



# COOPERACCION





# Mining in Peru: between the transformation of conflicts and the programmatic challenge

*by José De Echave C.*



- ◆ What instruments do we have to approach the complexity of the relationships between mining, communities and development?
- ◆ Which are the strategies that have been adopted?
- ◆ Current approaches in the debate

- ◆ **Diagnosis:**
- ◆ In the last decade, social conflicts in the mining sector have been centred in the relationship between mining companies and the surrounding population.
- ◆ In Peru, that type of conflicts is not new.
- ◆ Conflicts are not exclusive to Peru: they are global conflicts that have also been observed in the majority of mining countries of the world.



¿What are the sources of these conflicts?

First: The new mining boom observed in Latin America during the last decade.

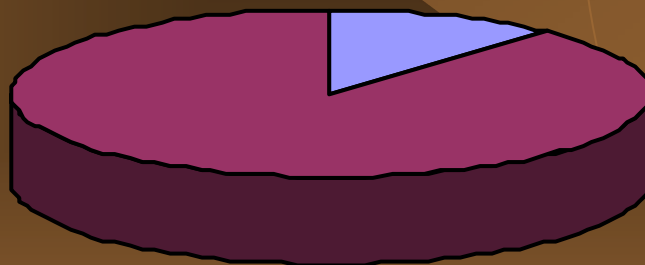
Each time that mining expands at an accelerated pace, it produces struggles over the control of resources on which its development relies.

1990

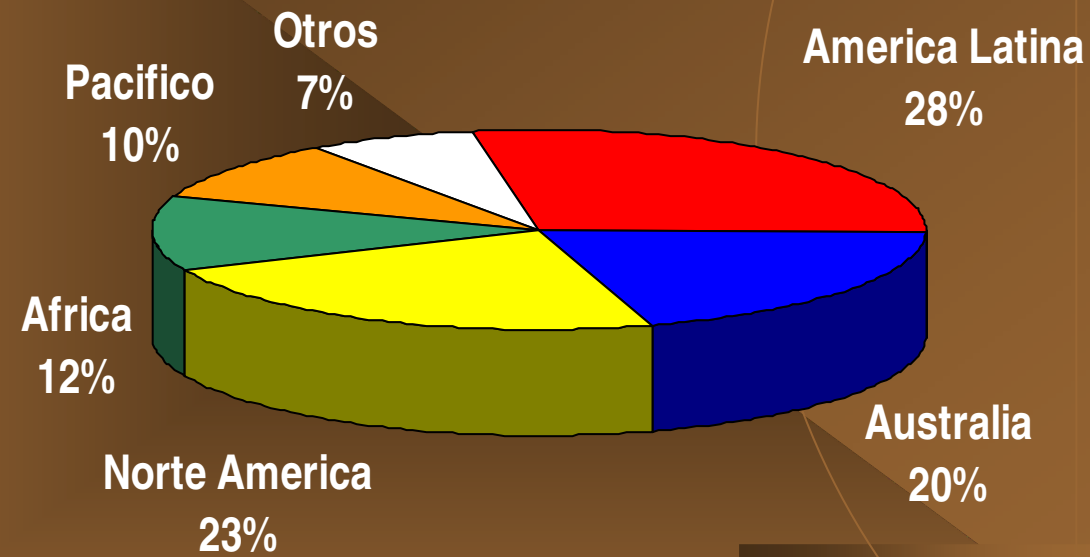


## Share of Latin American investments in world mining investments

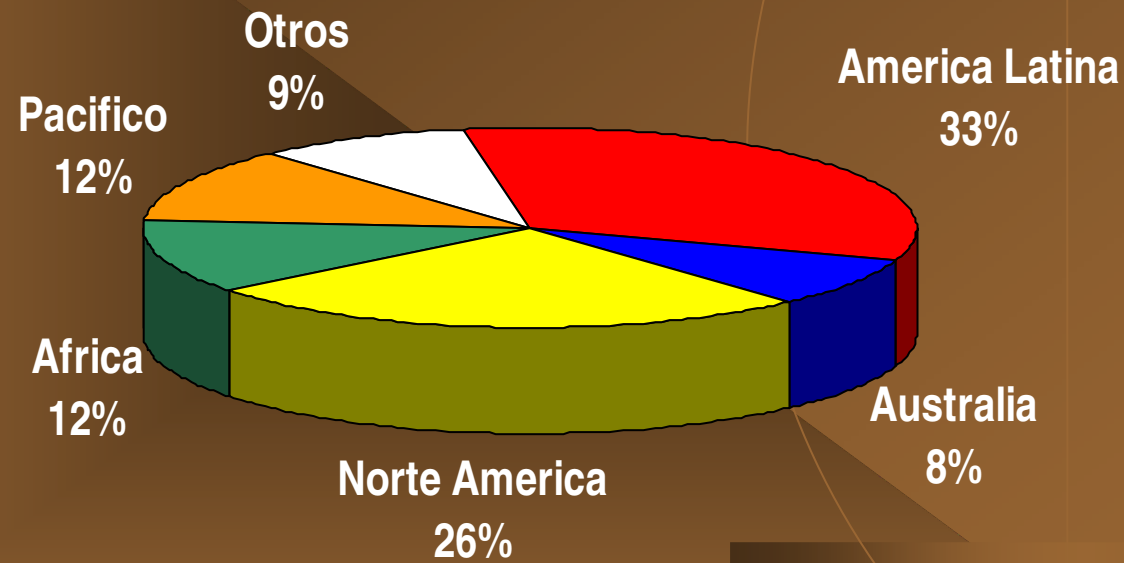
América  
Latina  
12%



# Mining investments 1995



# Mining Investments 2000

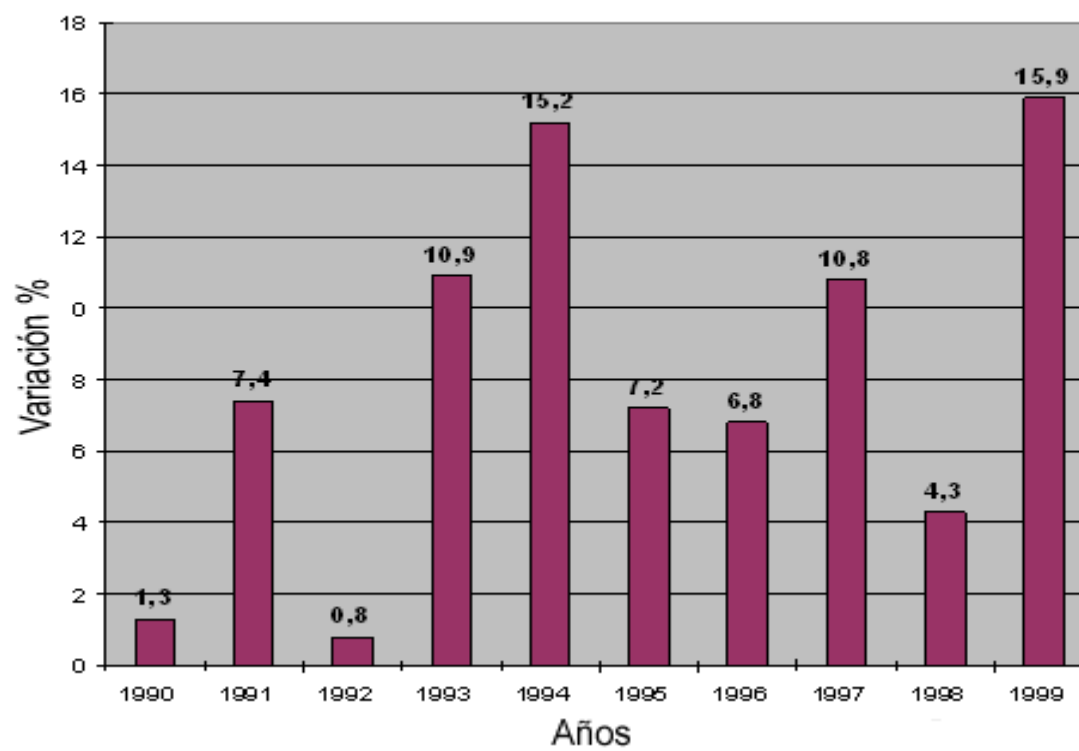






- ◆ Peru is an excellent example of what has happened in the mining sector in the last decade.
- ◆ The legal framework was modified.
- ◆ It is argued that Peru is a mining country (percentage of exports, share of GDP).
- ◆ Some economic indicators of the mining sector.....

