

Extractive industries: development and social conflicts

Anthony Bebbington

[http://www.sed.manchester.ac.uk/
research/andes/](http://www.sed.manchester.ac.uk/research/andes/)

The development argument

- Foreign direct investment
- Tax and royalty income
- Borrowing against future income
- Multiplier effects
- Converting natural assets into other assets

“ The natural resource curse” or “The paradox of plenty”

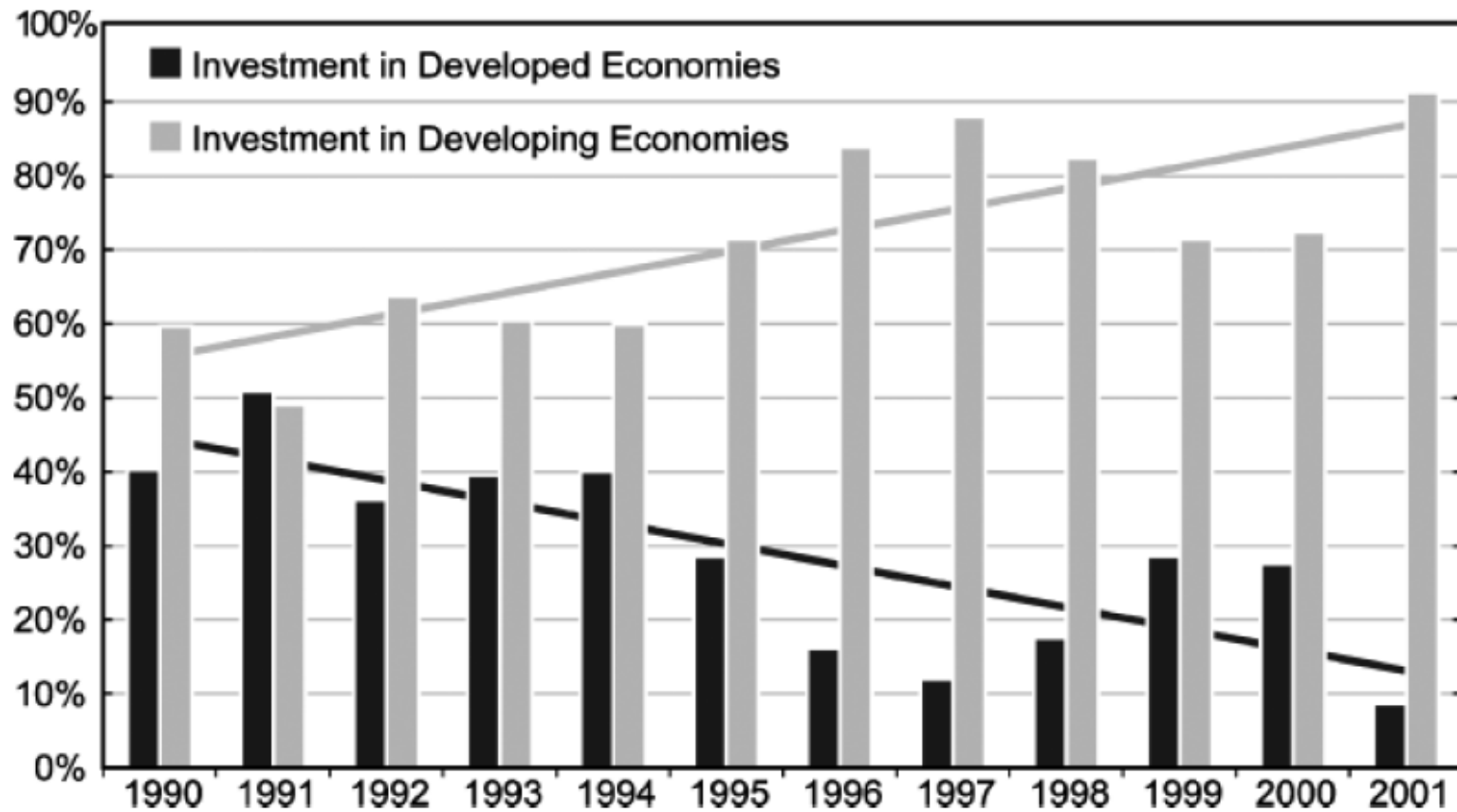
- Dutch disease
- Enclave economies
- Underinvestment in education
- Poor political institutions
 - Disincentive to developing broad based tax systems
 - Cronyism
 - “Rent seeking”
 - Long-lived authoritarian regimes
- Civil strife and war

