



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?

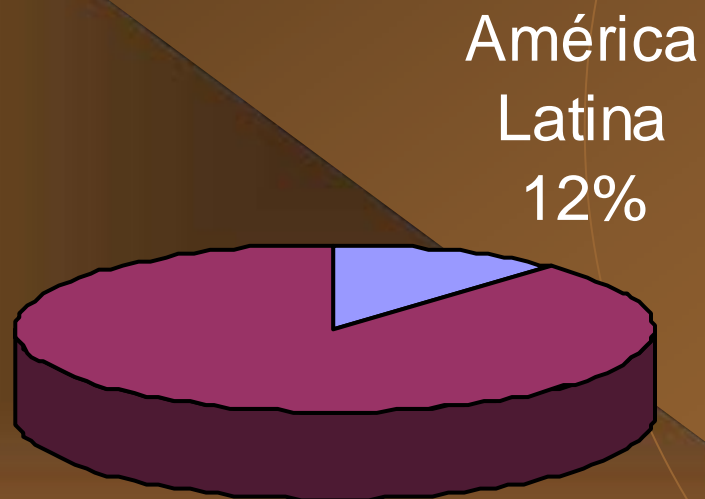
First: The new mining boom observed in Latin America during the last decade.

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

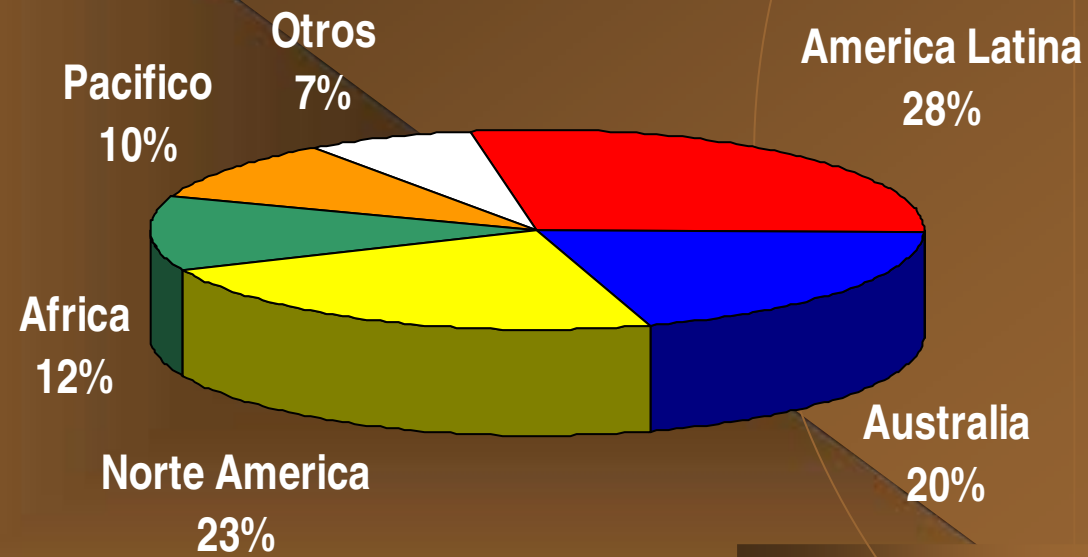
1990



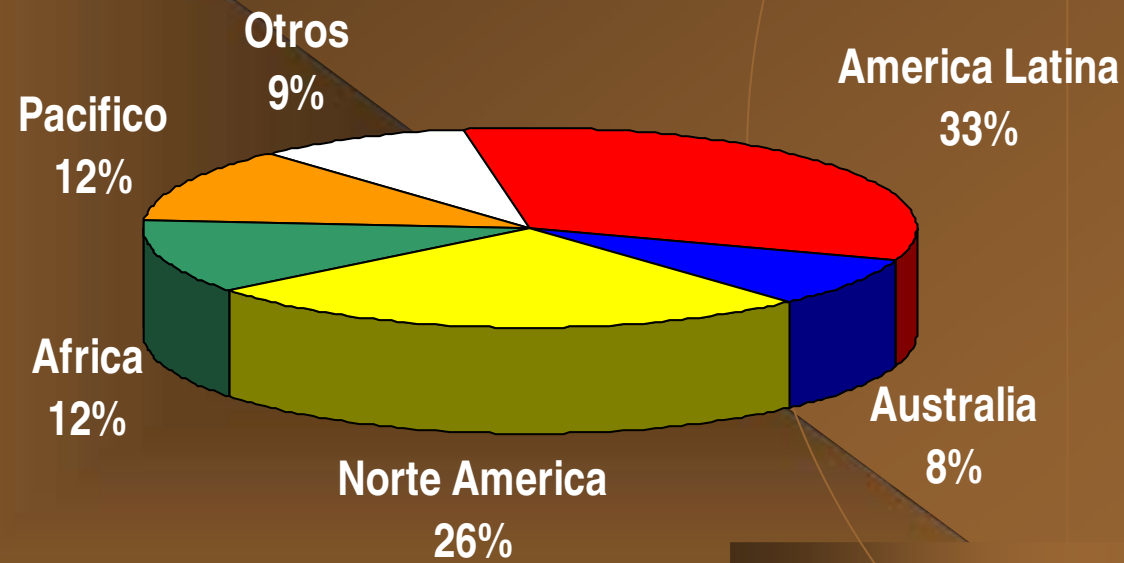
Share of Latin American investments in world mining investments