Variación % del PBI Minero Metálico 1990 - 1999



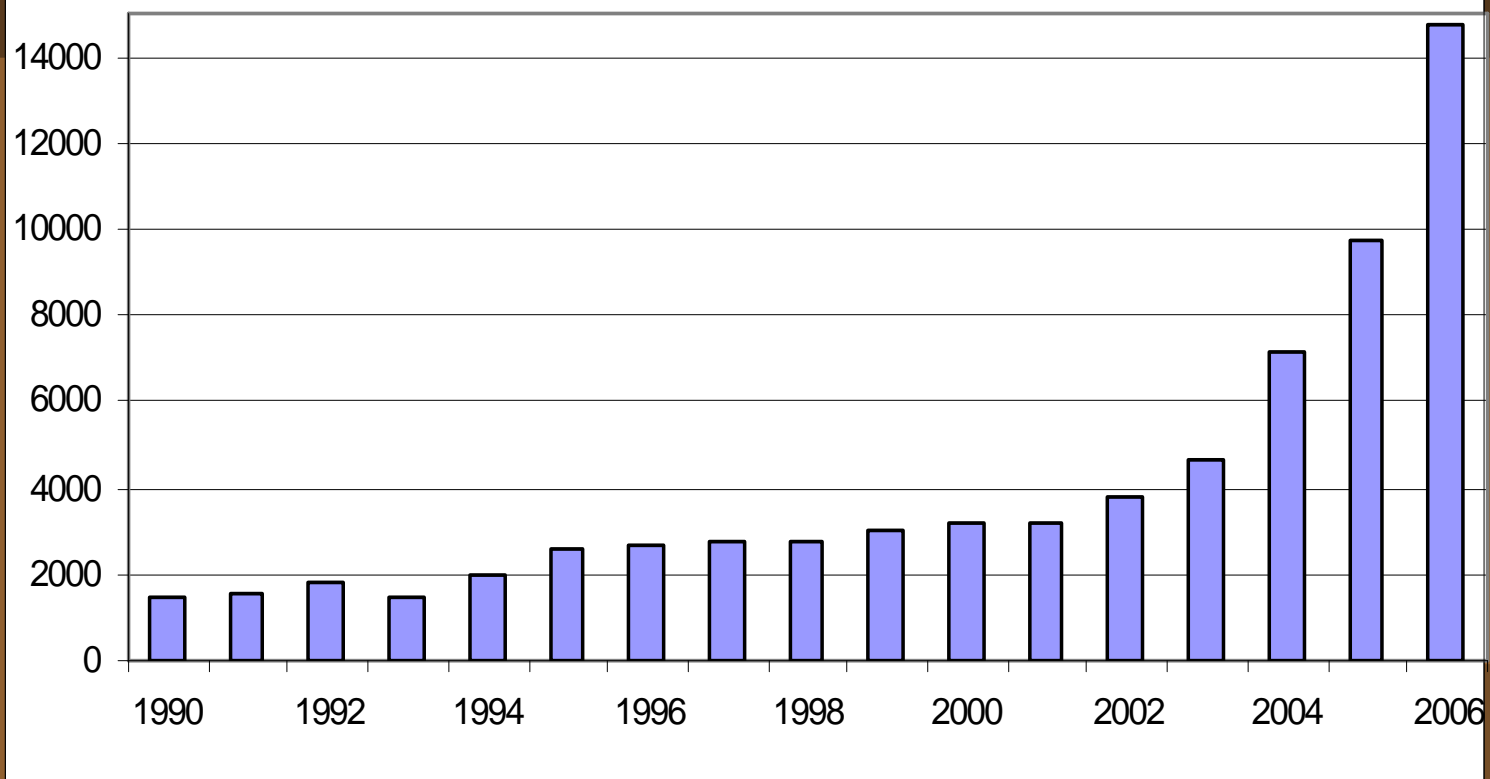


## Mining exports (millions of US dollars)

Year	1991	1992	1994	1996	1998	2000	2002	2004	2005	2006
Titulados	1,534	1,819	1970	2,654	2,746	3,220	3,809	6,850	8,419	14,715

From: Ministerio de Energía y Minas, Base Plan for Mining

### Evolución de las Exportaciones Mineras (US\$ millones)



Note: a point to highlight:

- ◆ The territorial expansion of mining...



## Mining rights with titles between 1991-2000 (thousands of hectares)

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Titulados	2,258	2258	2,371	6,151	8,758	12,110	15,597	14,825	13188	11,700

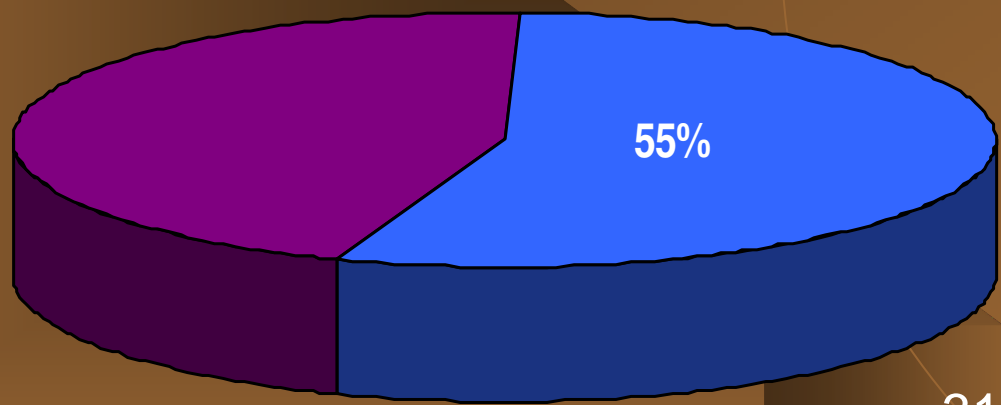
From: Ministerio de Energía y Minas, Plan Referencial de Minería



- ◆ Each time that mining expands at accelerated pace, it produces struggles over the control of resources on which its development relies.
- ◆ Natural resources: land, water, etc.