Recent Civil Wars in Oil and Mineral Dependent States

Country	Duration
Algeria	1991-2002
Angola (UNITA)	1975-2002
Chad	1975-1982
Colombia	1984-present
Congo, Republic	1997-1999
Indonesia (Aceh)	1986-present
Iraq	1974-1975, 1985-1992, 2003-present
Liberia	1989-1995
Nigeria	1967-1970, 1980-1984
Papua New Guinea	1988-2003
Sierra Leone	1991-2002
Sudan	1983-present
Yemen	1986-1987, 1990-1994

Source: Karl, 2008; Ross, 2008

..even so, extractive industries have expanded in developing economies



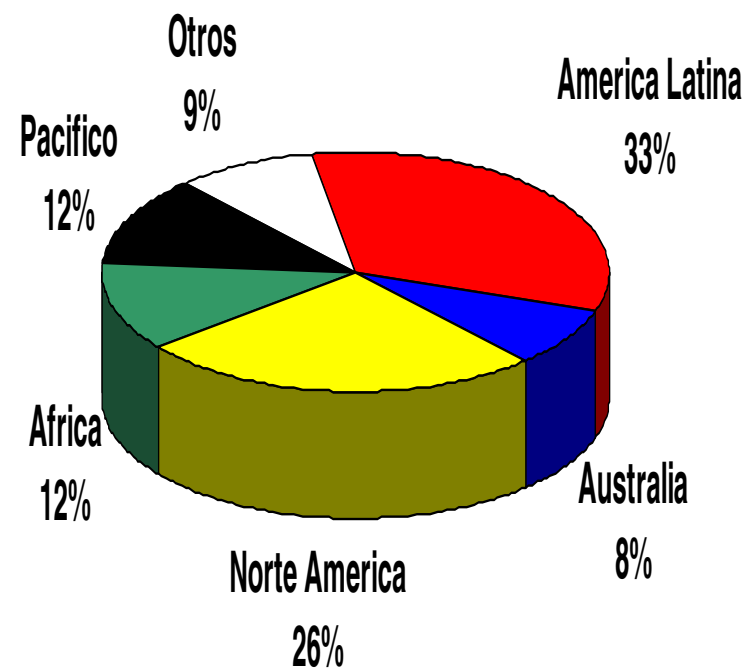
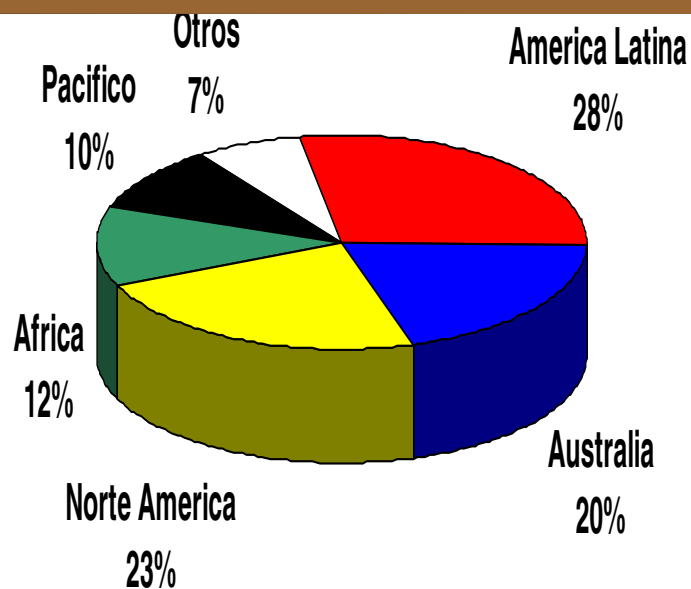
Bridge 2004

