



# Illegal Mining in Venezuela

## *Death and Devastation in the Amazonas and Orinoco Regions*

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### THE ISSUE

While the economic, humanitarian, and political crisis in Venezuela worsens, criminal groups—including gangs, Colombian guerrilla groups, and colectivos (paramilitary groups)—are competing for control of the country's valuable mineral resources. These resources include bauxite, coltan, diamonds, and, particularly, gold. Illegal mining is causing irreversible damage to the environment, fueling human rights abuses, and creating significant security threats for Venezuela and the region.

At the same time, as significant sanctions and diplomatic isolation have not yet impacted Nicolas Maduro's hold on power, illegal mining raises three fundamental issues for policymakers: (1) the implications of further instability in an already failed state, (2) the impact on sanctions policies, and (3) the challenge of getting these territories back from armed groups once there is a transition.

### RECOMMENDATIONS

#### **FOR THE INTERIM GOVERNMENT AND A DAY AFTER GOVERNMENT IN VENEZUELA<sup>1</sup>**

1. Engage bilateral and multilateral cooperation and assistance to address rampant corruption within Venezuela and to reform, train, and equip state security forces.
  - A. Locate and halt illegal mining operations through the following:
  - B. Confiscating or destroying mining equipment;
  - C. Blocking transport routes;
2. Working with the governments of Colombia and Brazil to secure borders; and
3. Collaborating with the government of Colombia and the international community to demobilize the National Liberation Army (Ejército de Liberación Nacional, or ELN) and dissidents of the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia, or FARC).
4. Offer immediate protection and humanitarian aid to indigenous and local communities affected by illegal mining.
5. Ensure that a Truth and Reconciliation commission investigates human rights abuses related to illegal mining.
6. Develop and implement public health policies to mitigate the spread of malaria, dengue, and other water-borne diseases.
7. Work with the National Assembly to pass and implement legislation that prohibits unregulated and

<sup>1</sup> For the purpose of this brief, recommendations are directed at both the Interim Government, led by Juan Guaidó, and a democratically elected Day After government. While most recommendations can and should start immediately, others cannot be fully implemented until a Day After scenario.

destructive mining operations throughout Southern Venezuela.

8. Collaborate with the local and indigenous communities to reinvest profits from the mineral resources into the underdeveloped southern part of Venezuela.

### FOR THE INTERNATIONAL COMMUNITY

1. Expand due diligence regulations for companies importing gold, diamonds, coltan, and other rare earths suspected to be of Venezuelan origin (including from Venezuela, neighboring states, and Caribbean islands).
2. Collaborate with neighboring countries, especially Colombia and Brazil, to secure their borders with Venezuela.
3. Pressure transit countries, including the islands of Aruba, Bonaire, and Curaçao, to stop importing Venezuelan gold and other minerals.
4. The European Union, in addition to countries such as Norway (a major mediator between the Maduro regime and the international community), should prioritize the preservation of the Amazon region in Venezuela when engaging with the Maduro regime.
5. NGOs should undertake an environmental impact assessment to evaluate the extent of the devastation of the Venezuelan Amazon due to illegal mining.
6. International environmental and human rights NGOs, in collaboration with Venezuelan civil society organizations, should conduct a global public awareness campaign about the multiple devastating effects of illegal mining in Venezuela and the region.

### BACKGROUND: THE ORINOCO MINING ARC

In 2011, then-President Hugo Chavez announced that he was considering opening a large swath of Venezuela's southern territory to mining activities. In 2016, as Venezuela's economy spiraled into crisis, Chavez's successor, Nicolas Maduro, [officially implemented](#) this vision. The Maduro regime sectioned off 12 percent of the country's territory and labeled it the *Arco Minero* ("Orinoco Mining Arc"). The Arco Minero, approximately the size of Portugal, spans across the Amazonas, Bolivar, and Delta Amacuro states and is an area rich in minerals. The area contains bauxite (used for aluminum production), coltan (used in the production of many electronic devices), industrial diamonds, and, most importantly, gold. The region also boasts some of the [most biodiverse](#) areas of the Amazon rainforest and borders Canaima National Park, a UNESCO World Heritage site.