# COMMUNITIES WHOSE LANDS ARE AFFECTED BY MINERAL EXPANSION

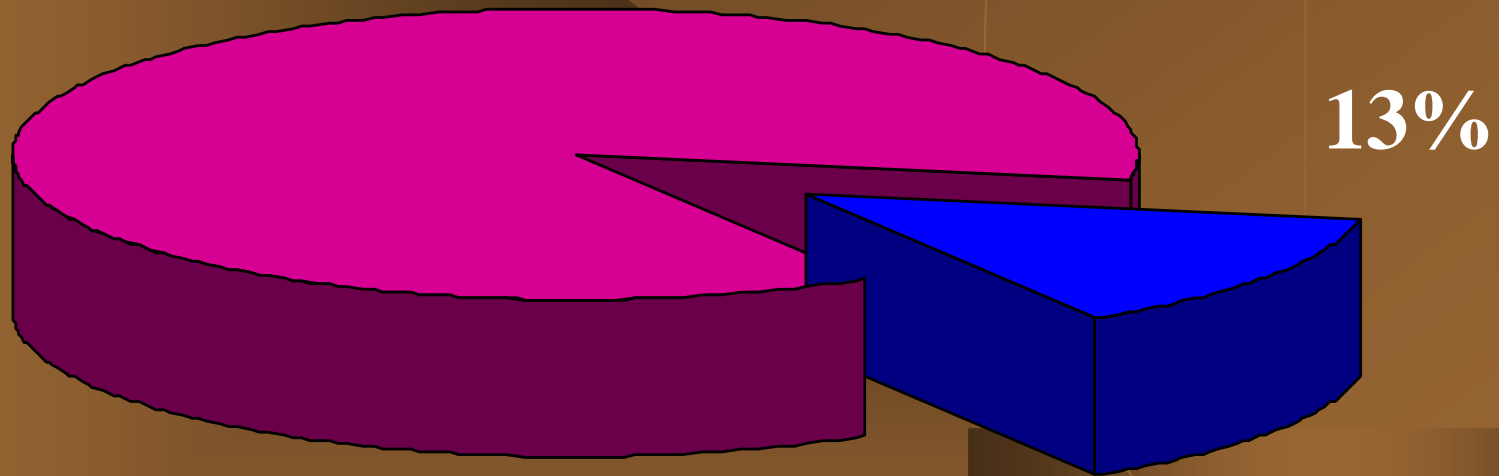


3126 Communities





# PERCENTAGE OF THE PERUVIAN TERRITORY UNDER MINING USE



## Location of Mining Rights in Peru (hectares)

At December 1999

Departament	Total Extension		Mining rights	
	(Ha)	%	(Ha)	%
Cajamarca	2089600	7,4%	1155331	55,29
Cusco	1573400	4,3%	676033	42,97
Huancavelica	2132800	5,5%	855844	40,13
Lima	3480200	8,5%	1338733	38,47
Ayacucho	3504100	7,1%	1108007	31,62
Junín	2479500	4,7%	729843	29,44
Callao (Lima)	14700	0,0%	3842	26,14
Ancash	4381500	7,2%	1125155	25,68
Apurimac	4441000	7,0%	1103445	24,85
Arequipa	6334500	9,8%	1532947	24,20
Ica	2213100	2,7%	422314	19,08
Piura	3402300	4,1%	640451	18,82
La Libertad	7199900	8,4%	1314614	18,26
Tacna	1607600	1,8%	275285	17,12
Huanuco	2532000	2,6%	405742	16,02
San Martín	1423100	1,3%	197252	13,86
Puno	7189200	5,6%	884751	12,31
Pasco	3589100	2,7%	427605	11,91
Moquegua	3772200	2,8%	437407	11,60
Amazonas	5125300	3,2%	504641	9,85
Madre De Dios	3924900	1,5%	233378	5,95
Lambayeque	8518300	1,0%	158509	1,86
Tumbes	467100	0,0%	2198	0,47
Loreto	36885200	0,6%	87205	0,24
Ucayali	10241100	0,1%	17404	0,17
Fuera Del Perú				
<b>TOTAL</b>	<b>128.521.700</b>	<b>100,0%</b>	<b>15.667.436</b>	<b>12,19</b>



- ◆ “A discussion on rural development and territory cannot avoid the fact that the development of extractive industries is central”.
- ◆ Mining expansion is characterized by “several linked domains of change whose interactions in particular sites have restructured and indeed produced new rural territories and forms of change that are substantially different from those that characterized preceding periods ”.
- ◆ Anthony Bebbington y Leonith Hinojosa V.
- ◆ *Minería, neoliberalización y reterritorialización. En Minería, movimientos sociales y respuestas campesinas.* 2007. Lima. IEP/CEPES.



- ◆ Mining has expanded both in traditional mining areas as well as in places with no history of mining at all, and in many cases in regions with fragile ecosystems and high concentrations of biodiversity.
- ◆ In that context, conflicts between mining companies and communities were multiplied.
- ◆ The lack of instruments and weak capacity for conflict management among all actors involved has become evident.

- ◆ **How do actors perceive conflicts?**
- ◆ **Communities:**
  - ◆ Rise of mining activities is affecting economic, social and cultural rights.
  - ◆ The legal framework is adverse to their interests.
  - ◆ Mining activity exercises pressure in order to gain control of a series of resources that are central to the communities' development.
  - ◆ Do not perceive any benefits from mining.



- ◆ **Summing-up the evolution of conflicts:**

- ◆ Once the conflict became visible, communities began to react in ways that were both isolated and somewhat disorganized
- ◆ Subsequently communities have developed a range of strategies, which can be grouped in four main domains:



- ◆ **Organizational strengthening:**
- ◆ Consolidation of new structures at a community level, in intermediary organizations and even at a national scale (defence fronts, environmental delegates, federations, etc.).
- ◆ With CONACAMI and the CORECAMIS as articulating organizations
- ◆ Elaboration of operative plans in selected areas.
- ◆ In many cases the structures of organization were changed.
- ◆ **Development of capabilities:**
- ◆ Strengthening of existing capabilities.
- ◆ Development of new capabilities to face the new challenges that mining presents.



- ◆ **A strategy based on alliances:**
- ◆ Close relationships between actors (communities/communities, communities/NGOs, regional exchanges, international relations, etc.)
- ◆ Participation in local, regional, national and global campaigns,
- ◆ Campaigning and advocacy
- ◆ Based on cases (Tambogrande, La Oroya, Cajamarca) and thematic axes.