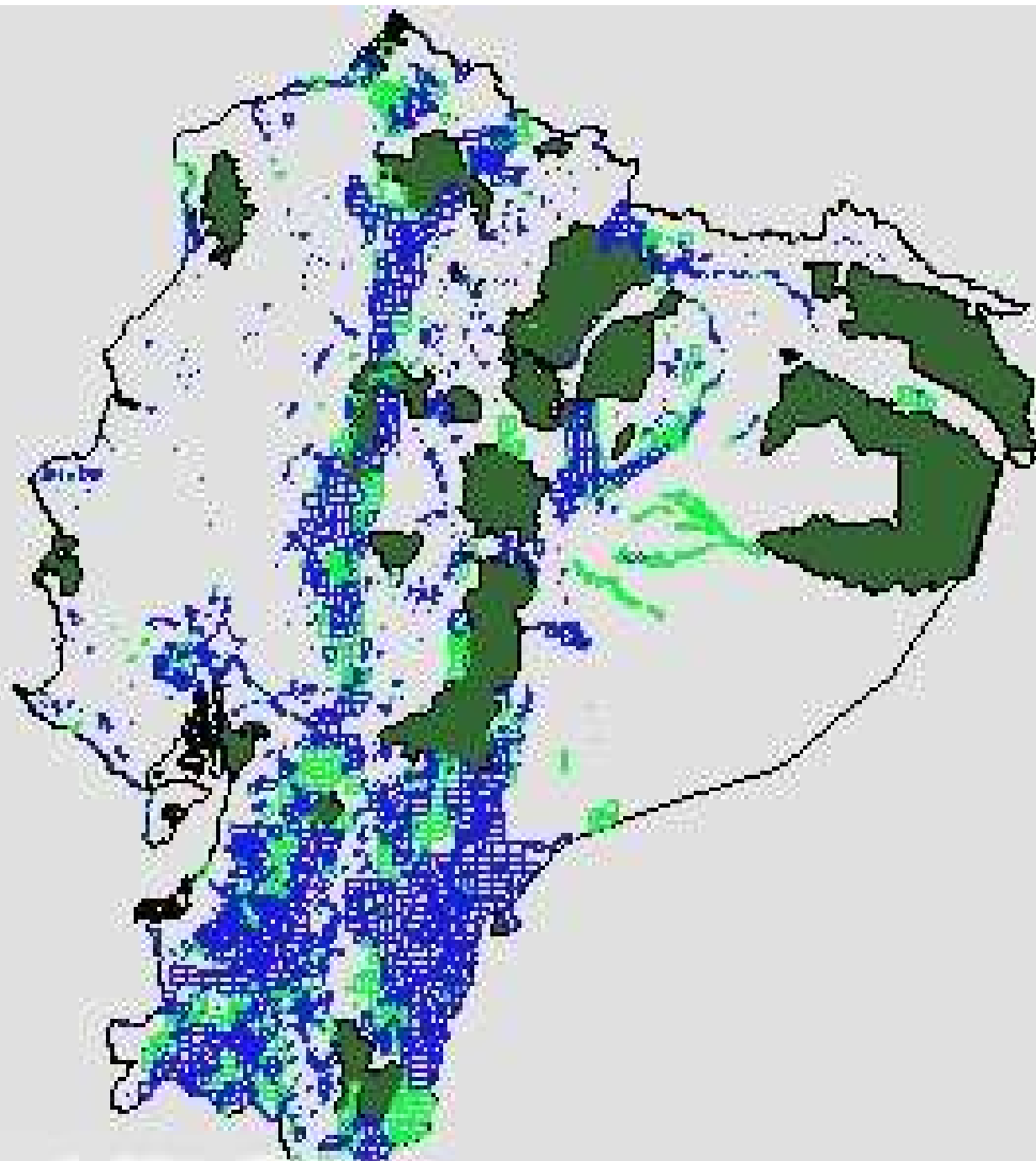
Why the expansion?

- Price
- Growing demand: China, India
- Technology
- Policy
 - National
 - More favourable investment climate
 - Laxer environmental standards
 - The governance question
 - International
 - IFIs promoting extractive industries
 - Rise of private sector lending in IFIs?