Mining investments 1995



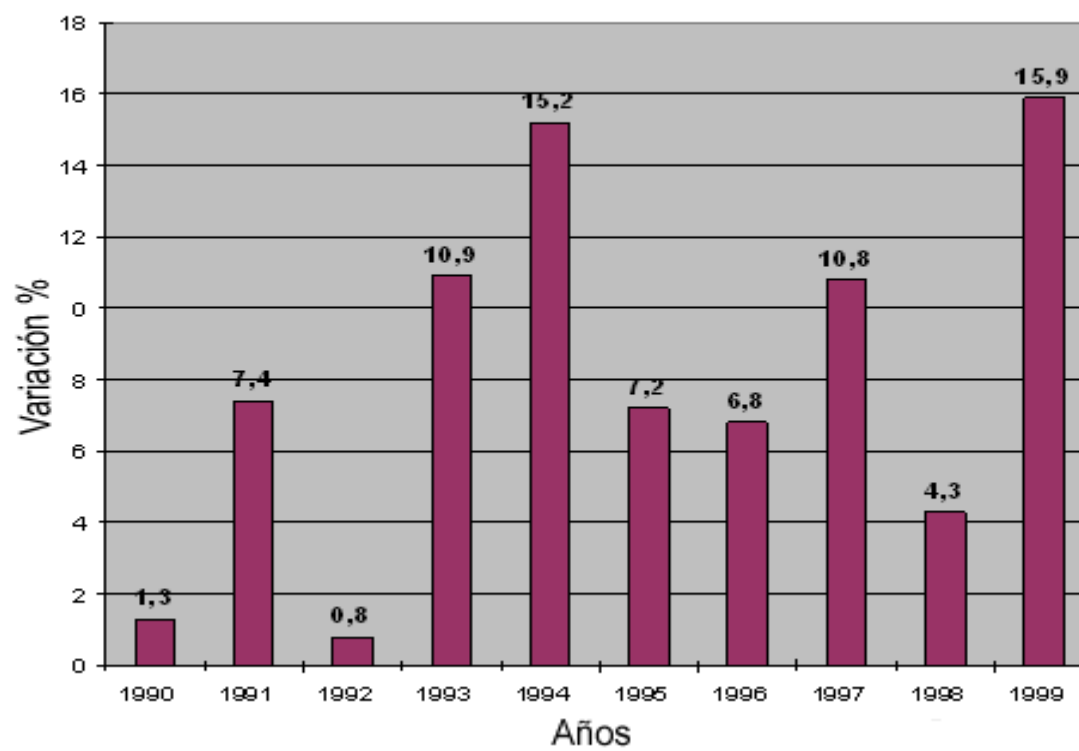
Mining Investments 2000





- ◆ 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



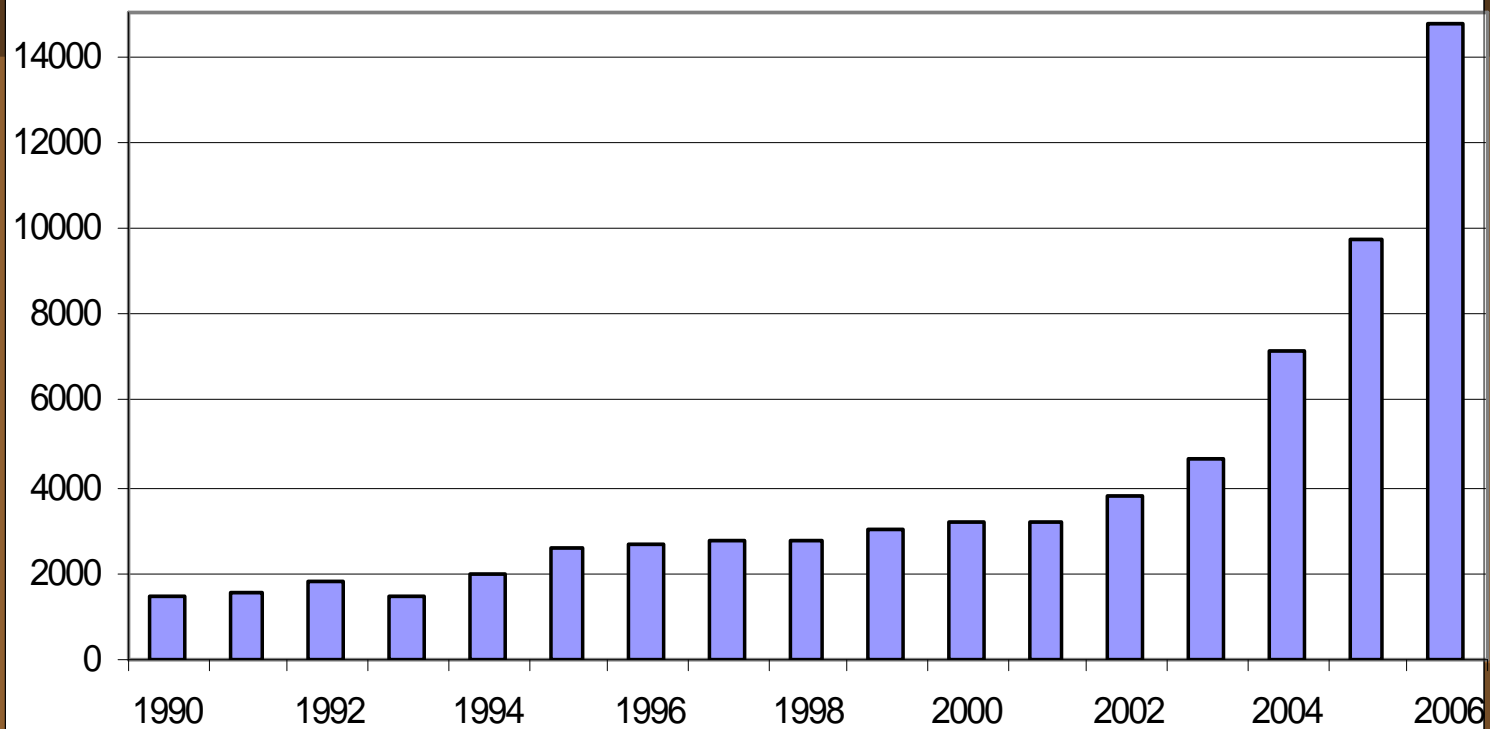


Mining exports (millions of US dollars)

| 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)