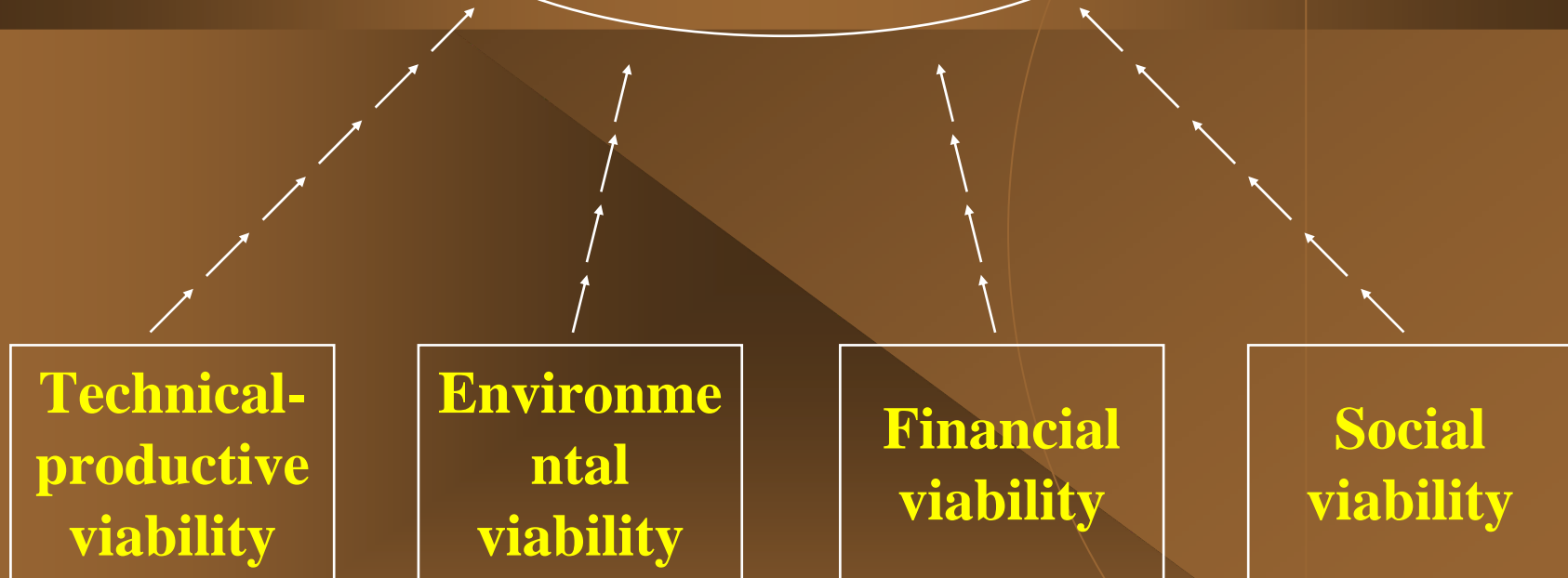
## **Mobilizing: How do we organize the scenarios where conflicts between mining companies and communities happen?**

- ◆ If conflict is social, environmental, economic, cultural...
- ◆ One way of looking at them is:
  - ◆ (1) There are conflicts in new mining areas
  - ◆ (2) as well as in the traditional areas

- ◆ **The mining companies' hypothesis are:**
- ◆ The critics have subaltern, hidden interests.
- ◆ The State is not helpful...
- ◆ Companies' strategies of communication are failing (we are doing things well, however we do not know how to communicate them)



# Viabile mining





- ◆ **The mining industry has tried to respond to all these themes:**
- ◆ For instance, it has developed a series of self-regulating mechanisms such as: codes of conduct for firms or industry groups.



- ◆ In these initiatives, the main message that the mining industry tries to communicate to both State and civil society is: self-regulation.
- ◆ We can sum-up the rationale of corporate social responsibility as follows:

# The rationale of corporate social responsibility





- ◆ The key question is whether or not these self-regulating mechanisms are enough. (12)
- ◆ Are they an alternative to public regulation?
- ◆ Are they **complementary**?
- ◆ Definitely, voluntary mechanisms are important, but not enough. We need to build the mechanisms that will allow a balance between mining, responsible environmental management and protection of the rights of the surrounding population.



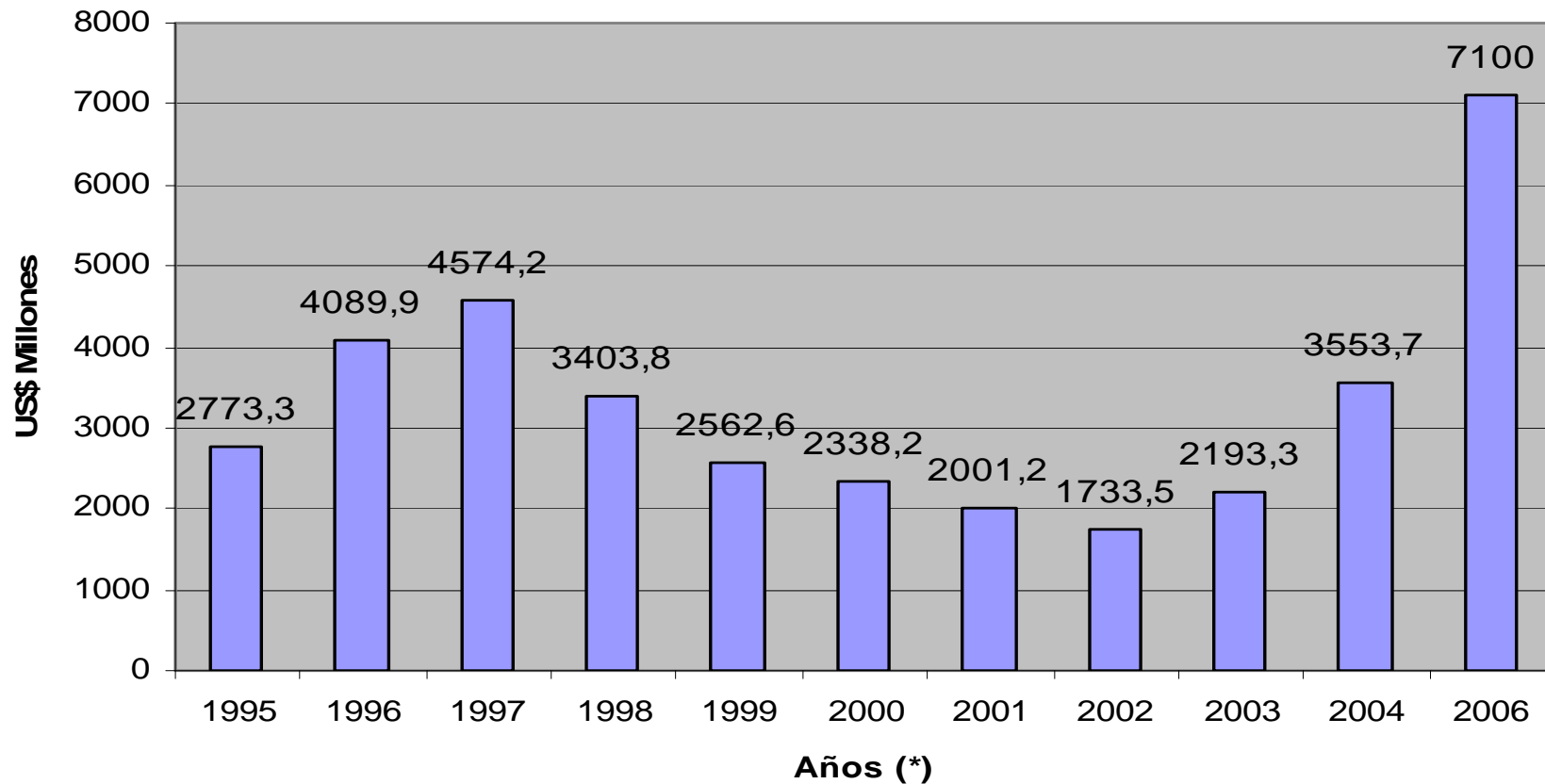
- ◆ **What are the challenges and perspectives of the mining agenda in Peru?**
- ◆ We need to update our baselines and be clear on the contemporary context.
- ◆ We are in a moment of mining expansion.
- ◆ Budgets for exploration have increased.
- ◆ Latin America is the region that is attracting the highest percentage of mining exploration in the world.