The Arco Minero quickly became a hub for illegal mining, where armed non-state actors and local gangs compete for control of key mining operations. The Maduro regime has used state enterprises and security forces to legitimize otherwise criminal mineral extraction, collaborating with criminal groups to mine, process, and transport minerals. Illegal mining extends far beyond the boundaries of the Arco Minero, with mining activity reported inside the Canaima and Yapacana National Parks, along with several other protected areas.

### HOW IS ILLEGAL MINING SUPPORTING THE MADURO REGIME?

The Maduro regime benefits directly and indirectly from illicit mining. The semi-official mining sector involves [state-owned enterprises](#), such as Minerven and Compañía Anónima Militar para las Industrias Mineras, Petrolíferas y de Gas (CAMIMPEG), which source minerals from illicit mines and export them officially to other countries, most notably Turkey and the United Arab Emirates. Some profit from these trades goes directly into the coffers of the Maduro regime, giving it the money needed to circumvent international financial pressure.

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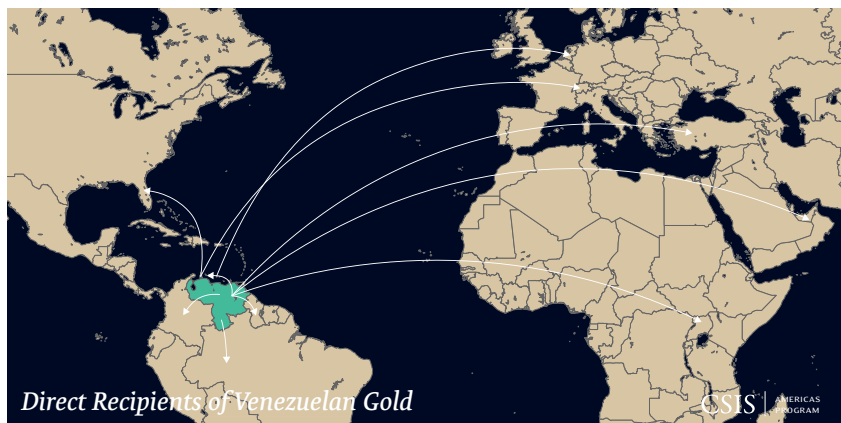


## notably Turkey and the United Arab Emirates.

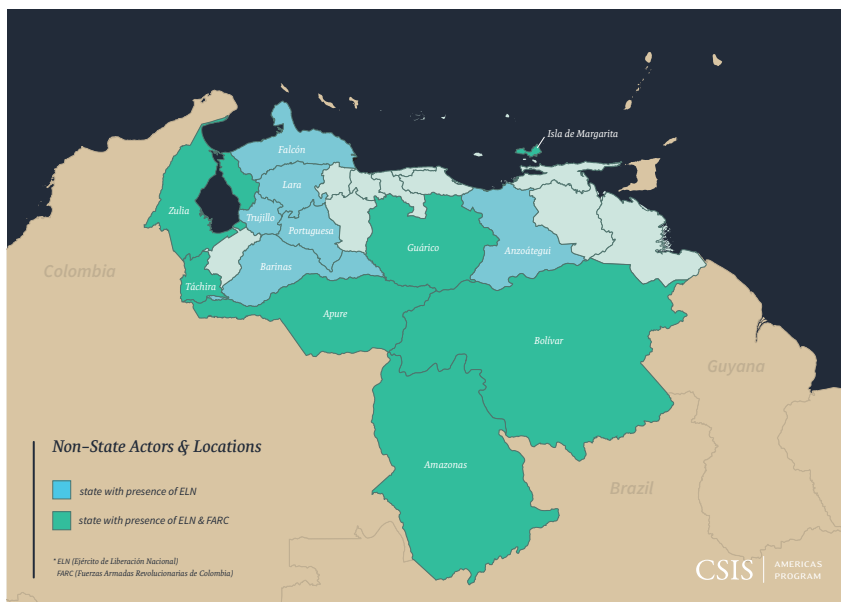
However, these semi-official operations only account for a small percentage of Venezuela's gold exports. The majority of illicitly mined gold leaves Venezuela as contraband and is later formalized into the global market, with the Maduro regime extracting many of the benefits. At nearly each step in the mining process, state security forces **take a cut**, fueling what is now one of the **most corrupt countries** in the world. For example, since the military controls the supply of fuel in the region, it profits by selling fuel to gangs, called *sindicatos*, and guerillas that operate the fuel-intensive mines. Both the army and the national guard reportedly operate numerous checkpoints along illicit transport routes, where they collect bribes in cash and gold. Finally, minerals are flown out of Venezuela with the help of the Venezuelan armed forces, which facilitates clandestine flights in exchange for bribes.