Mining investments, 1990, 1995, 2000

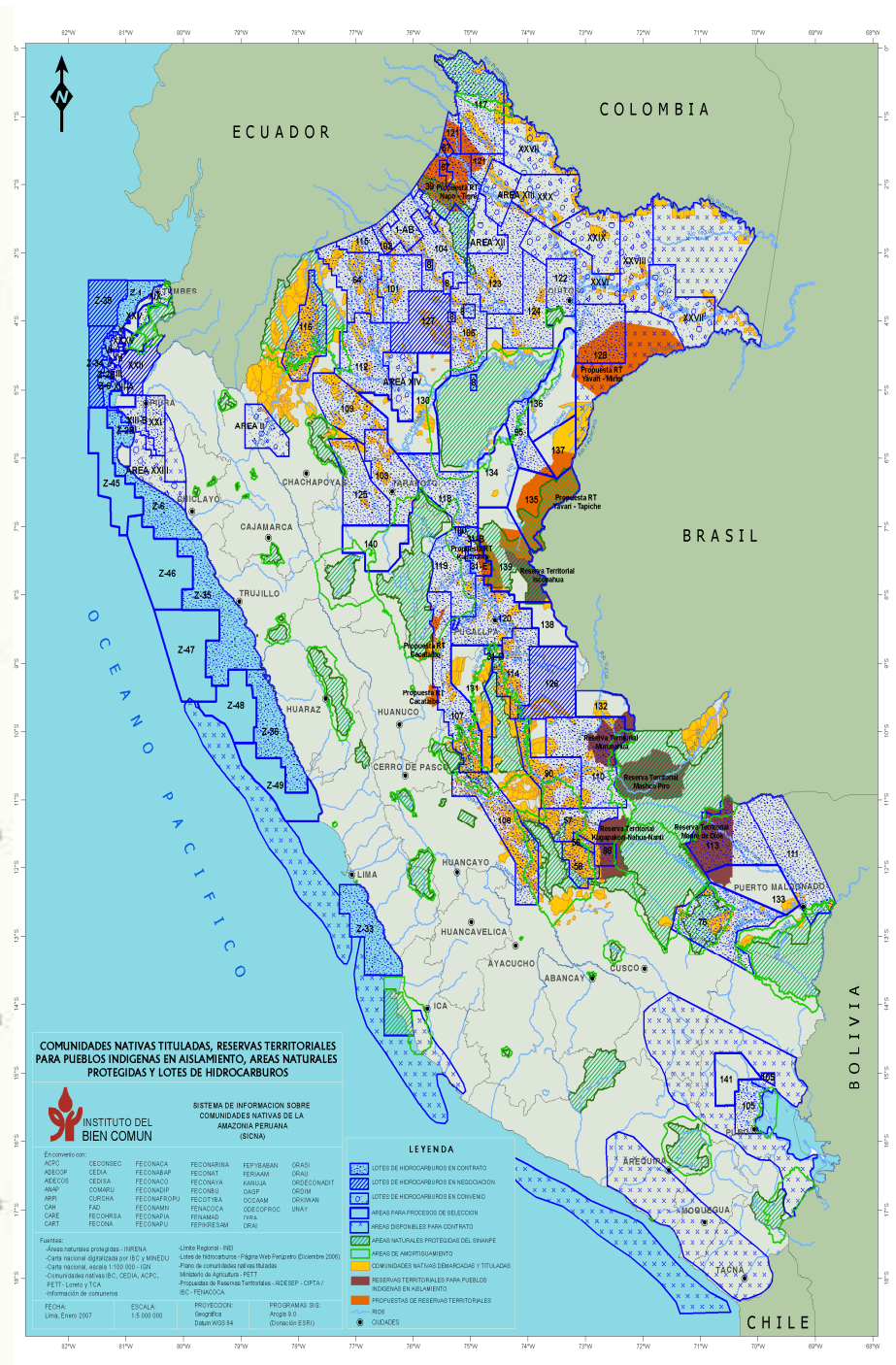