# Global spending on mining exploration



## Gastos de Exploración en el Mundo



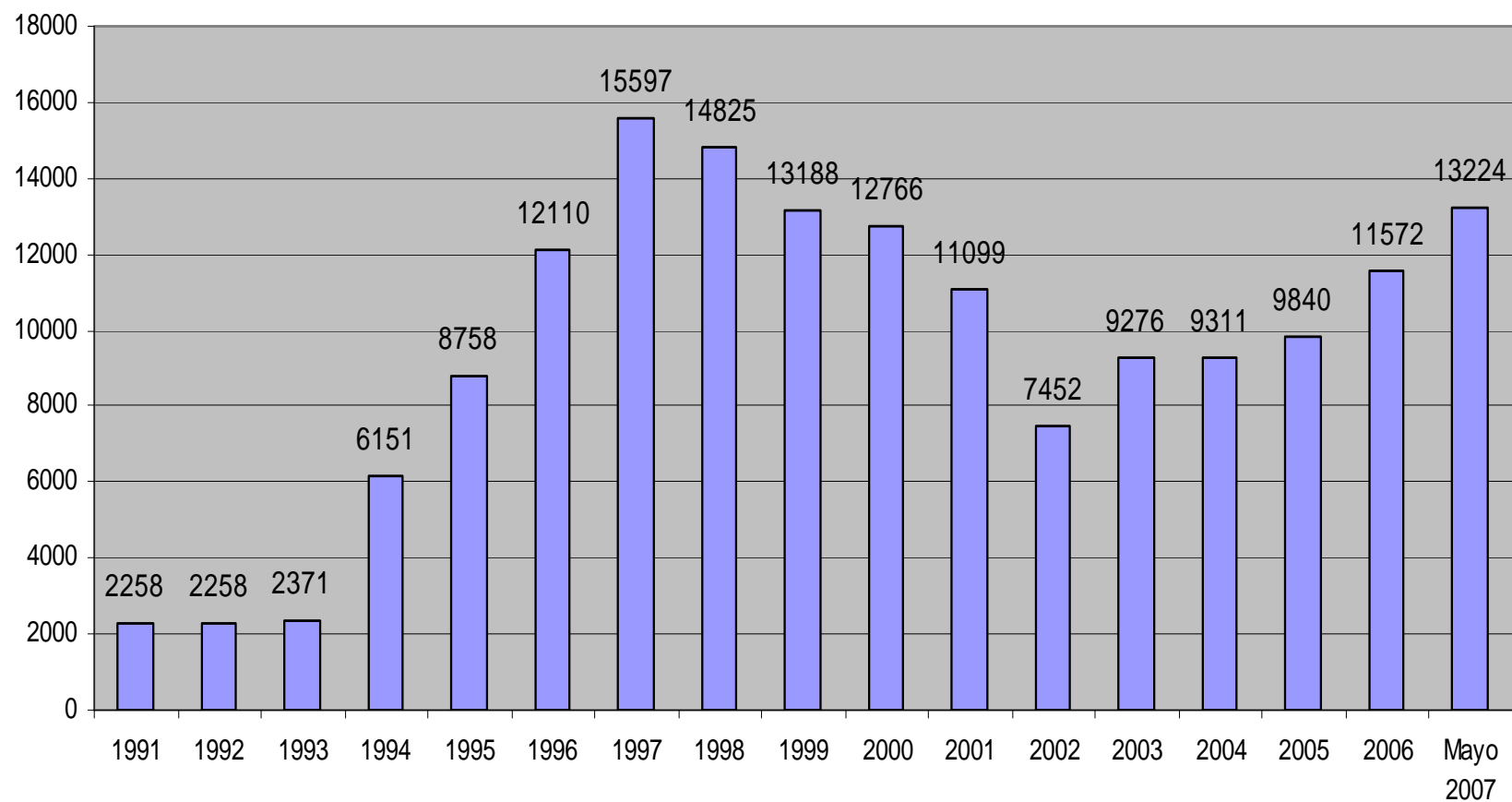
## SPENDING ON EXPLORATION IN LATIN AMERICA (millions of US \$)



	2000	2001	2002	2003	2004	2005
Perú	139,4	127,5	102,9	111,0	195,7	244,0
México	96,2	82,2	54,8	79,8	153,5	191,0
Brasil	123,5	112,4	96,5	112,6	131,3	164,1
Chile	144,4	115,3	73,8	89,7	108,8	136,0
Argentina	69,2	71,6	42,1	37,6	53,4	66,7
Venezuela	6,2	7,0	4,9	18,1	25,7	32,1
Bolivia	15,3	11,6	9,1	4,4	13,2	16,5
Ecuador	10,1	6,4	4,7	10,0	11,6	14,5
Guatemala	4,7	7,5	6,5	5,1	11,3	14,1
Otros Países y localización regional/1	52,9	34,3	52,6	49,6	69,0	86,2
<b>Total América Latina</b>	<b>661,9</b>	<b>575,8</b>	<b>447,9</b>	<b>517,9</b>	<b>773,5</b>	<b>965,3</b>
<b>Perú más México/Total América Latina</b>	<b>35,6%</b>	<b>36,4%</b>	<b>35,2%</b>	<b>36,8%</b>	<b>45,1%</b>	<b>45,1%</b>

## Evolución de los Derechos Mineros Vigentes

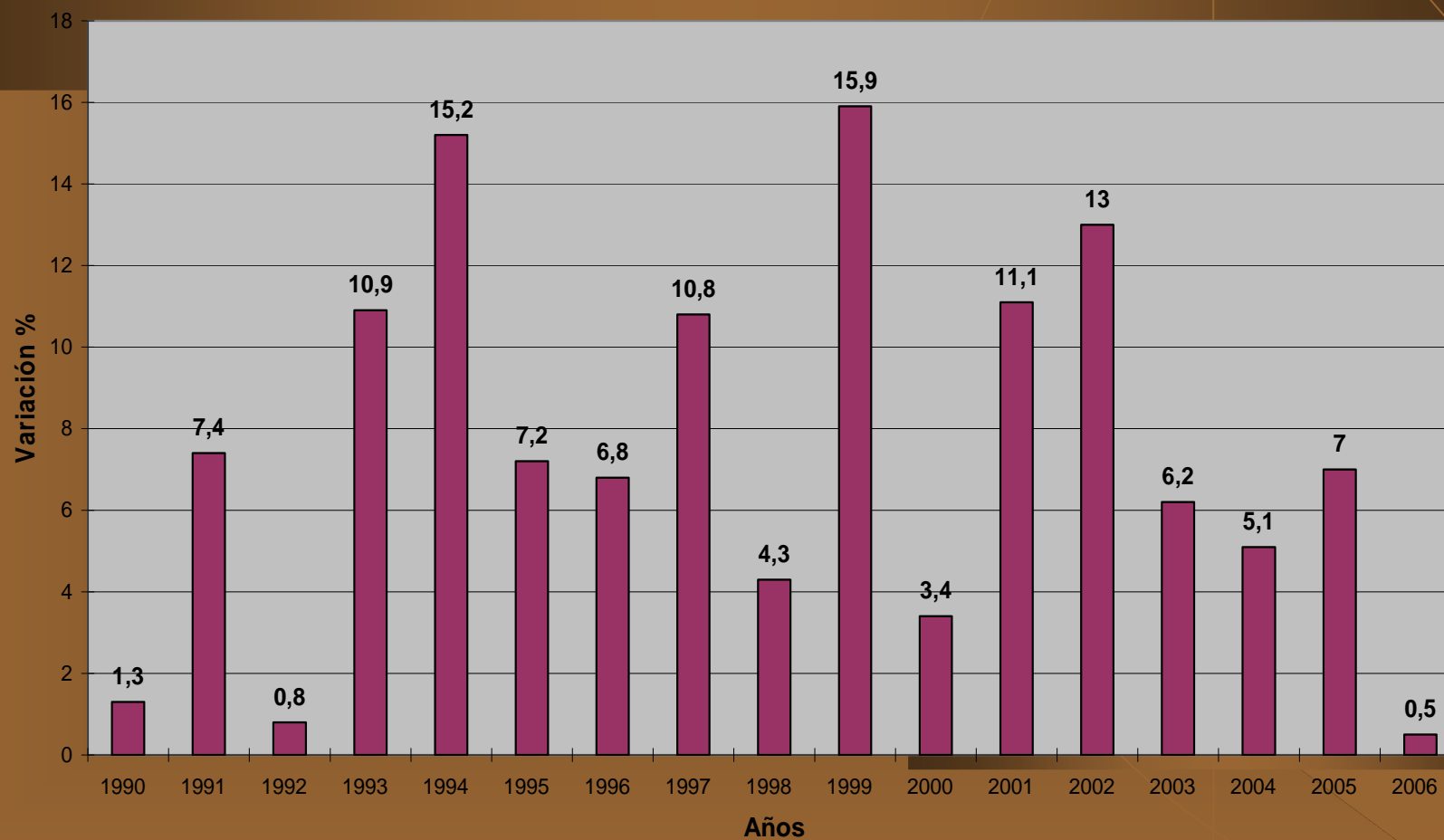
(en miles de hectáreas)