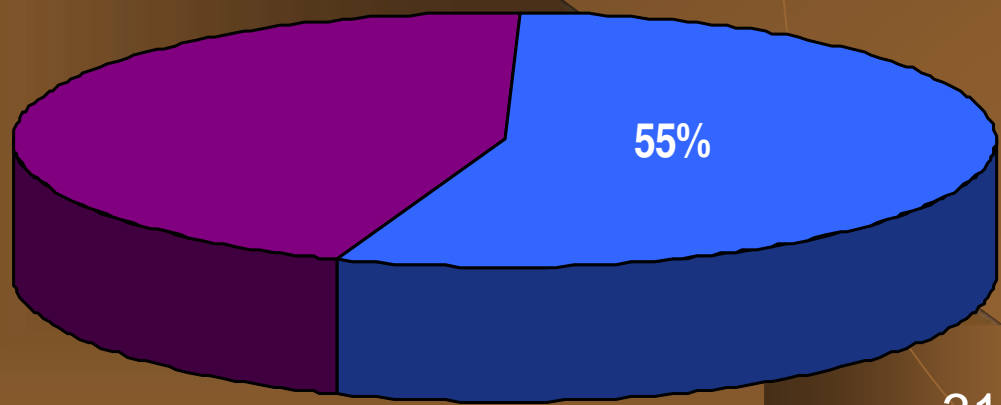
| Year | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|-----------|-------|------|-------|-------|-------|--------|--------|--------|-------|--------|
| Titulados | 2,258 | 2258 | 2,371 | 6,151 | 8,758 | 12,110 | 15,597 | 14,825 | 13188 | 11,700 |

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.

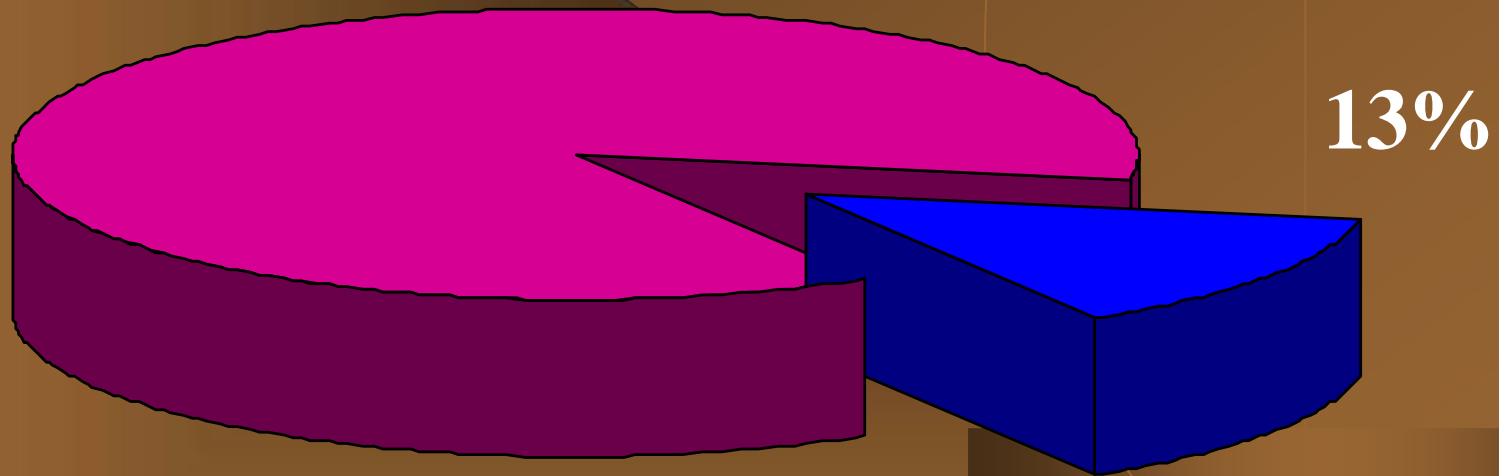


COMMUNITIES WHOSE LANDS ARE AFFECTED BY MINERAL EXPANSION



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 | | | | |
| TOTAL | 128.521.700 | 100,0% | 15.667.436 | 12,19 |

- ◆ “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.