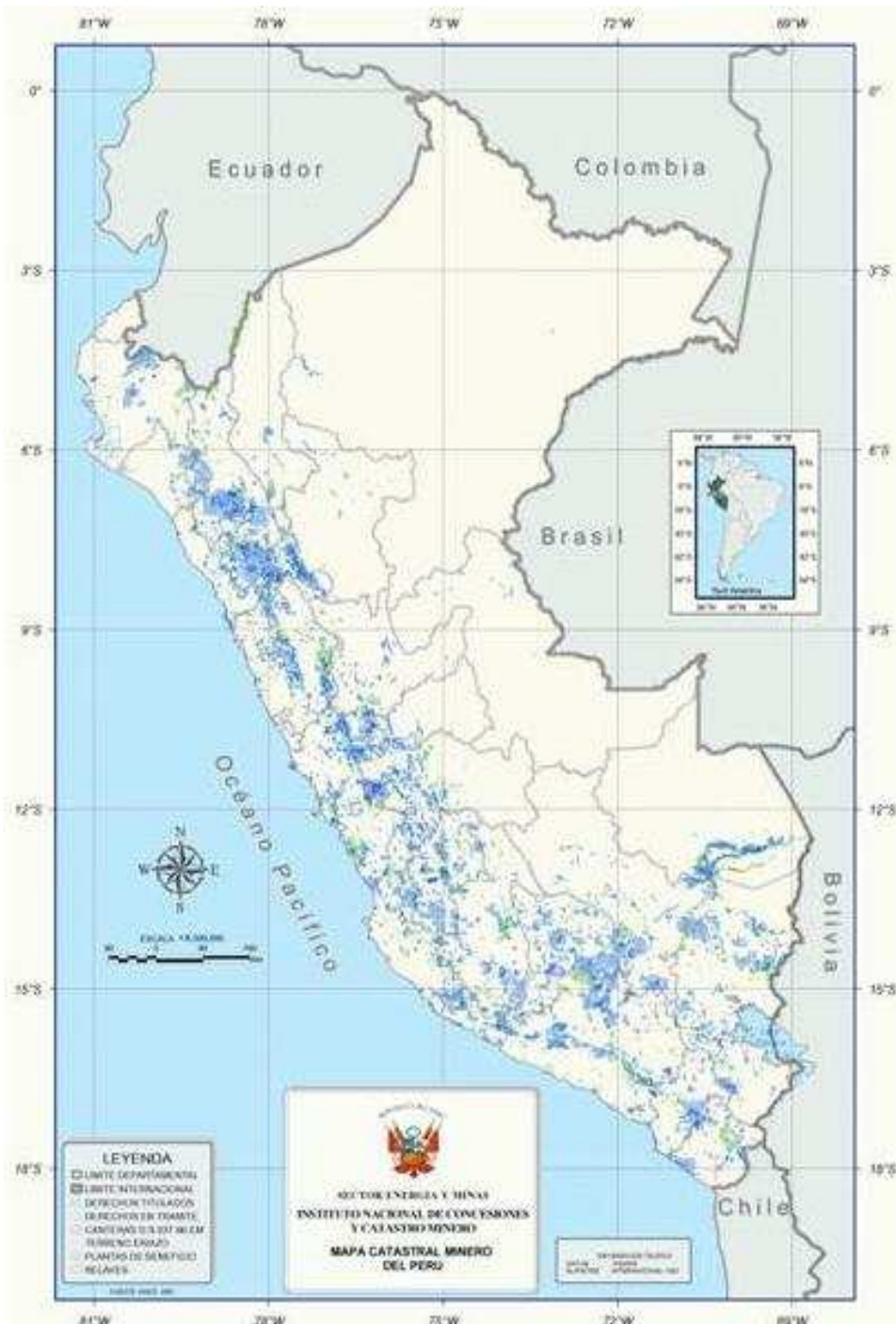
[Source: Cooperación]





