

The creditors of Greece think so, but some European policymakers appear to have two hats. Under one they encourage tax evasion, under the other they demand Greece to get its finances in order. The Greek gold rush is a reminder of the fact that the Panama Papers are just the tip of an iceberg.

#### Invest in Greece

The loans that Greece gets are subject to conditions. The European Commission wants to improve the business climate. The IMF wants to attract foreign investment. For these reasons, an “Invest in Greece” agency was established. IIG will ensure among other things that the Canadian company Eldorado Gold can obtain an export loan and tax breaks for mining investments in Greece, but also that their Perama Hill gold mine can enjoy a fast-track procedure. Therefore, no final Environmental Impact Assessment seems required for this open gold mine.

Greece is just doing whatever the IMF demands from the country in a memorandum signed by both parties in 2013: ‘In order to facilitate investments, we will approve laws by the end of 2013 which will greatly streamline the system of licenses and permits for investment (around operational, environment, land use, and public infrastructure), by reducing their number.’

After the arrival of the Syriza government in January 2015, EU legislation around making an EIA, the European Water Directive and the Aarhus Convention regained some importance. The latter treaty guarantees public participation in decision-making processes that affect the environment on a large scale. Syriza no longer speaks so radically against the gold mines as before the elections, but it insists that laws should be applied. Eldorado Gold wants to know this month whether that means it can mine for gold or not.

#### Amsterdam mailbox X wins from Greek treasury

Netherlands and Luxembourg are today the two largest direct foreign investors in Greece. About 80 percent of the Dutch “investment” in Greece comes from Dutch mailbox firms. In the Netherlands, Jeroen Dijsselbloem, the Minister of Finance, promotes these postbox companies. But as chairman of the Eurogroup he says he wants to get Greece’s finances in order.

The Dutch Centre for Research on Multinational Corporations discovered that Eldorado Gold has at least 12 mailbox companies at a single address in the Netherlands and just one of them was used to dodge almost 2 million euro of payments that should have gone to Greece.

This is how it goes. The Greece-based subsidiary Hellas Gold finances its activities through the issuance of bonds. A Netherlands based mailbox company buys them. In turn, this

mailbox companies buys them with loans from a Barbados-based company which in turn is owned by Canada's Eldorado Gold. Result: millions that the Greek state misses.

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Greek law: two measures and two weights

Greek ministers turned a blind eye to violations of building codes and neglected hazardous waste law violations. Heavy metal pollution in rivers around the Olympiada mine remained unpunished. The forest legislation was rushed through Parliament during the summer recess of 2014. At the eleventh hour a clause was added that made the building a crucial part of the mine infrastructure in a forest possible. Soon afterwards, on October 8, 2014, the company received the necessary building permit.

For the villagers who oppose the gold mining, different standards apply. Reports of tapped telephone conversations of journalists will be accepted as proof of criminal activity. The Greek journalist Kostas Vaxevanis published who in Greece evades taxes, based on information that Christine Lagarde, head of the IMF, gave the Greek government. Not the tax evaders, but the journalist was brought to justice.

In total, more than 300 activists have been sued, often for participation in a protest march where they cover their mouths in anticipation of the tear gas used by the police.

A Canadian-Greek gold history

Until going bankrupt in 2003, the Canadian firm TVX Gold dug for gold in Greece. An extrajudicial agreement absolves TVX of any environmental liability. The fishing village of Stratoni had to ban fishing and swimming, as a result of the direct discharge of mining waste. When a dam burst in 2002, the bay colored red with mine waste. All debts to Greek social security were also waived.

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Until January 2013, mining companies in Greece didn't have to pay royalties on the ore they won. Using an old law, the Greek State gave free access to its natural capital worth billions. The same state does need to pay the costs resulting from environmental damage in gold mining, as in Stratoni. The Nobel prize economist Joseph Stiglitz wrote that 'Every time a country gets less than the actual value of its raw materials, the country is betrayed. There is in fact a transfer of the common good to those who get the raw materials at a discount.'

Speaking of discounts: in December 2003 the Greek state buys the bankrupt TVX assets for 11 million euros. A few hours later they were sold to Hellas Gold S.A., for the same price. In

2011, the European Commission said that this last agreement was unlawful State aid. It ordered the Greek State to recover 15 million euros plus interest. But according to the consulting firm Behre Dolbear International the deal was worth 403 million euros.

The Greek government does everything possible to not recover 15 million plus interest of Hellas Gold. In December 2015, the European Court rejected the appeal of the Greek state for the second time. This is reminiscent of the Belgian Finance Minister Johan van Overtveldt who refuses to recover 700 million in illegal state aid to multinationals. Van Overtveldt opened its appeal against the judgment of the European Court the day after the unveiling of the Panama Papers.

#### Shadowy deals

Greek Finance Ministers also do strange things. In 2011, former Finance Minister George Papaconstantinou became Minister of Environment. Immediately, he provided Hellas Gold the missing authorization to start work on Halkidiki.