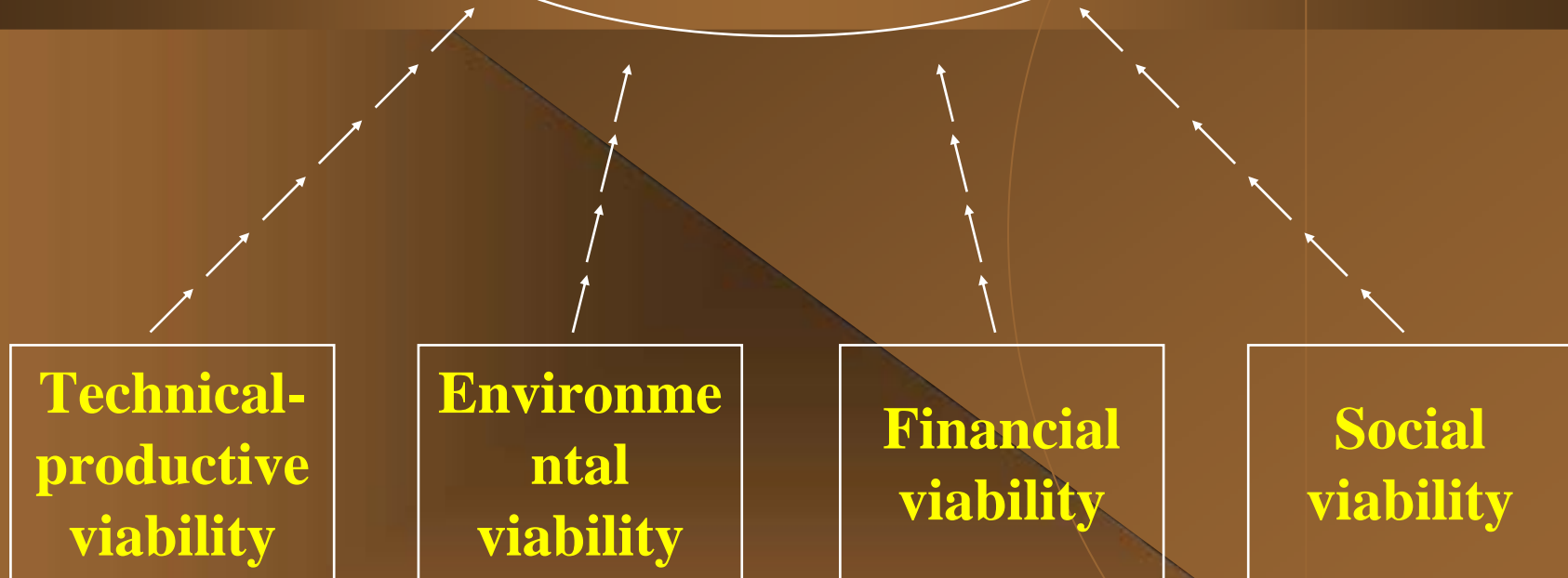
Mobilizing: How do we organize the scenarios where conflicts between mining companies and communities happen?

- ◆ 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.