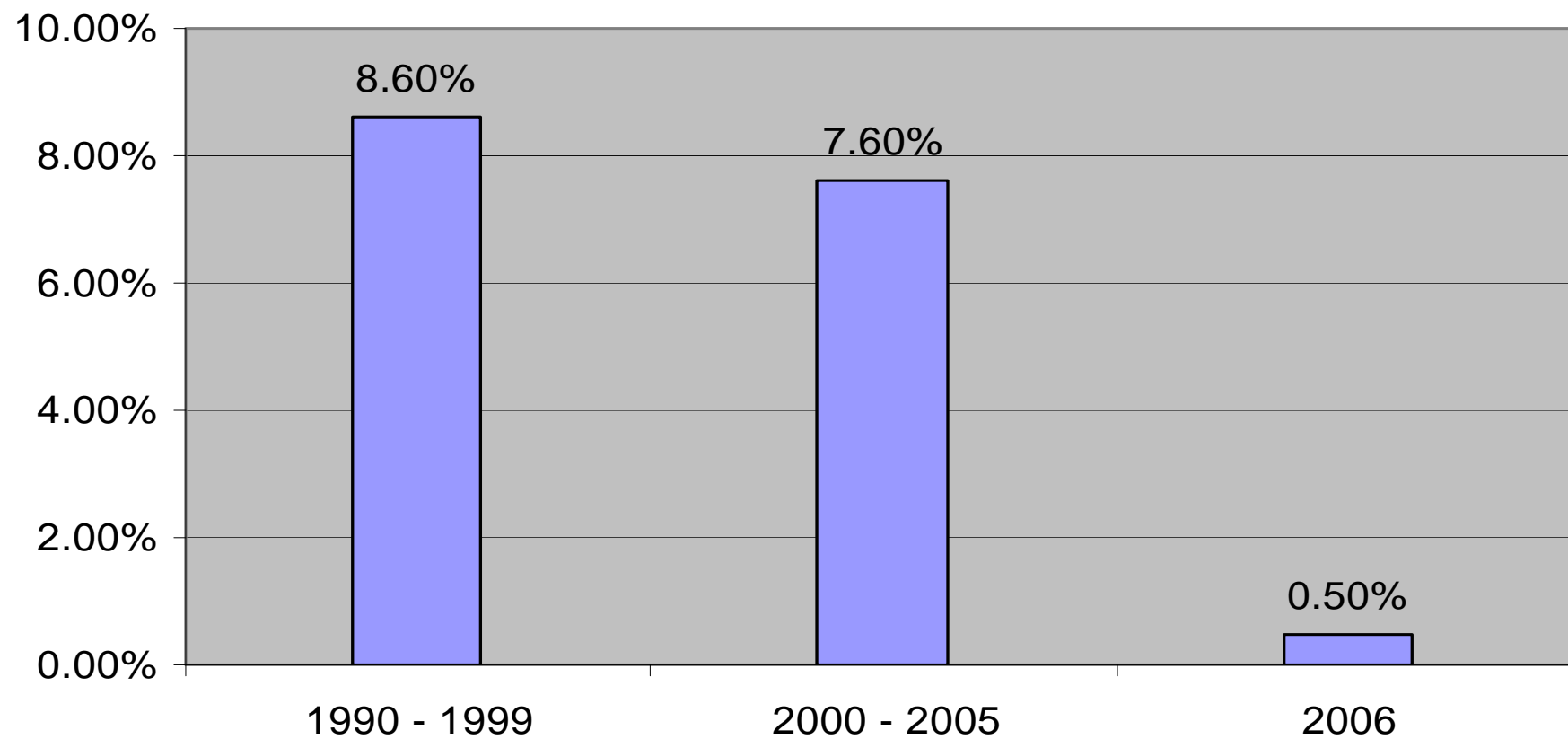


- ◆ The big question: Are we prepared for a new period of accelerated mining expansion?
- ◆ **Answer - hypothesis:**
- ◆ Several important things have been done, but all the evidence suggests that the basis of mining growth have been exhausted

### Variación % del PBI Minero Metalico 1990 - 2006



## VARIACION PORCENTUAL DEL PBI MINERO 1990 - 2006



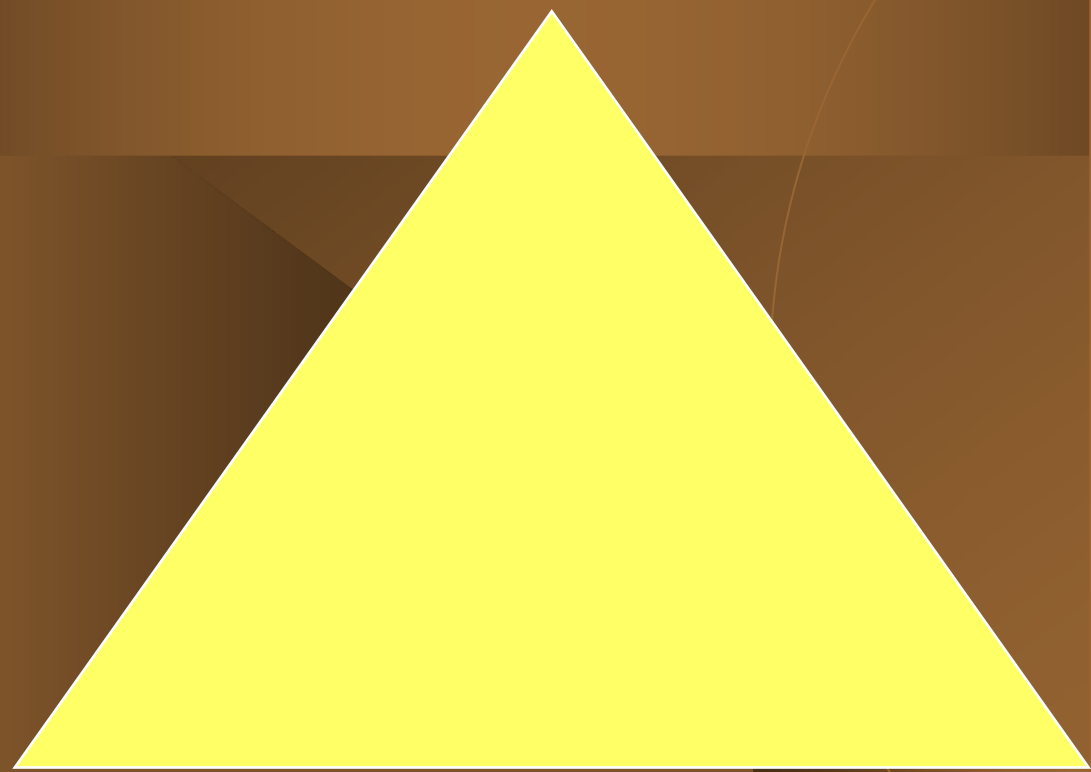
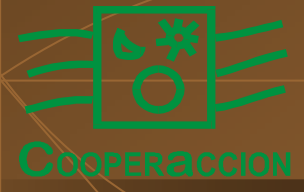
**GDP Mining and Hydrocarbons – July 2007**  
**(year base 1994)**



