

Panama shuts down huge copper mine in contract dispute

December 16 2022, by Francisco JARA



Aerial view of Cobre Panama mine in Panama, operated by First Quantum Minerals of Canada, which the government ordered to halt operations.

Panama ordered a halt Thursday to work at a copper pit that is the largest mine in Central America, after a deadline for a new contract with

its Canadian operators expired.

President Laurentino Cortizo said he had ordered that only maintenance work continue at the huge mine operated by First Quantum Minerals.

This mining project is considered the largest private investment in Panama's history, contributing four percent of its GDP and accounting for 75 percent of its export revenues.

Panama had given the company until Wednesday to agree to a new contract under which the amount it pays Panama for this mining concession would rise by a factor of 10, to \$375 million a year.

Minera Panama, the local unit of First Quantum, "has not lived up to its commitment" to sign that new agreement, the president said.

"This is not acceptable for me as president, nor for the government, nor for the people of Panama," Cortizo said in a televised speech.

First Quantum's manager in Panama, Keith Green, who is Scottish, did not immediately respond to the announcement.

First Quantum, one of the largest copper miners in the world, began commercial copper production at the site in Donoso in 2019, through Minera Panama.

It has spent \$10 billion on earthworks, construction buildings to house more than 7,000 employees, the purchase of heavy machinery, a power plant, a port for deep-draft merchant ships, access roads, and re-forestation plans.

Cortizo in January announced plans to toughen the terms of the mining contract.

"Panama has the inalienable right to receive fair income from the extraction of its mineral resources, because the copper is Panamanian," he said then.

The deposit, discovered in 1968, lies on the Caribbean coast, 240 kilometers (150 miles) by road from the capital Panama City.

The mine is the biggest in Central America, producing 300,000 tons of [copper](#) concentrate per year, according to Green.

A week ago Green told AFP, "we intend to reach an agreement, but negotiations are a bit deadlocked."

The company ran into trouble in 2017 when Panama's Supreme Court, acting on a suit filed by environmental groups, said the [mining](#) contract it had was unconstitutional.

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