In a highly polarized political environment, these practices help the Maduro regime **secure loyalty** from the military. For a soldier or guardsman, a post in Bolivar or Amazonas represents an extremely lucrative opportunity in an otherwise failing economy. The profits are exponentially higher for army generals in the area, some of whom receive the gold equivalent of **up to \$800,000 per month** in bribes. Maduro has also used mining to secure loyalty from political leaders. In November 2019, he **announced** that he would give all 19 Chavista governors in Venezuela direct control over one gold mine each and that the profits could be used to supplement local budgets.

The majority of the gold is fraudulently legalized after being **smuggled** into Colombia, Brazil, and Guyana, among other countries. For example, armed non-state actors smuggle gold across the Colombian border using riverboats, private airplanes, trucks, or poor Venezuelan refugees working as “mulas.” Once in Colombia, the gold is laundered and is falsified as legal Colombian gold before entering the global market. Another route involves the **Dutch Caribbean**. For instance, illegally mined gold makes its way to Curaçao, where it is handled by gold smelting and trading companies that are based out of the island's **free-trade zone**. Gold traders then use customs papers to obscure the gold's true origin before exporting it into the global market.



*Venezuelan blood gold ends up in the Middle East, Europe, Africa, and the United States.*



*The FARC and ELN have established a strong presence throughout Venezuela.*

*The majority of the gold is fraudulently legalized after being smuggled into Colombia, Brazil, and Guyana, among other countries.*

### PRESENCE OF ARMED GROUPS IN THE ARCO MINERO

*Pranes* (prison gang leaders), *megabandas* (large criminal gang organizations with over 50 members), *sindicatos* (gangs originally connected to powerful labor unions), *colectivos* (paramilitary groups), the National Liberation Army (ELN), and dissidents of the Revolutionary Armed Forces of Colombia (FARC) all **operate** in the region. *Sindicatos* have traditionally controlled illegal mines in the Arco but face increasing competition from other violent groups, especially the ELN. Although FARC dissidents and the ELN have used

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Venezuela as a safe haven for decades, they have more recently expanded their illegal activities to include illegal mining. After the Colombian peace agreement was signed in November 2016, Venezuela became a refuge for FARC dissidents and leaders who had become disillusioned with the Colombian government's handling of the peace process. Several high-profile leaders of the FARC have reportedly begun **regrouping** in Venezuela, and they are using revenue from activities such as illegal mining to strengthen their power.

According to multiple sources, it is typical for the armed groups in the Arco Minero to levy “taxes” both on miners and on local communities. *Sindicatos* extort local communities and frequently extort business owners and miners, typically expecting payment in gold. Although the sindicatos still control the majority of the mines, the ELN has **expanded its control** over the past year. Some mines are directly controlled by colectivos. The ELN also controls several major transportation corridors in the area and frequently manage equipment supply chains to the region. Both the ELN and the FARC charge *sindicatos* for using transportation corridors and mining equipment. This has **enriched both groups**, with the ELN reportedly earning at least 60 percent of its revenue from mining activities in Colombia and Venezuela and the FARC earning up to 50 percent of its revenue from mining activities in Venezuela.

