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2ND DISTRICT, NEVADA

HOUSE COMMITTEE  
ON APPROPRIATIONS  
SUBCOMMITTEE ON  
INTERIOR, ENVIRONMENT, AND  
RELATED AGENCIES  
FINANCIAL SERVICES AND  
GENERAL GOVERNMENT  
LEGISLATIVE BRANCH

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August 11, 2017

The Honorable Wilbur Ross  
Secretary of Commerce  
1401 Constitution Avenue, NW  
Washington, DC 20230

Dear Secretary Ross:

I write to express my concerns regarding the suspension and shut-down of the El Escobal mine in Guatemala – the third largest silver producing mine in the world. The mine is operated by Minera San Rafael (“MSR”), a Guatemalan subsidiary of Tahoe Resources, Inc. (“Tahoe”). Tahoe is a constituent company, headquartered in Reno, Nevada, facing adverse and disparate impacts because of this issue. Tahoe is publicly traded on the NYSE and TSX and represents major U.S. capital investments in Guatemala.

The threat to the operation of the Escobal Mine is unacceptable and poses serious risks to Guatemala’s economy, security and to U.S. interests. I urge you to initiate contact with President Morales and other appropriate members of the Government of Guatemala to impress upon him the Trump Administration’s grave concern about the threats to the mine and the necessity to restore its normal operations without delay. Specifically, I would ask that the United States urgently communicate its request that the Guatemalan government take all appropriate steps to lift the Escobal Mine suspension and enable the mine to resume operation generating a wide range of benefits to the local communities and the region.

I ask that you give full and fair consideration of these concerns to protect U.S. investors in Guatemala and help improve the social and economic conditions of their citizens.

**Background**

On July 5, 2017, Tahoe reported that the Supreme Court of Guatemala had issued a provisional decision “temporarily” suspending Tahoe’s world class El Escobal Silver Mine, which was directly and indirectly providing employment for thousands of Guatemalans. I understand that an appeal of this court decision is underway, but in the meantime, this arbitrary shut-down of an operating precious metal mine threatens vital U.S. interests and is unacceptable. I ask you to make it a top priority to urge the Government of Guatemala to rectify this situation forthwith and enable the mine to be re-opened immediately. A failure to re-open this important mine promptly would threaten short-term and long-term stability in this important region.

Tahoe’s subsidiary MSR operates El Escobal, a world-class silver mine built to North American standards and located in San Rafael las Flores, Santa Rosa. Tahoe has invested nearly US\$1 billion in developing and opening the Escobal Mine. The responsible development of natural resources at Escobal has significantly improved the quality of life for people at and around the mine. The Escobal Mine has approximately 1,600 employees and permanent contractors, 97% of whom are Guatemalan, and the mine is responsible for an estimated 6,000 indirect jobs. The mine employees receive a total of approximately US\$20 million per year in wages and benefits, well above the average wage in most cases. In addition, last year the mine yielded approximately US\$35 million in royalties and taxes to governments and

communities in Guatemala to support their social and other programs. The mine also generates significant direct investments in support of nutritional programs, education, skills training, agriculture and infrastructure development that benefit many local communities.


The Escobal Mine provides a substantial, ongoing benefit to U.S. exporters of mining equipment and services. Since 2014, U.S. firms have sold over \$105 million in capital and operational inputs to the mine. In the 2010-2013 construction phase of the mine, MSR paid a substantially higher sum to U.S. firms in capital and operational inputs.

Tahoe, through the MSR subsidiary, has operated the Escobal Mine responsibly since the Guatemalan government granted its exploitation license in 2013. Commercial production commenced in 2014. Recently, one Guatemalan non-governmental organization called Centro de Acción Legal, Ambiental y Social de Guatemala (Center for Legal, Environmental and Social Action in Guatemala or "CALAS" for its acronym in Spanish) challenged the license in Guatemalan courts based on an alleged lack of consultation with an indigenous community known as the Xinca which the government determined was not in an area impacted by the mine and resided outside of the Environmental Impact Assessment footprint. I understand that the Escobal Mine operations are strongly supported by the local community and elected government officials and that the Company is highly respectful of indigenous laws and impacts.

These arbitrary actions in Guatemala have put at risk a substantial US\$1 billion investment in the Escobal Mine as well as 7,600 direct and indirect jobs that support many thousands of Guatemalan families. Anti-development NGOs funded from foreign sources have asserted similar challenges against other companies operating in Guatemala, discouraging foreign investment and disrupting businesses that contribute to Guatemala's development and prosperity. In sum, the challenge to the Escobal Mine's license threatens to destabilize a region in which the mine is one of few substantial sources of economic development.

I am gravely concerned with the message that the arbitrary suspension and shut-down of the Escobal Mine operations is now sending to foreign investors looking for opportunities in Guatemala and Latin America more broadly. I am aware that through the Central American Engagement Strategy and the Alliance for Prosperity in the Northern Triangle of Central America, the U.S. and Guatemala have agreed to work together to generate better conditions in local communities in Central America to avoid irregular migration. The rule of law and certainty for major capital investments are fundamental to the success of these initiatives.

Sincerely,



Rep. Mark E. Amodei (NV-2)

Cc: Vice President Mike Pence  
Cc: The Honorable Rex Tillerson  
Cc: The Honorable Robert Lighthizer