George Papaconstantinou is certainly not the only controversial minister in this matter. He tried to delete names of his family members from a list of Greeks with Swiss bank accounts. Former Minister of Development Akis Tsoxatzopoulos who also signed the concession contract, was arrested for money laundering and on October 7, 2013, he flew behind bars for 20 years. Former Deputy Minister of Economy, Christos Pachtas was levied from office after he transformed 17 hectares of protected primary forest around Halkidiki into luxury homes. The primeval forest in Halkidiki is protected by both Greek and European Natura 2000 legislation.

The bay where the gold mines are situated is of great ecological and touristic value. The disaster in Stratonis could be repeated on a much larger scale. The dam which should separate 346 million tons of liquid and highly toxic mining waste from the wider environment and bay can not withstand earthquakes greater than 6 on the Richter scale. Since 1953, Greece was struck by 13 severe earthquakes, such as 6.5 in the nearby Thessaloniki in 1978.

#### The crisis, as seen by Greeks

The Greek Professor Giorgos Kallis, specializing in ecological economics and political ecology, says that what Greece is experiencing today is 'a regression from a developed country to a developing country, similar to the process which many Latin American countries went through in the 1980s. The only function of a developing country is to provide the global economy with cheap raw materials, often at the expense of its own population and development.'

According to Kallis it is no coincidence that the gold -whose presence has long known is-

excavated at this time of severe crisis. 'The crisis reduces the price tag for the company. The labor cost is a quarter cheaper, health and environmental protection are not a priority and controls such as a study on the environmental impact can be skipped.'

In Skouries there would be only 0.81 grams of gold per ton of ore, compared to an average of 1.02 in the currently-producing gold mines. Because of this bad rate, Eldorado Gold can only make mining profits when the price of gold is high, or when the costs are kept extra low.

Kallis also notes that the crisis is in fact a condition to be able to do gold mining in Greece in a profitable way. That opinion came before Wikileaks published the transcript of a call in the IMF, where executives Poul Thomsen and Delia Velkouleskou discuss a good timing to create the next Greek credit crisis. The IMF wants to force Greece into making further concessions. After this explosive leak, Prime Minister Tsipras demanded a reaction from the IMF, which for the time being does not comment. This case confirms the suspicion of many Greeks that the crisis was created. In Halkidiki, people speak about the colonization of Greece.

Race against time

Meanwhile, the EU and Canada are working hard on their comprehensive trade agreement. If this comprehensive economic and trade agreement is ratified, then Eldorado Gold can sue the Greek State whenever the government does anything that prevents the work on the mine. This Canadian-European pact was signed in 2014 and would have to be ratified in 2016. For the President of the European Commission, Jean-Claude Juncker, ratification is now a top priority. The Walloon Region has, however, on April 13, said that it will stop a Belgian signature.

Between the arrival of Syriza in January 2015 and today, there has been some easing in the stance to Eldorado Gold. In August 2015, the Syriza Minister for Productive Reconstruction, Panagiotis Skourletis withdrew already granted permissions to Hellas Gold. This caused a temporary interruption of work and in the last quarter of 2015, Eldorado Gold wrote off 1.25 billion US \$ value of Greek mines in one stroke of the pen. The company claims that if it actually does withdraw, Greece will miss one billion in taxes over the coming twenty years. However, Eldorado Gold still doesn't need to pay royalties on the gold that it would take from the Skouries mine. The Canadians gave the Greek government an ultimatum: all permits by April 2016 or we pack our suitcases. Between the arrival of Syriza at the end of January 2015 and the end of January 2016, Eldorado Gold's stock fell from 8 to 2 dollars per share. The CEO of Eldorado Gold doesn't really mind. Paul Wright is one of the best paid CEOs in the industry.

However, since February, the tide seems to turn. First, Hellas Gold won a lawsuit, which secured them a key building permit. In March, the government issued three more licenses and on March 31 Skourletis, meanwhile environmental and energy minister, spoke conciliatory language. He talked about a “necessary compromise”. The stock, called EGO, rose again: from 2 to nearly \$ 4.

Hellas Gold doesn't have all permits that are needed, but Syriza is under heavy pressure from creditors to not chase away any existing investors. Suppose Eldorado Gold really departs from Greece, they would leave huge holes and damage behind. Syriza realizes that in that scenario, they won't pay for the recovery and clean-up.

Although the work is halted since mid-January, the anti-gold movement certainly doesn't celebrate victory yet. They are demanding the official withdrawal of Eldorado Gold's activities around Halkidiki, the restoration of the environmental damage in the region and the declassification of the region as a mining region. For many Greek people involved, the police violence, pollution and tax evasion is not separate from the troika and its conditions for giving loans. They believe that the neoliberal shock doctrine is applied in their country and they have the courage to take risks in their struggle against the gold mines.

In part two of this story, we meet that resistance and show that there's more than one isolated case.

source: mo.be