## THE IMPACT OF ILLEGAL MINING ON THE ENVIRONMENT AND THE AMAZON REGION

The Arco Minero intersects with the Venezuelan Amazon rainforest, a biodiverse area containing 36 protected areas, including national parks and monuments. This rainforest is being illegally logged to make way for mines, roads, and

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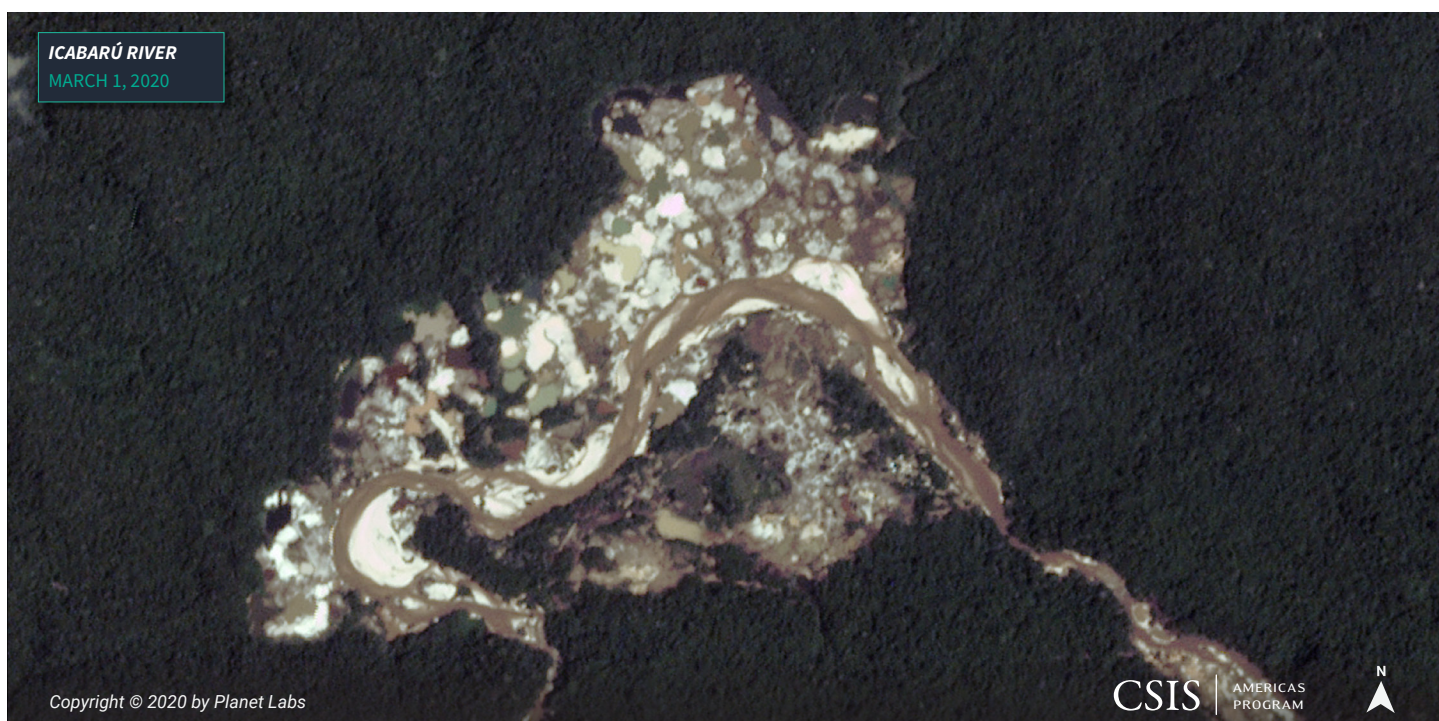
*Several mines have been reported inside Yapacana National Park in Amazonas State.*

mining camps. In the four years after the creation of the Arco Minero, over **2,821 square kilometers** (approximately 1,090 square miles) of forest have been destroyed, 50 percent of that area in “protected territories.” Although mining is illegal in the national parks of Venezuela, mining has been reported **in and around** Canaima, Yapacana, and many other national parks. Mining has also been reported in the **Alto Orinoco-Casiquiare Biosphere Reserve**, a protected area that is home to the Yanomami people and other indigenous people. Though Southern Venezuela is home to 34 indigenous communities who have long been involved in environmental preservation, they were not consulted before the Maduro regime implemented public policies to promote mining in the region.