Products	Weighting	Percentage variation	
		2007/2006	
		July	January-July
<b>Mining and hydrocarbons</b>	<b>100.00</b>	<b>1.87</b>	<b>-1.26</b>
<b>Metals</b>	<b>79.44</b>	<b>-1.82</b>	<b>-2.13</b>
Cooper	19.82	17.09	10.66
Zinc	20.22	33.26	28.48
Gold	18.80	-22.72	-23.12
Silver	9.03	-0.46	-1.51
Iron	4.27	3.27	4.93
Lead	3.75	7.46	6.62
Tin	3.01	-1.24	-4.33
Molybdenum	0.52	15.27	-16.90
<b>Hydrocarbons</b>	<b>20.56</b>	<b>2.29</b>	<b>7.12</b>
Crude oil	20.06	-4.67	0.32
Natural Gas	0.50	34.06	55.47

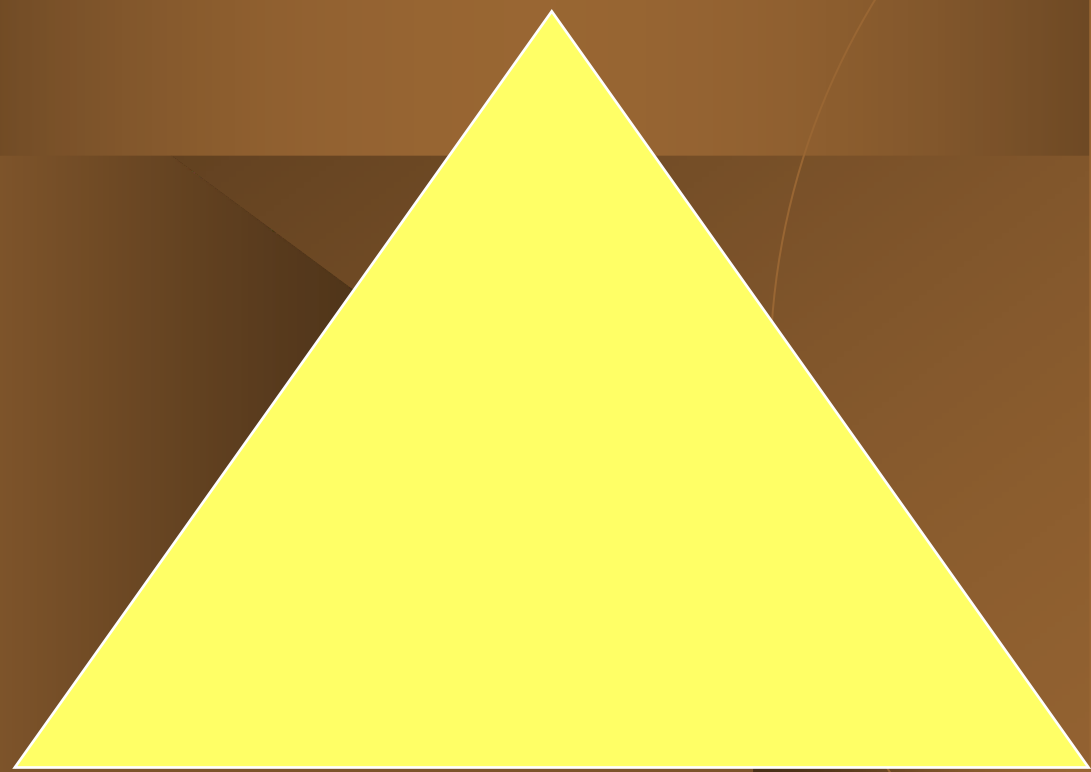
- ◆ Consequently, we need to think about the substantial changes that need to be made and to identify the pending agenda to work on.
- ◆ Some key aspects of that agenda:





