobby for changes to the boards of community organizations, or they set up parallel boards of directors. In this strategy, they utilize community members or people from neighbouring communities whom

they have managed to win over by offering them employment or specific support.

The third phase is intimidation, aided and abetted by public institutions, especially local authorities and the police. If they fail to bribe or divide the community, the business groups turn to criminalization. For example, in the Guapinol Case, the company pressured the Public Prosecutor’s Office to convict 31 community members accused of usurpation, property damage, seizure of public space, illicit association and arson, among others.

Eight defenders criminalized for their defence of the Guapinol and San Pedro rivers spent 914 days deprived of their liberty, accused of the alleged crimes of aggravated damages, superficial damages and unlawful deprivation of freedom. However, their nightmare ended in February 2022 when the Constitutional Chamber granted two amparo<sup>11</sup> appeals in favour of the defenders, thus definitively acquitting them.

Phase four: Persecution, death threats, and the physical elimination of community leaders. This phase comes into play if the mining project continues to be firmly rejected despite attempts to seduce or divide communities and if criminalization fails to weaken the struggle. The prominent leaders of the Committee had to flee for their lives and leave the region, but threats never disappeared. On January 7, 2023, Ali

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<sup>10</sup> To learn more about the strategies used by extractive companies consult: Equipo de Reflexión, Investigación y Comunicación y Universidad de Saint Louis Missouri, Impacto socioambiental de la minería en la región noroccidental de Honduras a la luz de tres estudios de casos: Montaña de

Botaderos (Aguán), Nueva Esperanza (Atlántida) y Locomapa (Yoro), 2016.

<sup>11</sup> Translator’s note: An extraordinary constitutional appeal for the protection of fundamental rights. Found in most legal systems in the Spanish-speaking world.

Dominguez and Jairo Bonilla, members of the Guapinol Community and the Committee for the Defence of Public and Natural Goods, were murdered.

### **State Capture**

A common element in each phase is the conspiracy of public institutions, sometimes manifesting in the absence of political will or indifference towards human rights violations and environmental protection. Other times the participation is more direct, the most extreme demonstration of the State's complicity being the deployment of its security forces to protect facilities owned by *Inversiones Los Pinares*. The State's subordination to these higher powers is the only way to make sense of the following questions:

How is it that the Decree was modified to reduce the core zone of the *Montaña Botadero* National Park and establish a mining project? How is it that a mining project has been set up in a park, an essential water source for several municipalities? How is it that a mining project whose licenses do not comply with the law, and an iron processing facility with no environmental permits and expired certifications, continue to be constructed? How can this blatant unlawfulness continue unabated? How is it that a mining project continues to operate through bloodshed and the criminalization of defenders? How much more blood must be spilt for it to be stopped?

This unlawfulness, this damage to the environment and the violence visited on the community can only be sustained in a context where State powers support the mining project. This is a testament to the unsavoury reality that not only do Lenir

Pérez and Ana Facussé act above the State, but sometimes they are the State; sometimes, the State even seeks their permission to review their mining licenses.

### **Resistance to Extractive Projects**

In parallel to the rollout of mining and hydroelectric projects, movements rejecting and resisting extractive companies have emerged in the country's different regions, made up of *campesinos*, indigenous peoples, urban sectors and legal teams. In this struggle, organizations and communities have implemented various campaign strategies, some of the most notable being: 1) community organization and training on what is happening in their territories; 2) protest camps at the entrance to communities where extractive projects have been planned; 3) research on mining, this has been decisive to uncover the unlawful activities and the legal strategies employed by companies to hoodwink communities; 4) public communications to denounce abuse, relying on community radio, social and multimedia networks; 5) collaboration among anti-mining campaigns which has united popular and religious spheres, thus allowing the parishes and dioceses of the region to join the struggle; 6) Popular art, slogans, songs and concerts by national artists which have continuously accompanied the struggle and encouraged resistance.

### **Conclusions**

1. In Honduras, the massive rollout of mining and hydroelectric licenses over the past decade is riddled with lawlessness and accompanied by a series of laws to protect investors. Extractive projects were rolled out under the auspices of a *de facto* regime

and were strengthened by the administration of Juan Orlando Hernández, who controlled the entire institutional body. He made common cause with the elites, putting the institutions at the service of their businesses steeped in corruption, drug trafficking and money laundering. Now the former president is in a cell in a New York jail.

2. Extractivist projects have exacerbated the polarization of the country, intensifying wealth accumulation in the hands of the few and impoverishing the vast majority, increasing vulnerability to climate change and criminalizing community resistance and those who defend the rivers and mountains of their territories.
3. Extractivism is the ultimate expression of human irrationality. With mining and hydroelectric licenses, we overexploit the mountain forests and river waters, and with agro-industrial extractivism—oil palm, banana and sugar cane—we overexploit the waters of aquifers and valleys. As a result, we are running out of water; a short trip around the country will make it clear that our rivers are drying up.
4. There is a need to establish legal limits on the capacity for mining in our mountains and the capacity of our water resources in our country's rivers. These limits are urgent because

this deluge of mining and hydroelectric licenses has been granted without prior research. For this reason, a review must be carried out of all licenses and the conditions they were granted, especially where there is firm evidence of unlawfulness.

5. In the face of polarization, it is urgent to promote a countrywide dialogue which includes all sectors of society to discuss the limits of the market and the State concerning investments in extractive projects. We must establish parameters to determine which extractive projects can receive public investment and which cannot by defining how they will contribute to the common good. Our country's communities have historically cared for these strategic assets and resources.
6. Concerning the above, we need alternative economic models to the neoliberal model. Neoliberalism has been shown to devour natural goods, public institutions and the social fabric.

Amid the environmental and legal destruction caused by extractive projects, resistance is emerging in the voices of women, campesinos and young people. They have strengthened community movements in defence of their territories and forged bonds with sectors of the Church and with struggles from other regions around the country.

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