

Greek Gold Mine Savior to Some, Curse to Others

COSTAS KANTOURIS, Associated Press



IERISSOS, Greece (AP) — Barbed wire cuts across woodland patrolled by dozens of private security guards. Burly and stony-faced, they demand identity cards from anyone trying to pass through, and order cameras to be put away.

Beyond lies a precious prize: a gold mine — and its owners are taking no chances. Protesters, they say, have torched company property in violent demonstrations.

The oak- and beech-covered forests of northern Greece's Halkidiki peninsula have yielded various metals for more than 2,000 years. But as modern extraction and processing methods took over, they became a flashpoint in the debate over large-scale mining, environmental protection, job creation and tourism.

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Champions of an ambitious new mining project say that it will create jobs and pour hundreds of millions into the local economy, as Greece struggles with a devastating financial crisis. Opponents argue that mining will endanger lives through pollution, wipe out precious forests and drive tourists away from a region of striking natural beauty.

Hellas Gold — 95 percent owned by Canadian mining company Eldorado Gold Inc. and the remaining 5 percent by Greek construction company Aktor — holds mining licenses for an area covering 317 square kilometers (122 sq. miles) with proven and probable reserves of lead, zinc, silver, gold and copper. Many see the foreign investment as vital to helping Greece emerge from what is essentially a depression, with a quarter of the workforce unemployed and the economy heading into a sixth year of recession.

"In this difficult time — but also regardless of the circumstances — we owe it to ourselves to ensure the best possible exploitation of wealth this country has to offer to drive growth and bolster the economy," Deputy Energy and Environment Minister Asimakis Papageorgiou said in Parliament during a recent acrimonious debate on the Halkidiki mines.

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"No one doubts any longer that northern Greece is a source of mineral wealth, with a total wealth in metals exceeding euro20 billion," he said. "We can no longer accept this being left unexploited or barely exploited."

The mining company says fears about harm to the environment are unfounded.

"Our Greek projects follow strict EU and Greek environmental, health and safety regulations," said Eduardo Moura, Eldorado's vice-president and general manager for Greece. "If Canadians, Australians, Spaniards and others can benefit from responsible mining why would Greeks not do the same?"

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Local residents have formed a protest committee hoping to stop work on Eldorado's new gold and copper mine and processing plant in the area. They contend the project will devastate biodiversity and lead to pollution of the ground, air and water supply.

"This will cause a great deal of damage to our natural reserves," said Thanasis Krommydas, a local anti-gold campaign organizer. "(Greece) signs up to treaties to protect the environment with one hand, and destroys the environment with the other."

Opponents also argue that unlike many other countries, the Greek state gets no royalties from mine concessions, so stands to gain only taxes and jobs. Concessions granted in 2004 for Stratoni, one of the Halkidiki mines, are valid until 2026 and can be renewed twice for 25 years each time, free of charge.

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"The Greek state has nothing to gain but environmental cost from the investment," Alexis Tsipras, head of the main opposition radical left Syriza party, thundered during the parliamentary debate.

The current conflict centers on the mine complex's Skouries project — a series of concessions with a collective area of 55 square kilometers (21 sq. miles) containing 3.6 million ounces of gold reserves and 736,000 tons of copper. Assuming that production matches Hellas Gold's estimates that it will extract up to 85 percent of the site's reserves, and commodity prices remain at their current levels, Skouires is on track to generate revenues of some \$10 billion.

The company plans to extract the ore by means of an open pit as well as extensive underground tunnels. About 170 hectares (420 acres) of trees are being cleared for the pit — an area which the company says will be filled over and replanted once pit

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work is finished. A processing plant is also to be built.



Skouries is expected to be up and running by mid-2015 and to operate for about 25 years, Eldorado says. It estimates total investment in Skouries to be \$400 million.

The mine complex includes another two projects, Stratoni and Olympiada. Along with a fourth mine in the northeastern border region of Thrace, Eldorado speaks of a euro1 billion (\$1.3 billion) investment in Greece over the next five years that will create 2,000 jobs, Moura said.

"The region of southeast Europe is a focal point of our future business, and Greece is a major component of that strategy," Eldorado CEO Paul Wright said in Athens in December 2011. "The northeast of Greece is very, very prospective."

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The four mines are expected to account for about a quarter of the company's total future gold production. "The investment is very important, because if it succeeds it'll open the road to other investments that Greece needs so much," said Hellas Gold communications officer Kostas Georgantzis.

But the project has deeply divided local communities, and several recent demonstrations by between 400 to 1,000 people, according to protesters, have turned violent, with riot police firing tear gas and fighting running battles through the woods.

About five villages whose residents are employed by the mines are firmly behind the project, with the main center of support in the village of Stratoni. Those against draw on support from about 10 outlying villages, mine opponents say, with the center of protests focused in the village of Ierissos. Opponents say their cause is backed by scores of residents in much of the rest of Halkidiki, a tourist area popular with foreign and Greek visitors in the summer.

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So far work has progressed as far as forest clearance. Eldorado says the pit will only be in operation for about seven years, after which it will be filled over and replanted.

Opponents are not impressed.

The anti-gold movement has appealed to the Council of State, the country's highest administrative court, to have the project stopped, armed with environmental studies from Thessaloniki University and petitions from pressure groups such as hoteliers' associations and statements by the Technical Chamber of Greece, a scientific advisory body to the state.

"Most of the area is ... forest which is at least 300 years old, without ever having been violated," said Tolis Papageorgiou, a member of the local opposition group.

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Elena Becatoros and Derek Gatopoulos in Athens contributed.

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