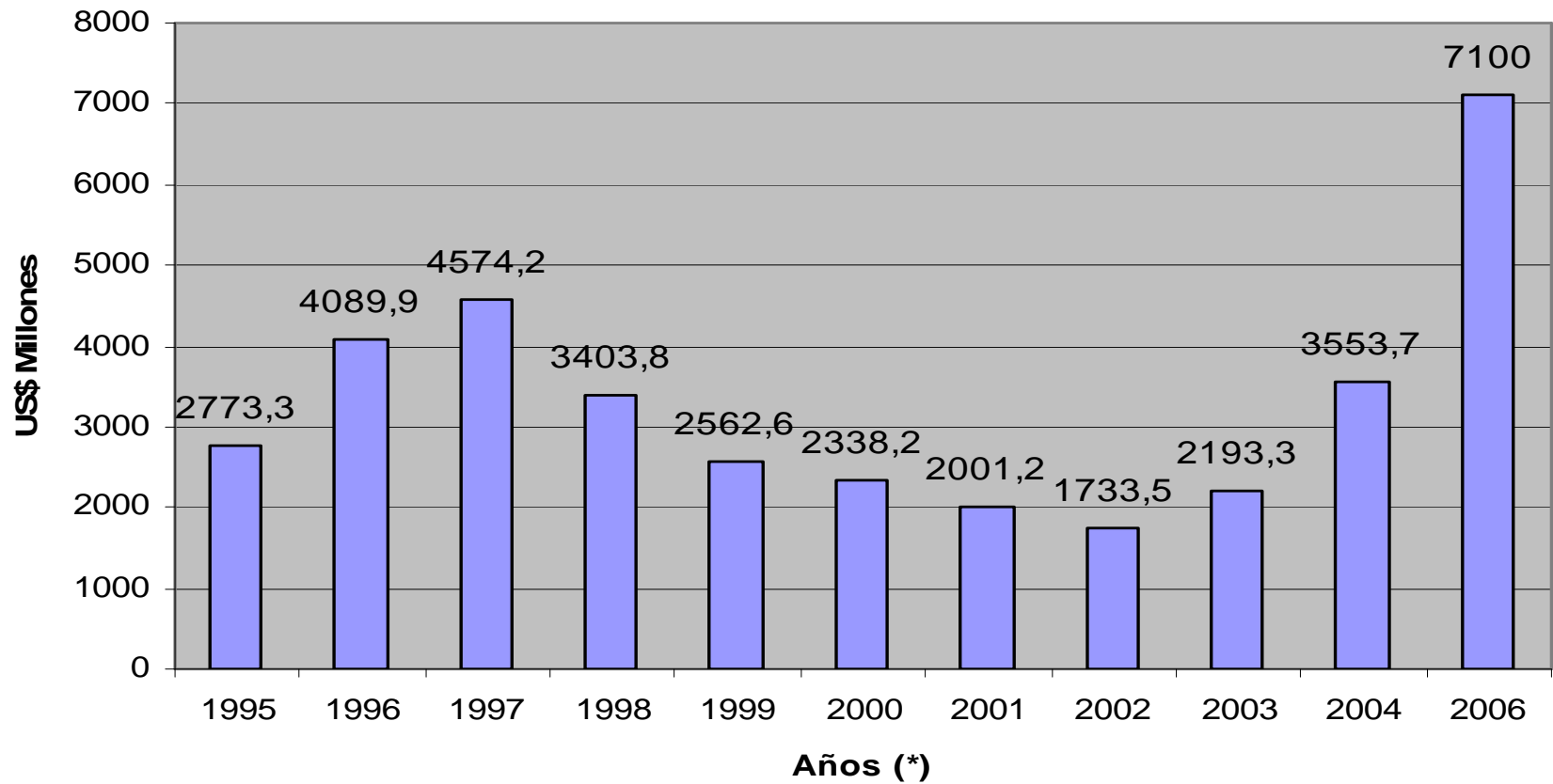


- ◆ **What are the challenges and perspectives of the mining agenda in Peru?**
- ◆ We need to update our baselines and be clear on the contemporary context.
- ◆ We are in a moment of mining expansion.
- ◆ Budgets for exploration have increased.
- ◆ Latin America is the region that is attracting the highest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

Global spending on mining exploration



Gastos de Exploración en el Mundo



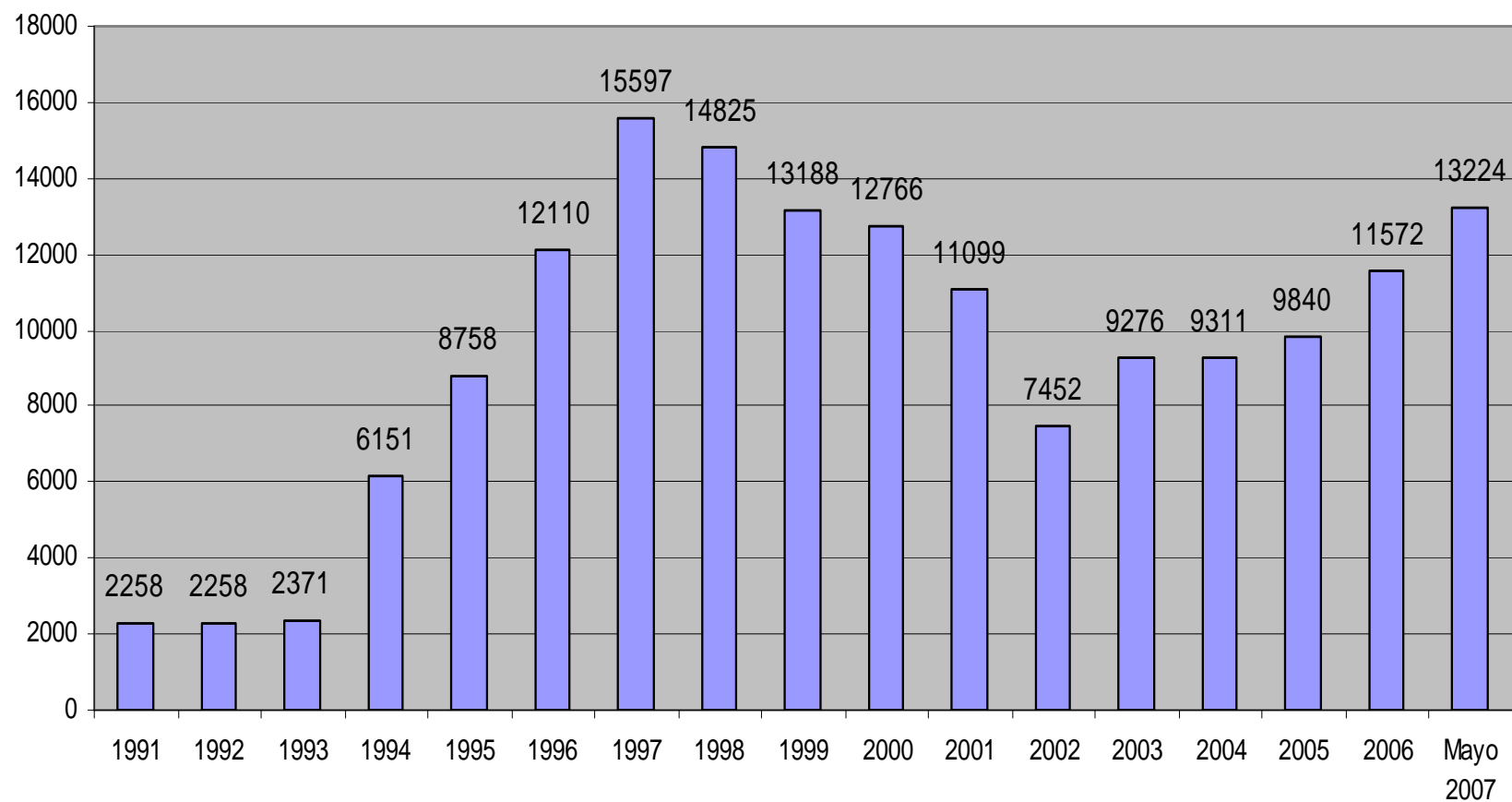
SPENDING ON EXPLORATION IN LATIN AMERICA (millions of US \$)



| | 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 |
| Total América Latina | 661,9 | 575,8 | 447,9 | 517,9 | 773,5 | 965,3 |
| Perú más México/Total América Latina | 35,6% | 36,4% | 35,2% | 36,8% | 45,1% | 45,1% |