Sistemas de Información Minera

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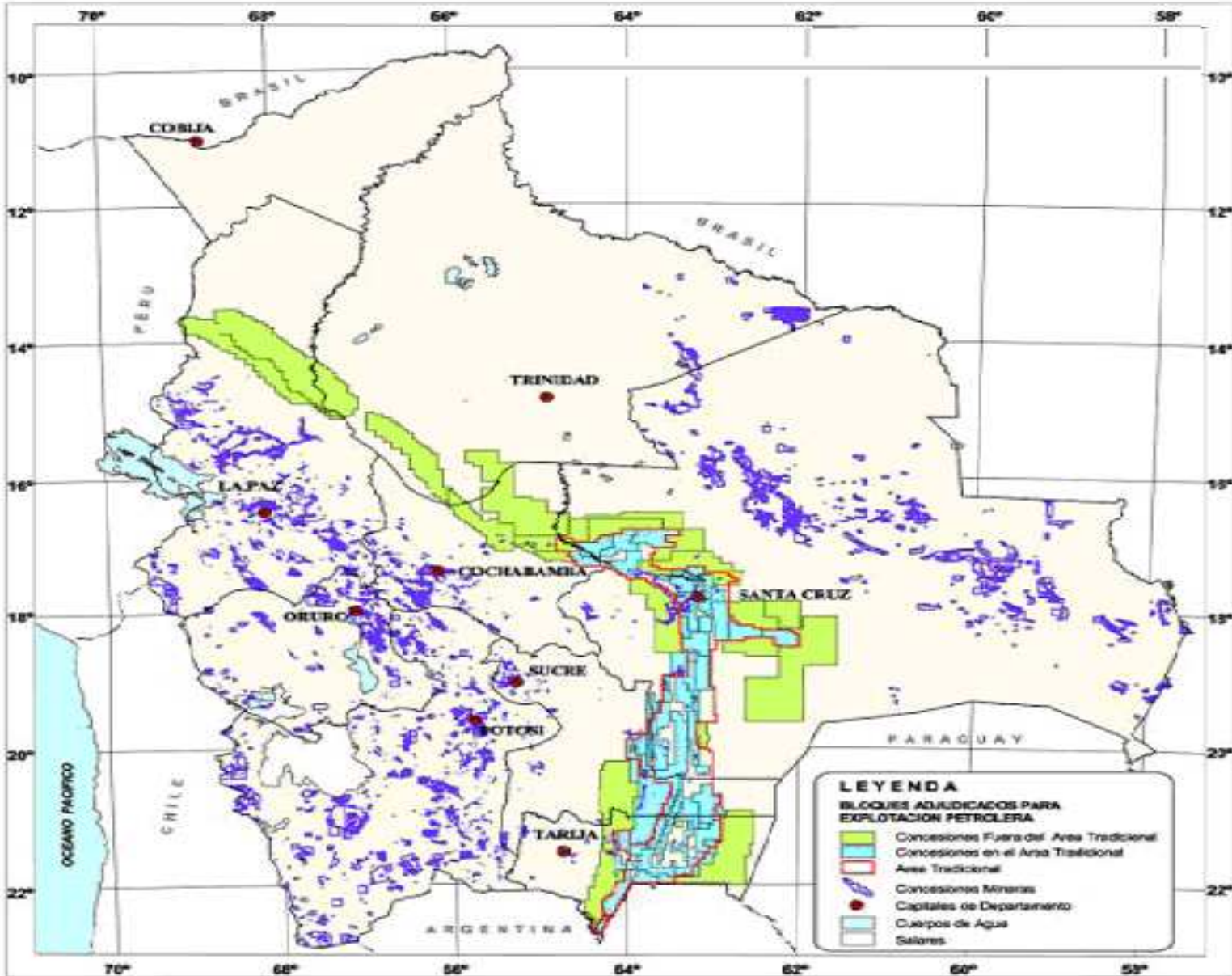
Issues

- Competition/conflict over space
 - Surface uses and subsurface access
 - Land, subsoil or territory?
 - Concerns over existing livelihoods
 - Concerns over governance
 - Concerns over who should benefit
 - Straight sense of invasion

Information symmetries: power differences

- Exploration
 - Concessions are given without community knowledge
 - Limited knowledge of communities' rights and company obligations
 - Understanding the science
- Exploitation
 - What happens to the money?

Inter-regional conflicts



Elaboración propia en base a:

Participation issues

- Free, prior informed consent (or consultation??)
- Who should participate?
 - Conflicts over drawing boundaries
 - Should participation be defined by:
 - Proximity to deposit
 - Drainage basin
 - Territory

Perceptions of risk, value and responsibility

- What is manageable risk for companies is sheer uncertainty for communities
- “Old mining” / “new mining”
- Different senses of “loss”: where a company may see environmental remediation, a community may see permanent loss of a cultural landscape
- Direct responsibilities vs. indirect responsibilities

“Aggravating” factors

- Junior companies
- Distortion of key public institutions
 - The media
 - The legal system
- Company strategy – conscious cultivation of support and difference
- Local politics, prior conflicts, wider agendas and local differences