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In addition to deforestation in the area, the mining process has also had a significant impact on the surrounding



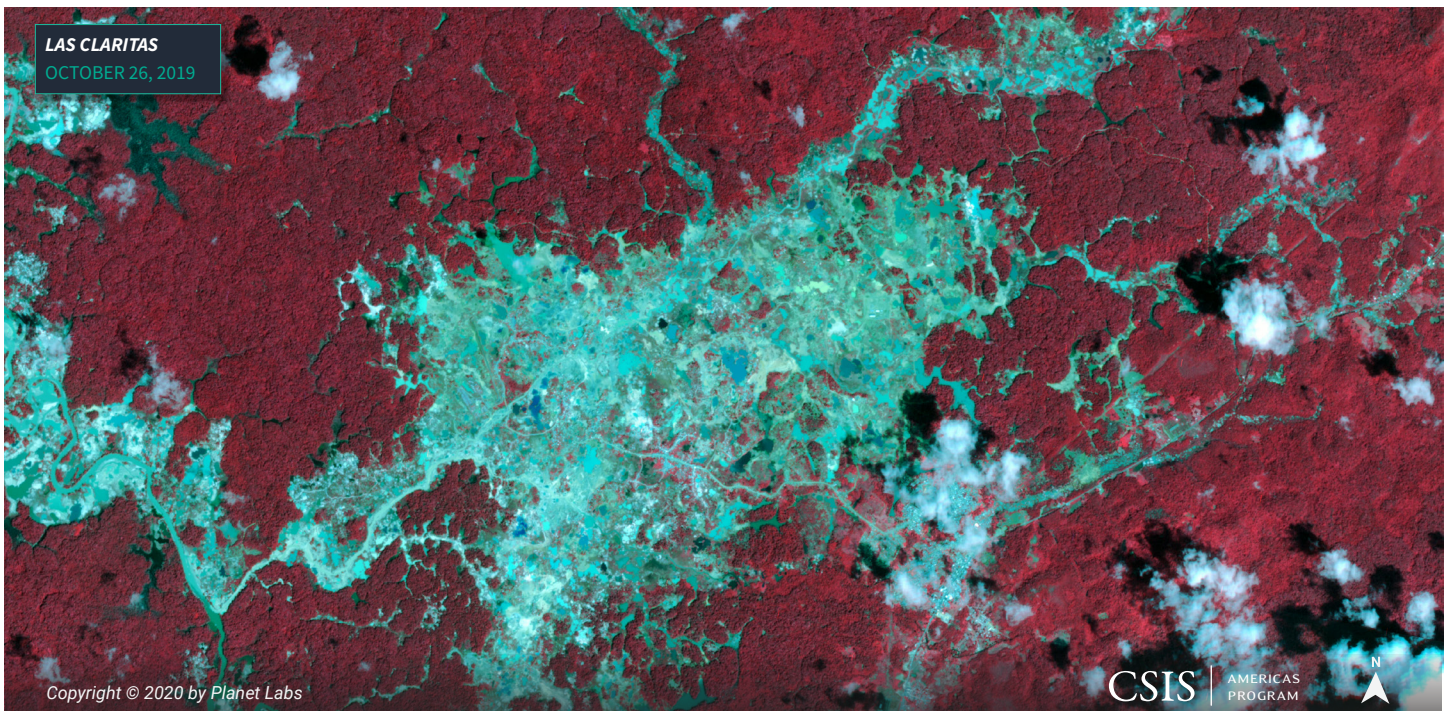
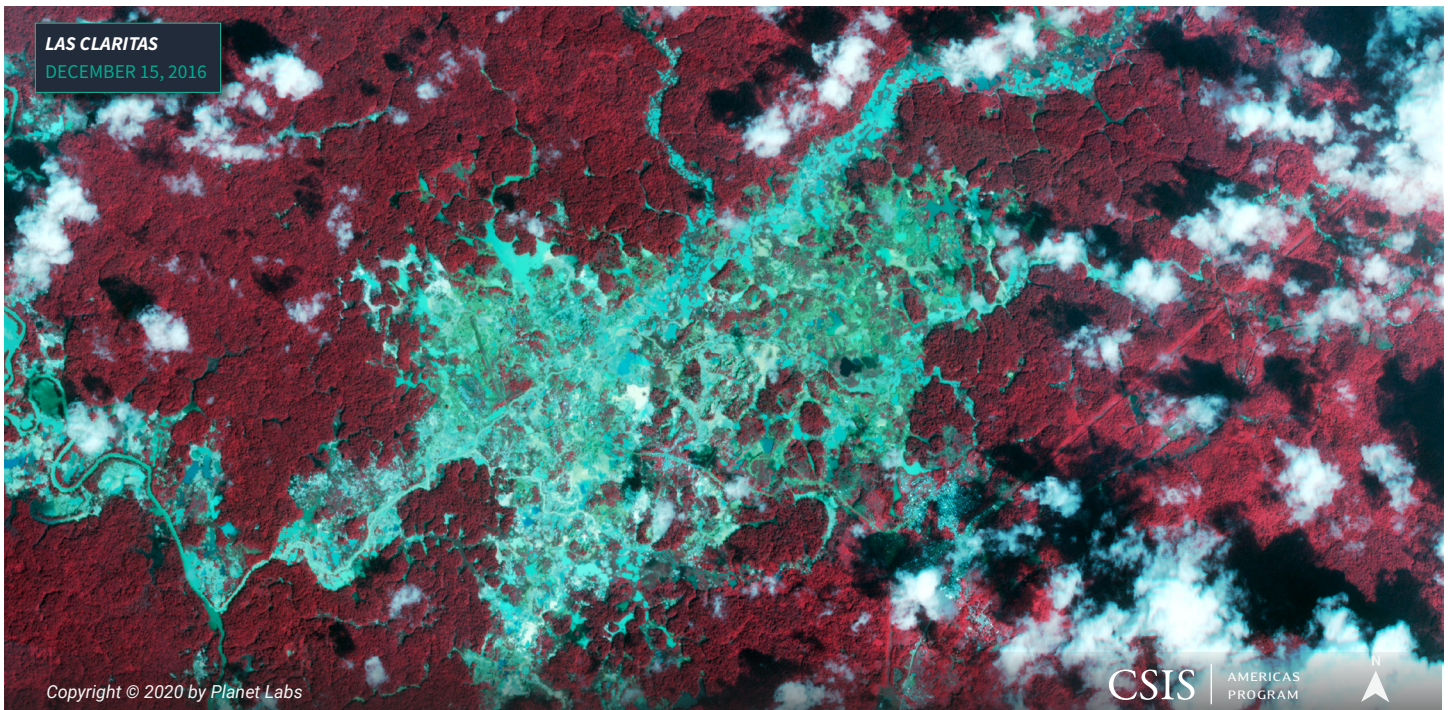