Evolución de los Derechos Mineros Vigentes

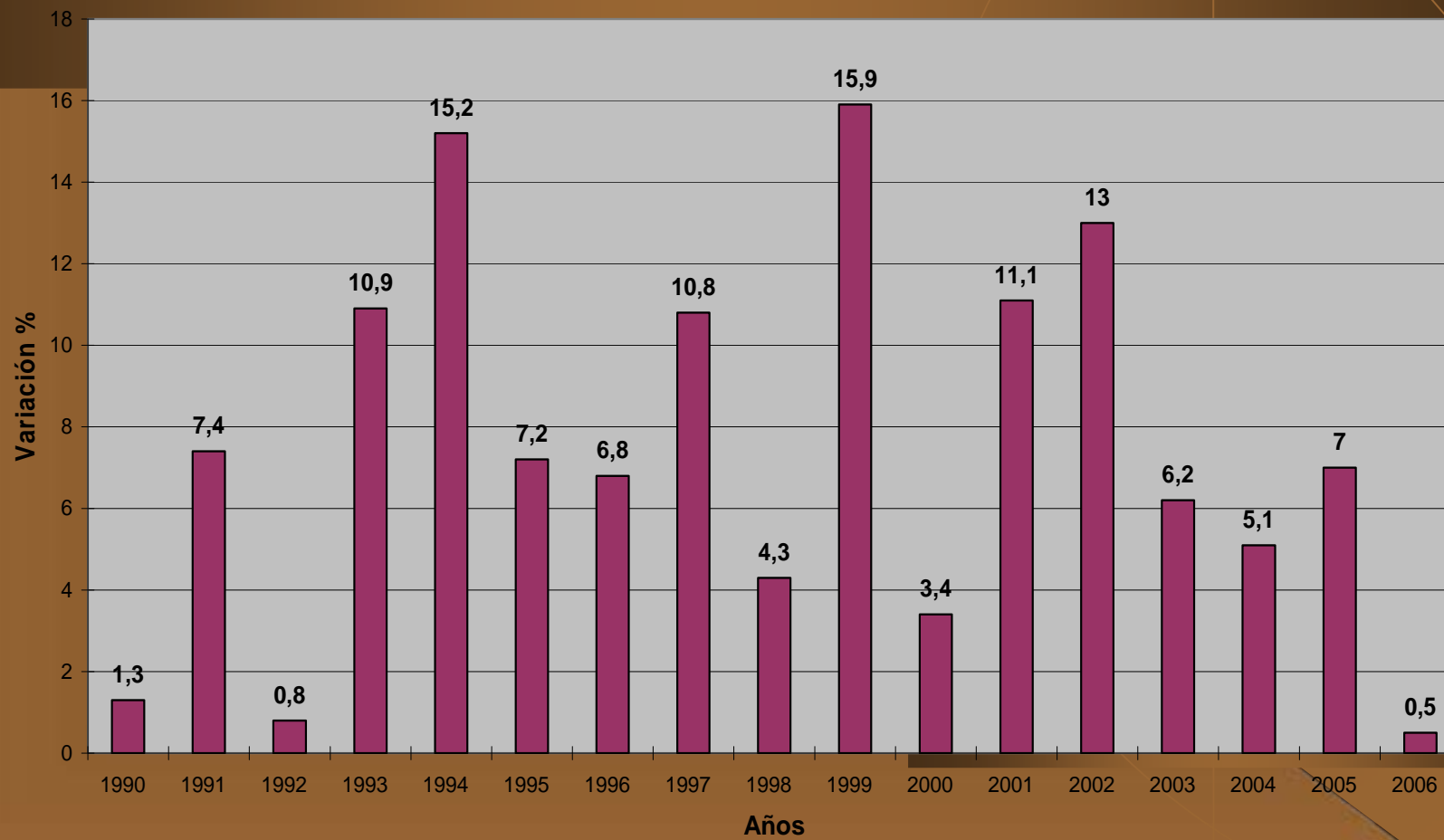
(en miles de hectáreas)