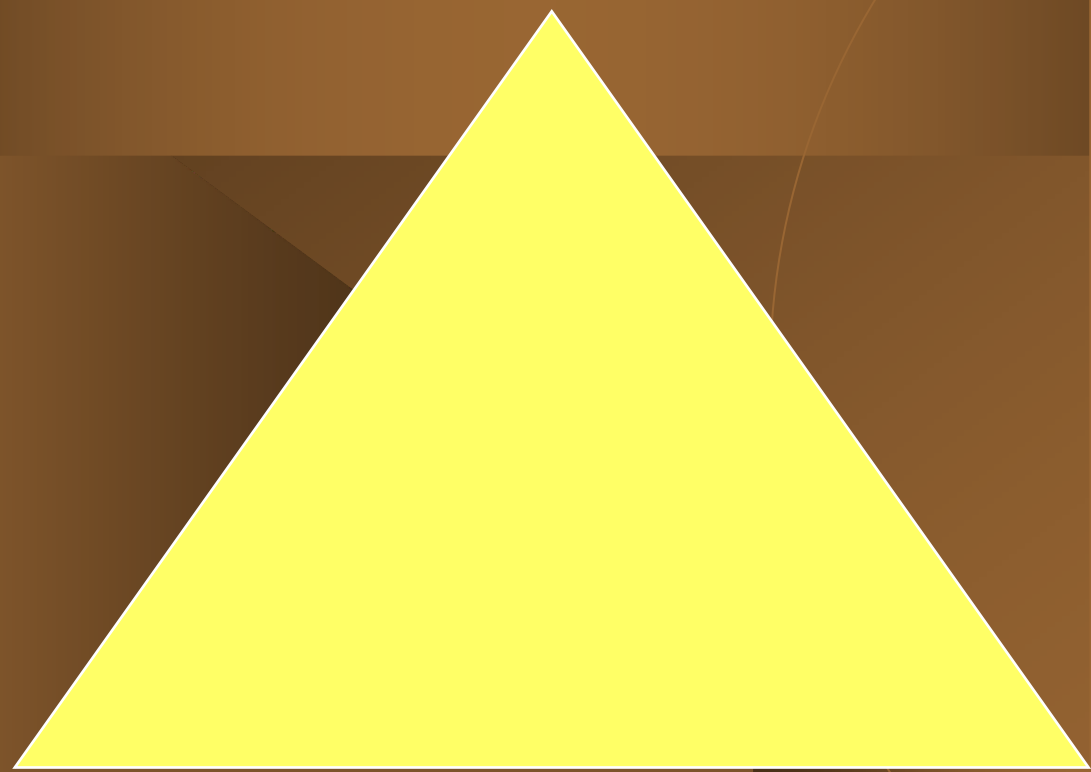


# COMPETITIVITY





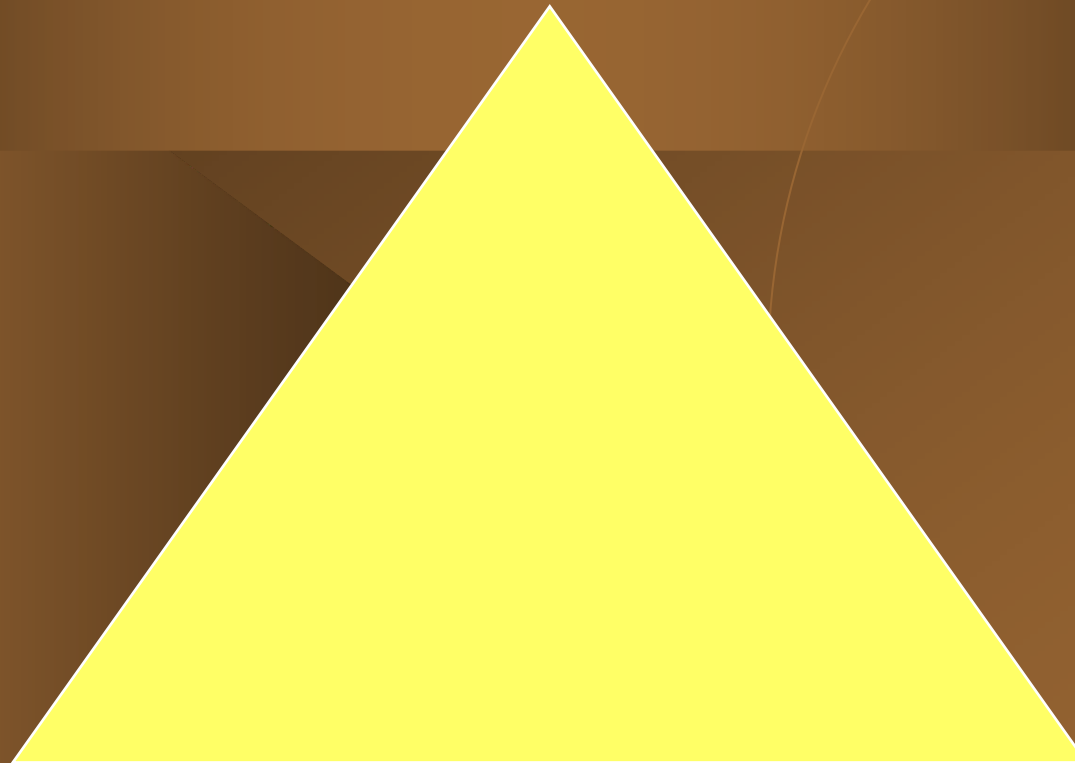
**COMPETITIVITY**



**GOVERNANCE**

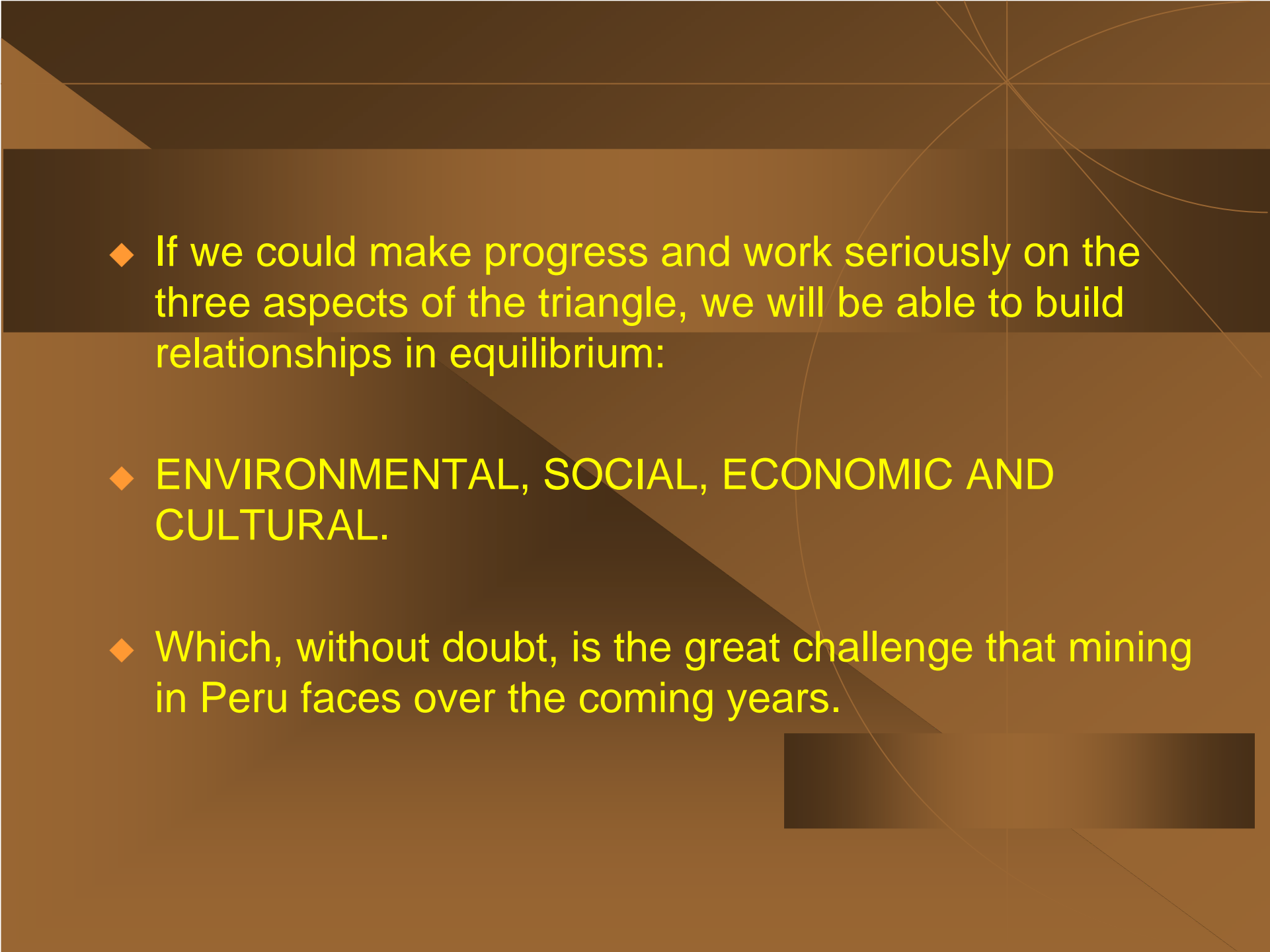


**COMPETITIVITY**



**GOVERNABILITY**

**RECOGNITION OF  
RIGHTS**

- 
- The background features a dark brown color scheme with a large, faint triangle and a circle. The triangle is positioned on the left side, and the circle is on the right. The text is overlaid on these shapes.
- ◆ If we could make progress and work seriously on the three aspects of the triangle, we will be able to build relationships in equilibrium:
  - ◆ ENVIRONMENTAL, SOCIAL, ECONOMIC AND CULTURAL.
  - ◆ Which, without doubt, is the great challenge that mining in Peru faces over the coming years.

- ◆ *“ Mining conflicts, whatever their nature (social, environmental, resource-based, political) are not about mining activities; rather they hinge around two main themes: inclusive development and democracy. That is the heart of the matter”.*

*Myriam Cabrera*



[www.cooperaccion.org.pe](http://www.cooperaccion.org.pe)