*There are several mines along the Icabarú River, near the Brazilian border.*

environment. Mercury is commonly used in gold mining in Venezuela, and [high levels](#) of the element have already been found in nearby rivers that provide drinking water for Colombia and Brazil and flow within Canaima National Park. Elevated mercury levels have also been found in [freshwater fish](#) from the region, which are exported for consumption in Brazil, Guyana, and Trinidad and Tobago. As mining has proliferated, mercury-laden tailings and sediment from the mines

have leaked into key waterways, including the Caroní river. This river flows into the Guri hydroelectric plant, which supplies over half of the country's electricity. The tailings and sediment have contributed to damage in the plant's turbines and sluiceways, reducing the plant's capacity to generate electricity as the rest of the country's electricity infrastructure continues to collapse.





*The Las Claritas mining compound, run by illegal armed groups, has expanded since 2016.*

## THE IMPACT ON HUMAN RIGHTS AND HEALTH

Approximately 500,000 workers are [involved](#) in illegal mining operations, many of them from local indigenous communities who have been [coerced](#) into working through threats of violence or due to economic necessity. These miners mostly are impoverished Venezuelans, and an estimated [45 percent](#) are underage. They work in deplorable conditions under the

threat of punishment by armed groups and gangs. Those employed in the mines, mostly men and boys, are regularly subjected to [atrocities](#) at the hands of violent mine owners. Miners who have either disobeyed or clashed with armed groups in the region have had arms and hands mutilated or amputated, been threatened with gang rape, or been murdered. Dozens of massacres have been reported in Bolivar state as well as reports of mass graves in the area.





Photo by FEDERICO PARRA/AFP via Getty Images

*Aerial view of an illegal mine located in Canaima National Park, Bolivar State, Gran Sabana Region, South-Eastern Venezuela.*

Indigenous communities who have attempted to resist illegal mining have been violently repressed or forced to flee their ancestral homes.

*These miners mostly are impoverished Venezuelans who have been severely impacted by the humanitarian crisis, and an estimated 45 percent are underage.*

Men and boys working in the mines are not the only ones who have been exploited due to illegal mining. Sex trafficking of women and girls has become a [major issue](#). Victims are either forced into sex work or find it is their only employment option. Children are especially at risk for being trafficked in the area. There are reports that the average age of sex trafficking victims is 13-14 years old. Sexually transmitted diseases, including HIV/AIDS, have spiked in the region because of sexual exploitation.

Standing water and unsanitary conditions at mine sites have exponentially increased water- and mosquito-borne disease in the local population. Although Venezuela was the first country in Latin America to eradicate malaria, the disease has returned at an astonishing rate. The WHO [reported](#) 323,392 cases of malaria in Venezuela between January and October 2019, and 10 percent of the population in Bolivar state has tested positive for the disease. Malaria causes 21 percent of deaths in Amazonas state and 25 percent of deaths in Bolivar state; medication is often difficult to procure, although it is available [for purchase](#) with gold on the black

market. Conditions near the mines have also contributed to [spikes](#) of diphtheria, yellow fever, dengue, and chikungunya. Moreover, as mercury from mining has seeped into the soil and water systems, local indigenous populations have been exposed at [dangerous levels](#). In the Caura river basin, a tributary to the Orinoco, 92 percent of indigenous women had elevated levels of mercury, which could damage the kidney and brain and impedes fetal development.

### **RECOMMENDATIONS FOR VENEZUELA AND THE INTERNATIONAL COMMUNITY**

The Maduro regime benefits from illegal mining and will not take any steps to stop it. However, though illegal mining has proliferated under

the Maduro regime, the issue is likely to continue even after a change of government. A post-Maduro, or Day After, government will need to come to terms with the fact that the Venezuelan state has never had a strong presence in the country's south. For many in this region, *sindicatos*, the ELN, the FARC, and other gangs are the closest thing to "governance" that they have ever experienced. The international community will play a vital role in supporting a Day After government to build state capacity and re-establish trust with communities in Southern Venezuela. The United States, European Union, and multilateral organizations can provide financial resources aimed at expanding the state's capabilities in the region, while other countries, including Colombia, can share lessons gleaned in their own efforts to build state capacity.

Ending illegal mining will be an expensive, challenging process. These mines are remote and closely guarded by armed groups. To the extent possible, the interim government led by Juan Guaido and a Day After government need to locate and halt illegal mining operations, confiscate or destroy illegal mining equipment, block transport routes, and work with Colombia, Brazil, and Guyana to secure borders, all without jeopardizing the safety of local indigenous communities. Doing this will require resources and technical capacity that the Venezuelan state does not have. It will also entail demobilizing or driving out the ELN and FARC dissidents, two groups that have historically been successful in protracted low-intensity conflict. These tactical efforts must be complemented by a peaceful campaign to establish justice and the rule of law in Venezuela, as well as to reform and professionalize the country's corrupt military.