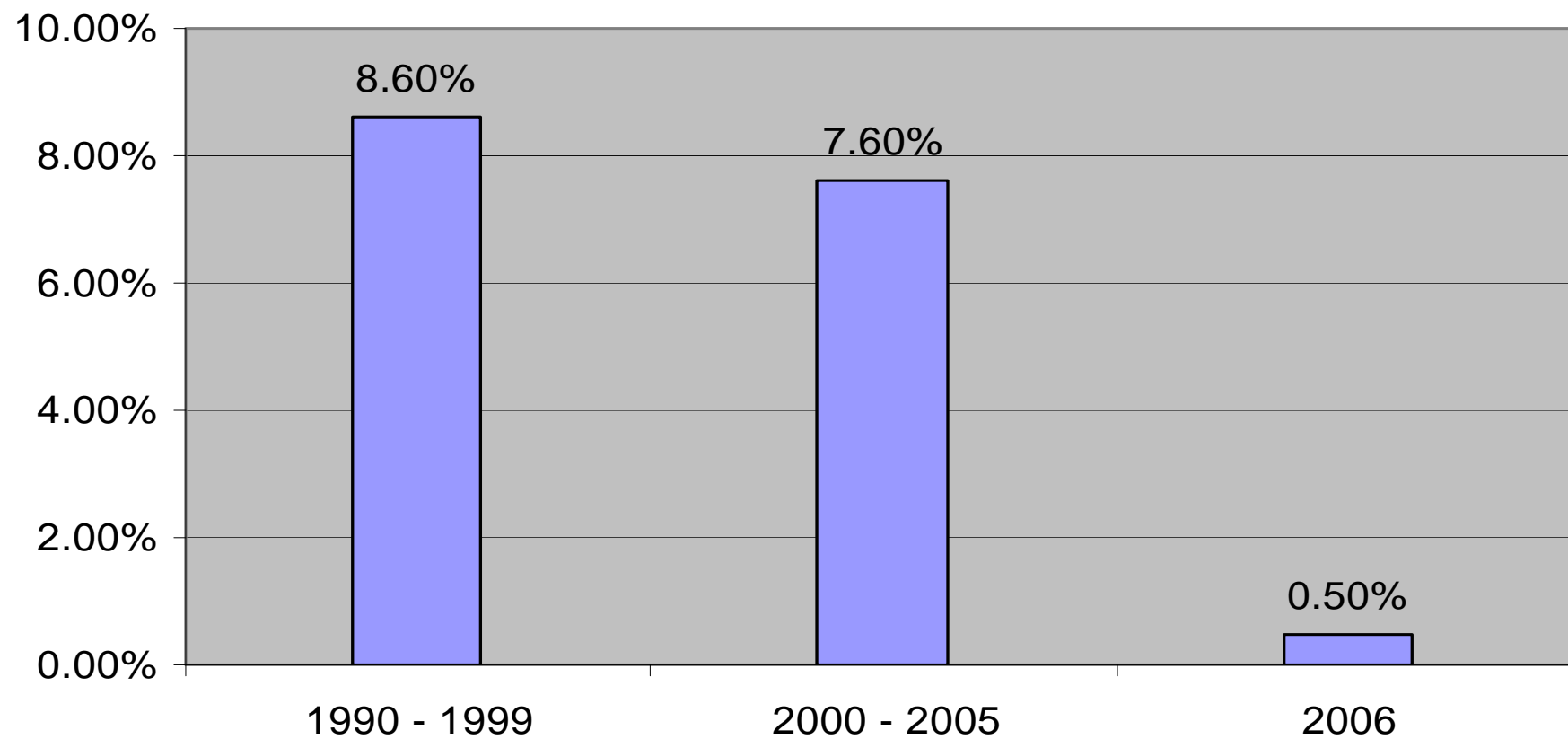


- ◆ The big question: Are we prepared for a new period of accelerated mining expansion?
- ◆ **Answer - hypothesis:**
- ◆ Several important things have been done, but all the evidence suggests that the basis of mining growth have been exhausted

Variación % del PBI Minero Metalico 1990 - 2006



VARIACION PORCENTUAL DEL PBI MINERO 1990 - 2006

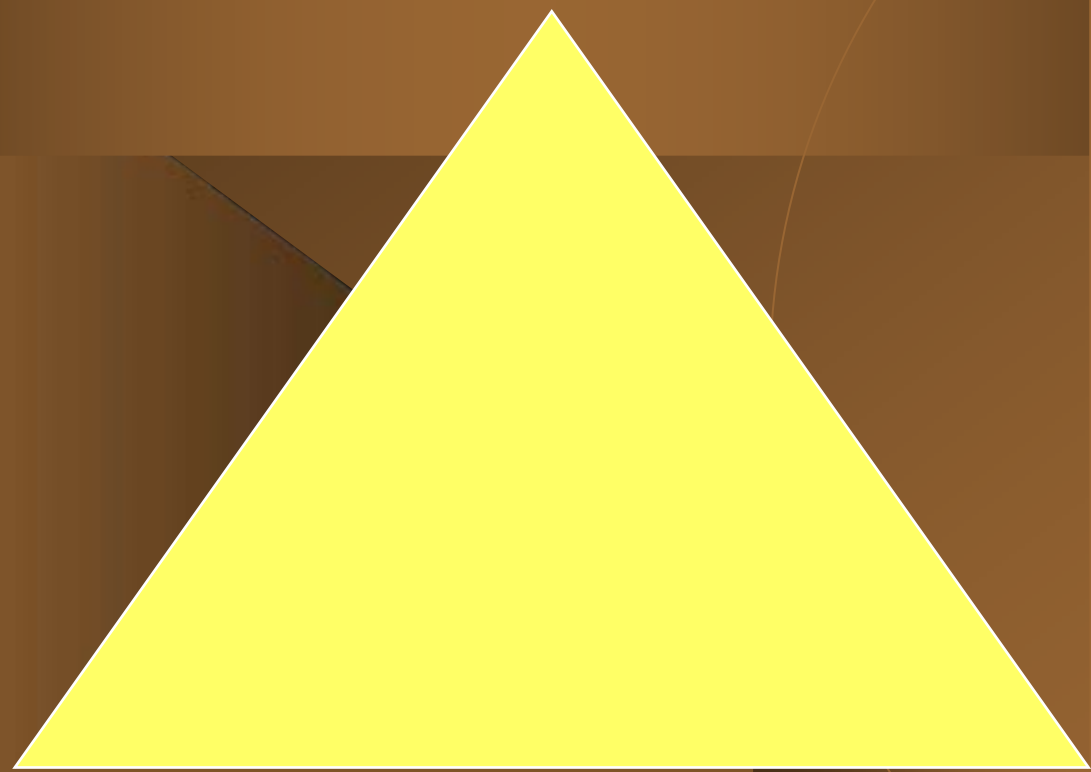
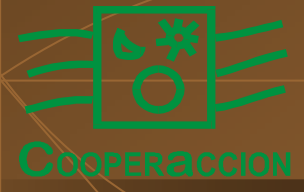


GDP Mining and Hydrocarbons – July 2007
(year base 1994)