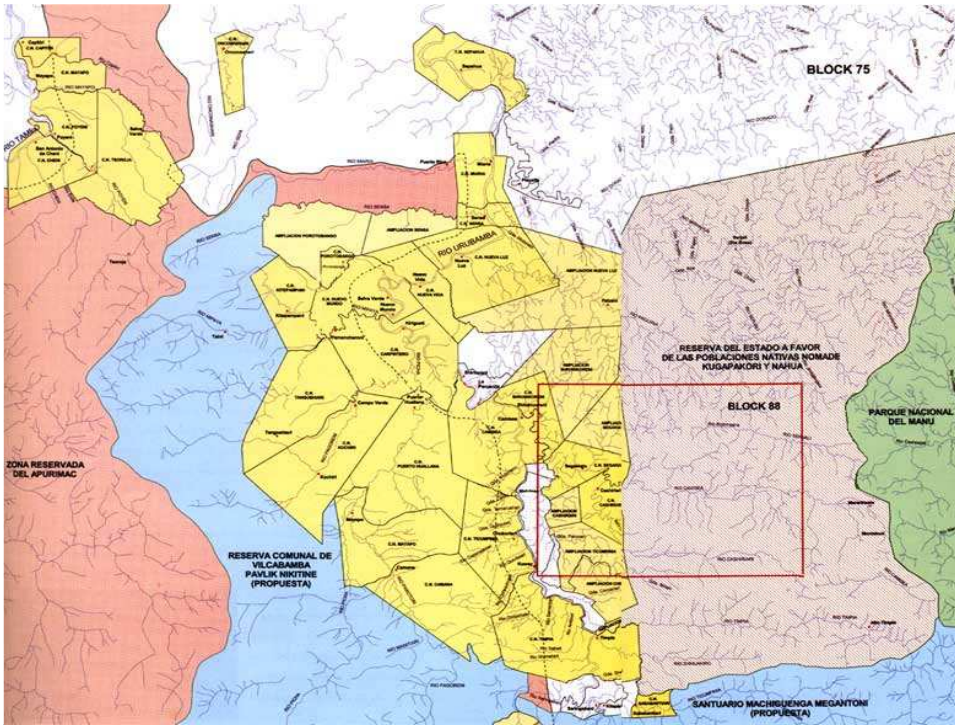
Conflict

- Protest through democratic channels seems not to work
 - The example of “Consultas” (referenda)
- Conflict is hardly surprising
- Is conflict necessarily bad?

- Conflict and new institutions
 - Ecuador's Constituent Assembly process
 - Peru's Ministry of the Environment

The CAMISEA Pipeline

- Camisea was the largest natural gas field in the Americas
- The concessions and pipeline cuts across the territories of some of the last non contact peoples of South America
- Much activism around this one-time Shell project





Mining and Development in Peru

With special reference to the
Rio Blanco Project, Piura

Delegates

Anthony Bebbington: Geographer; rural development in Andes; mining conflicts

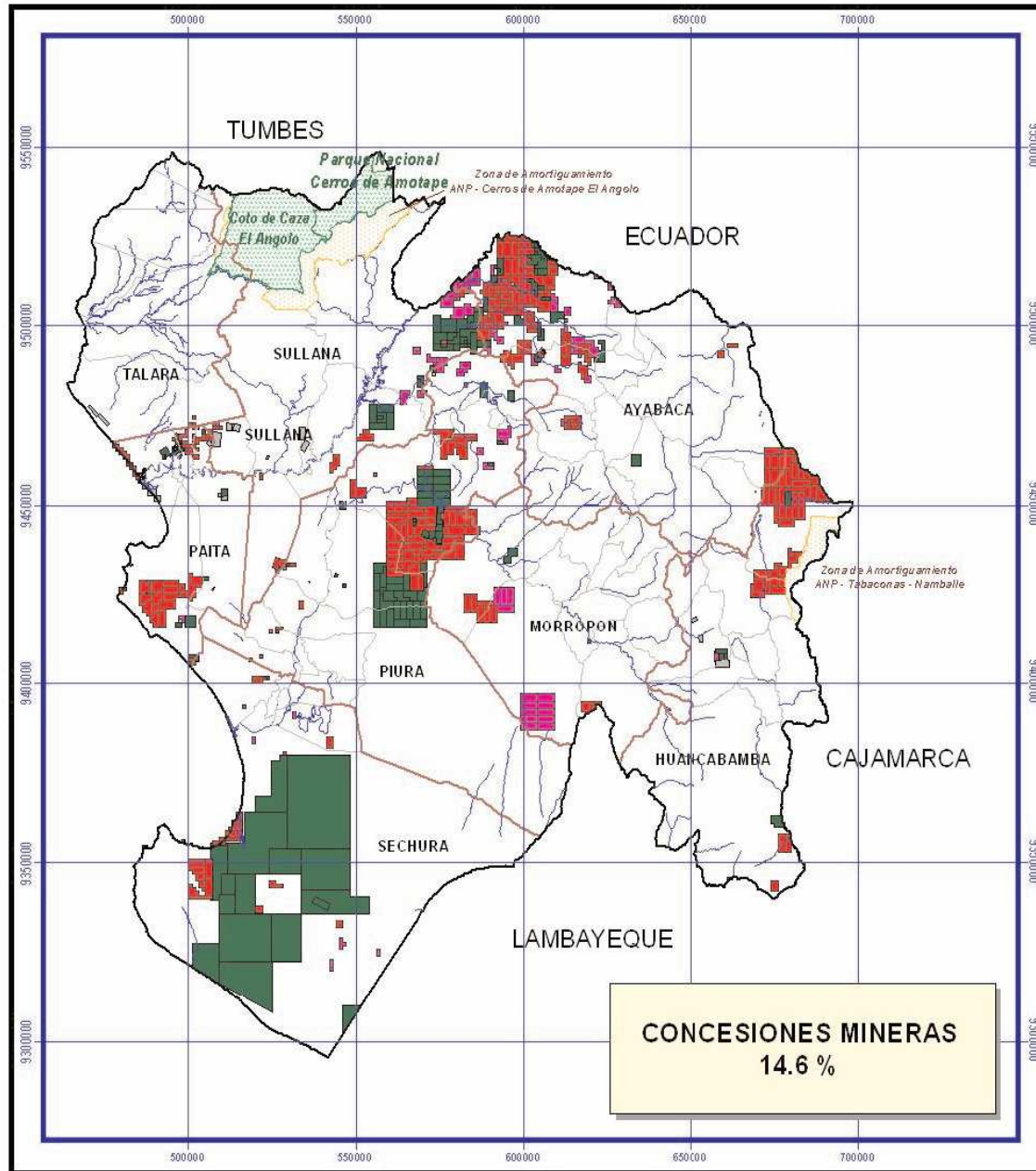
Michael Connarty MP: Economist; planning expert; Chair, APPG Peru (*inter alia*)