In addition, a truth and reconciliation commission and a transitional system of justice will need to seek a fair and balanced accountability for past crimes, backed by international assistance and international law. The acute human rights abuses and environmental crimes that have resulted from illegal mining need to be addressed immediately. Moreover, a Day After government must ensure immediate protection and humanitarian aid to indigenous communities currently trapped by the illegal mining system. Mining communities must be included in truth and reconciliation efforts, and victims of human rights abuses should be given access to a fair justice system and reparations.

A Day After government will be desperate for revenue as it responds to an acute humanitarian crisis and attempts to rebuild the country. Venezuela has vast mineral wealth, and these minerals may be the best opportunity for the country to fund recovery. However, when a Day After government seeks foreign investment in Southern Venezuela's mineral resources, it must do so properly. First, a Day After government must repeal the Arco Minero decree while advancing existing legislation from the National Assembly, such as the Organic Law of the Freshwater Mega Reserve & Biodiversity of the South of the Orinoco & Amazona, that is in line with international standards for environmental protection. A democratic government must prioritize sustainability, obtain consent from local indigenous communities, and ensure that profits are directly invested in the historically underdeveloped rural south.

## **STEPS THE INTERNATIONAL COMMUNITY CAN TAKE IMMEDIATELY**

While a Day After government will need to enact several policies to combat illegal mining in Venezuela, the international community can make a difference now to mitigate the scope of the devastation in the meantime. The United States and other countries have imposed individual and sectoral sanctions against the Maduro regime, giving the interim government led by Juan Guaidó more leverage. However, illegal mining exposes a key flaw in the United States' sectoral sanctions program. As the official oil sector continues to be sanctioned, the Maduro regime has been able to adapt and turn to illicit activity. The illegal mining crisis should therefore serve as a reminder to U.S. policymakers that they must think beyond sanctions and use other tools—including indictments and expanded due diligence regulations—to shift global perception, dismantle Maduro's regime of organized crime, and prevent further illegal mining.

The United States and European Union can pressure countries against getting involved in Venezuela's illegal gold trade. The United Arab Emirates and Turkey, which continue to import Venezuelan gold, should be among the first to be engaged. Even more importantly, the United States and Europe should take steps to pressure and provide technical assistance to those places that are being used as stopovers for Venezuelan gold, such as Colombia and the Dutch islands of Aruba, Bonaire, and Curaçao.

In the cases of Colombia and Brazil, more secure borders are needed. Venezuela's borders with both countries are notoriously porous; contraband and people have long flowed between those countries with little challenge. Given the size of these borders and the volume of goods being smuggled, both countries will need technical support from the international community to prevent Venezuelan gold from being smuggled. A major way to stop the smuggling of gold from Venezuela would be to enhance security at the borders, and this is something that Colombia and Brazil could begin to do in collaboration with the interim government and the National Assembly. This would stop at least some of the flows of illegal gold and other minerals from Venezuela and would complicate supply chains for machinery and mining chemicals such as mercury.

The international community must also emphasize the environmental factor of this crisis. For countries that have been working to address manmade impact on the environment, Venezuela's illegal mining represents a critical threat. Norway, for example, has long been an advocate for the environment and has been a neutral mediator between the international community and the Maduro regime. Given its role as a mediator, Norway should respond to the devastation of the Venezuelan Amazon and its local communities during talks with the Maduro regime.

Moreover, though it is impossible to truly know the extent of the devastation in the Venezuelan Amazon without an environmental impact assessment, this is another opportunity for the international community to engage with this crisis. Venezuela's Amazon should not be ignored, even if protecting it is more difficult than protecting the Amazon in other countries. Environmental NGOs must seek to understand the scope of environmental degradation in the Venezuelan Amazon, for example, by working with local civil society groups who have taken on this task. Organizations such as environmental NGOs can play a crucial role in collecting



reliable data and research and raising global awareness. This would help not just in sounding the alarm in the international community but in guiding a Day After government's efforts to restore the areas of the Amazon that have been lost or are in serious jeopardy.

Finally, multilateral organizations must also play a role in ending Venezuela's illegal mining crisis. UN branches such as UNEP, UN Women, and UNESCO can raise global awareness about this crisis and stimulate investment from environmental and human rights NGOs.

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