Intag watches Ecuador's mining reforms with caution
Mining concessions are unconstitutional

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By Jennifer Moore
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The decision last week by the Government of President Rafael Correa in Ecuador to revoke several hundred mining concessions reflects its interests to re-regulate the yet undeveloped sector. However, it does not resolve widespread social conflicts, nor will it necessarily lead to a response to proposals from affected communities.

Last Friday, Ecuador's Ministry of Mines and Petroleum announced that it is canceling 587 mining concessions, including two of three held by Canadian-financed Ascendant Copper Corporation in the northwestern valley of Intag. Intag is one of numerous sites of intense social conflict across the country due to efforts to open up a large scale metallic mining sector in the country. Communities in Intag, who have been organizing against mining activities since a Japanese corporation held mineral rights there in mid 90s, have repeatedly expressed their opposition to mining given anticipated impacts on nearby communities and spectacularly diverse cloud forests.

Luis Robalino, Municipal Councilor for Cotacachi, the county in which Intag is located, says that while residents of Intag are receiving the news positively, they have yet to see the official documents. He adds that they would also like to see Ascendant's third concession revoked, given that "they were all granted without community consultation and as a result are all unconstitutional."

Correa's Contradictions

Furthermore, certain contradictions in the government's position mean that they are also taking the news cautiously. During his first annual speech to the nation last week, President Rafael Correa expressed interest in creating a state-run mining company and in reforming the mining law to ensure royalties for the state.

"The position of Intag," says Robalino, "is no to mining, whether of transnational or state companies, and yes to sustainable development." They're encouraged by the cancellation of some mining concessions, but will continue to watch the news to see what happens in coming weeks. If the government decides to quickly approve a new mining law for instance, he says, while it might redistribute resources it could result in "the same scenario" for communities such as Intag. "We would be free of Ascendant Copper, but then Rio Tinto would arrive, or another company in a joint venture with the state company."

Robalino also thinks that the steps the government is taking could be out of order with the work of the National Constituent Assembly to reframe and rewrite the constitution. "What would happen," considers Robalino, "if the new constitution reaches consensus with the aspiration of the great majority of campesinos and communities and decides to restrict unsustainable activities, adopting a sustainable model of development?" Making reforms to the mining sector before the Assembly has finished reframing and drafting the new constitution "doesn't make sense." Because if a new model like this is accepted, he says, "mining won't fit."

National Constituent Assembly President, Alberto Acosta, announced last week that the assembly will be ready to present their new text of Ecuador's 20th constitution on May 24th. The text will need to be ratified in a national referendum anticipated to take place in July.

Furthermore, before promoting mining activities, Robalino adds, the justice system in Ecuador needs to be strengthened and communities need to be "ensured the right to consultation in which they can say yes or no." Only then, he says, "in the case that a community says yes, should they proceed while taking the necessary precautions."

No to Mining, Yes to Sustainable Development

Groups from Intag have been participating in several delegations to the National Constituent Assembly in recent weeks to present their proposals for the new constitutional framework and test. Most recently, with the National Environmental Assembly they presented proposals including the annulment of all mining concessions and prohibition of all projects which could have serious cultural and environmental damage, including mega-hydroelectric dams, as well as large scale mining, oil extraction, and shrimp farming projects.

They further propose that the country invest in agro-ecology, tourism, small and medium scale industry, with a particular interest in hydroelectric operations that are managed largely by local communities, organizations, rural and municipal governments. Such latter initiatives could contribute to reforestation, social reinvestment, amongst other possibilities says Robalino. In the case that other forms of extractive industries be considered, such as artisan subterranean mining, Robalino says the respective technology would have to first be put to the test. The efficacy of such technology would "need to be demonstrated for several years in another location under similar ecological conditions."

Apart from Intag, numerous communities and related organizations that have been facing social upheaval as a result of large scale metallic mining exploration have been participating in delegations to the National Constituent Assembly. The entire south of the country is especially affected, with hundreds of mineral concessions distributed throughout the southern highlands and southern Amazonian region. The diverse proposals echo the interest in a development model based upon agro-ecology and tourism, with attention to water rights and food sovereignty in the new constitution.

Canadian investments dominate sector

No large scale metallic mining project in Ecuador has yet entered into production, although the sector has been developing, particularly since a World Bank financed study in the mid 90s resulted in part in deregulation of the mining law, in 2000. The most prominent projects in Ecuador are lead by Canadian-financed companies including IAMGOLD, Corriente Resources, Aurelian Resources, IMC, Dynasty Metals and Mining, and Cornerstone Resources. Canada is also currently the largest investor in Ecuador's extractive sector which attracted 94% of the country's Foreign Direct Investment in 2006.