Wendy Coxshall: Anthropologist; peace commissions; social conflict

Hugh O'Shaugnessy: Journalist; politics and economics of Latin America

Mark Williams: Hydrologist; Principal Investigator National Science Foundation high altitude Long-Term Ecological Research site; mining and water





CONCESIONES MINERAS	
SIMBOLO	DESCRIPCION
	Derechos Mineros en Trámite
	Derechos Mineros Titulados
	Derechos Mineros Extinguidos
	Plantas de Beneficio, Canteras y otros
	Derechos Mineros otorgados desde Nov. 2005 No se conoce su estado



**MAPA DE CONCESIONES MINERAS
DEPARTAMENTO DE PIURA**

Fecha: Noviembre del 2006	Ubicación: Departamento de Piura
Escala: 1:1'800,000	Fuente: I N A C C

Timeline

- 2002-3
 - Exploration activities begin
 - Community assemblies state to MEM they did not give permission
- 2004
 - “Massive” community assembly, march on mine site, one death
- 2005
 - Dialogue fails, second march, one death, maimings
 - Media campaign: accusation of “network of terror ” involving priests, bishops and Oxfam staff
- 2006
 - March 12th: violence which police reports link to MM staff
 - March 21st: PSG meeting at Portcullis House; heated debate
 - Ombudsman’s report 1: citizenship rights infringed
 - September 11th: Majaz publishes apology

- Ombudsman's report 2: MEM knew MM had not satisfied legal provisions to gain surface rights
- MEM affirms MM surface rights; ignores Ombudsman's report
- 2007
 - Two supreme decrees further limit citizen participation and municipal powers to affect mining
 - Ombudsman's office: MEM is going against the law; decree is explicit way of ignoring Ombudsman's report
 - Death threat against human rights lawyer involved in case (March 15th)
 - MM taken over by Zijin, China
 - Referendum rejects mining (September)
- 2008
 - Company offices to move to Hong Kong

- Issues:
 - Export agriculture, water, mining
 - Growth and public revenue shortfalls
 - Tradeoffs – over time, across space
 - What does the region *want*? ...
 - Which region?
 - Who decides?

 - What is the argument about?
 - mining?
 - development?
 - democracy?

- **Relevant Websites**

- **Earthworks**, <http://www.earthworksaction.org/>
- **Extractive Industries Review**, <http://www.ifc.org/eir>
- **International Council on Mining and Metals**,
www.icmm.com
- **Mines and Communities**,
<http://www.minesandcommunities.org/>
- **Mining, Minerals and Sustainable Development project**,
<http://www.iiied.org/mmsd/>
- **No Dirty Gold**, <http://www.nodirtygold.org/>
- **Observatory for Mining Conflicts in Latin America**,
<http://www.conflictosmineros.net/al/html/index.php>
- **Oxfam America**, [http://www.oxfamamerica.org/whatwedo/
issues_we_work_on/oil_gas_mining](http://www.oxfamamerica.org/whatwedo/issues_we_work_on/oil_gas_mining)