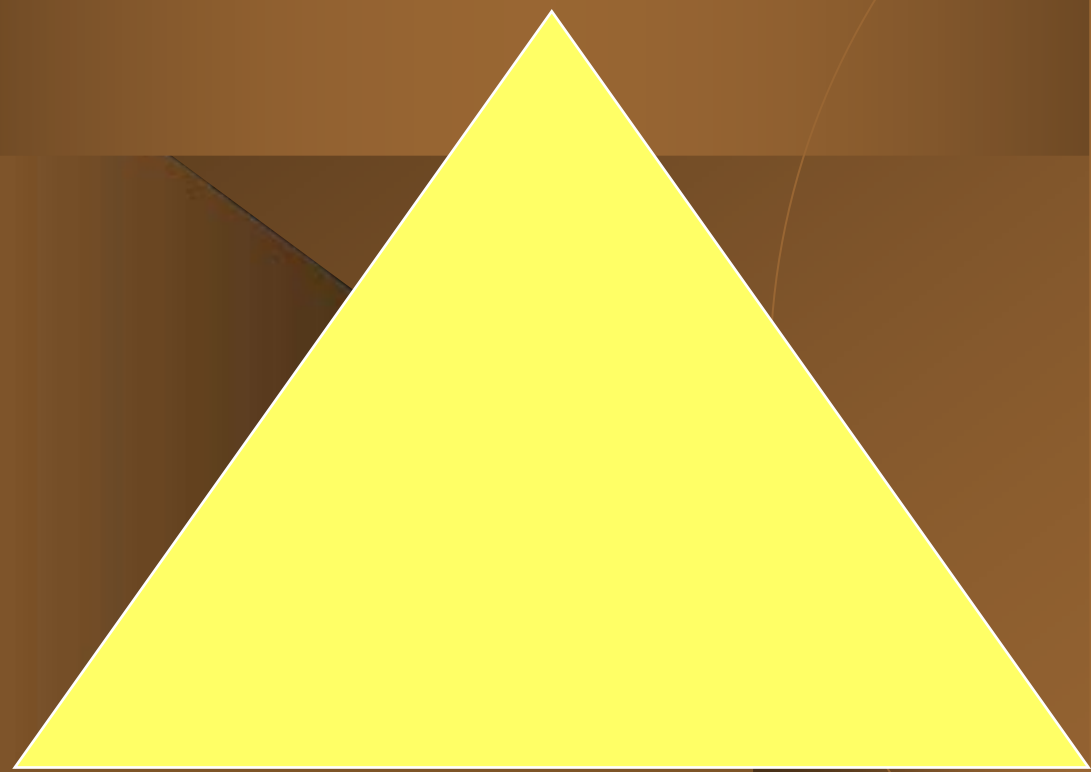
| Products | Weighting | Percentage variation | |
|--------------------------------|---------------|----------------------|--------------|
| | | 2007/2006 | |
| | | July | January-July |
| Mining and hydrocarbons | 100.00 | 1.87 | -1.26 |
| Metals | 79.44 | -1.82 | -2.13 |
| Cooper | 19.82 | 17.09 | 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 |
| Hydrocarbons | 20.56 | 2.29 | 7.12 |
| 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:



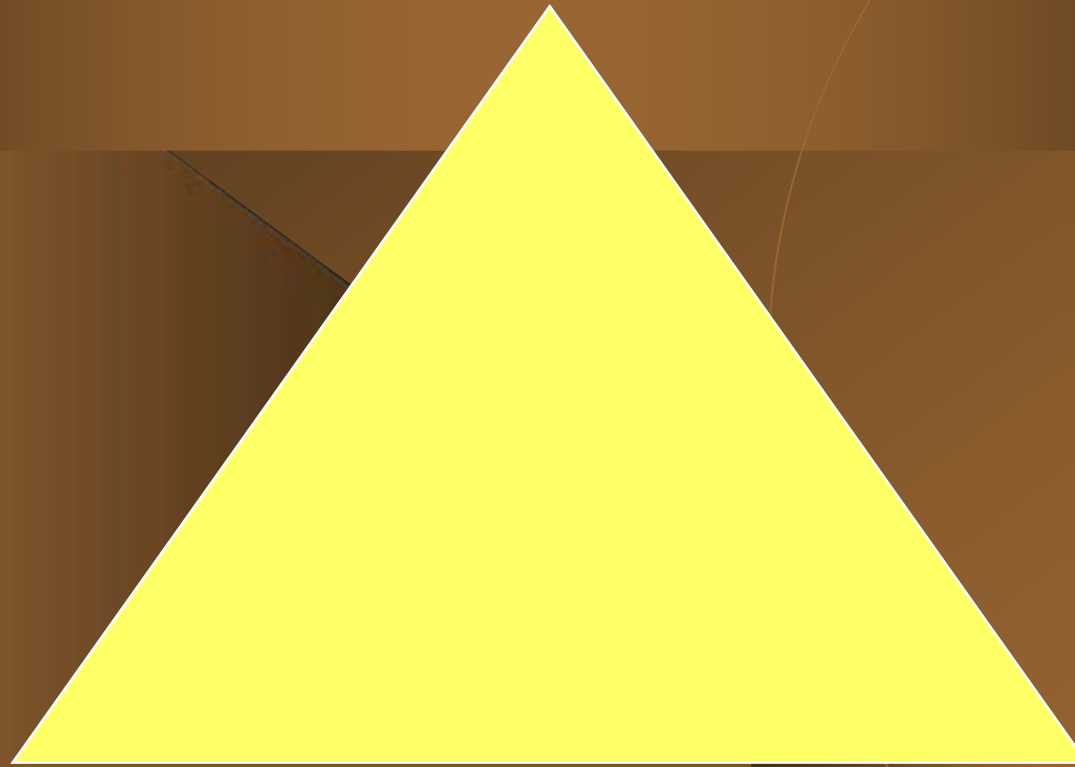


COMPETITIVITY





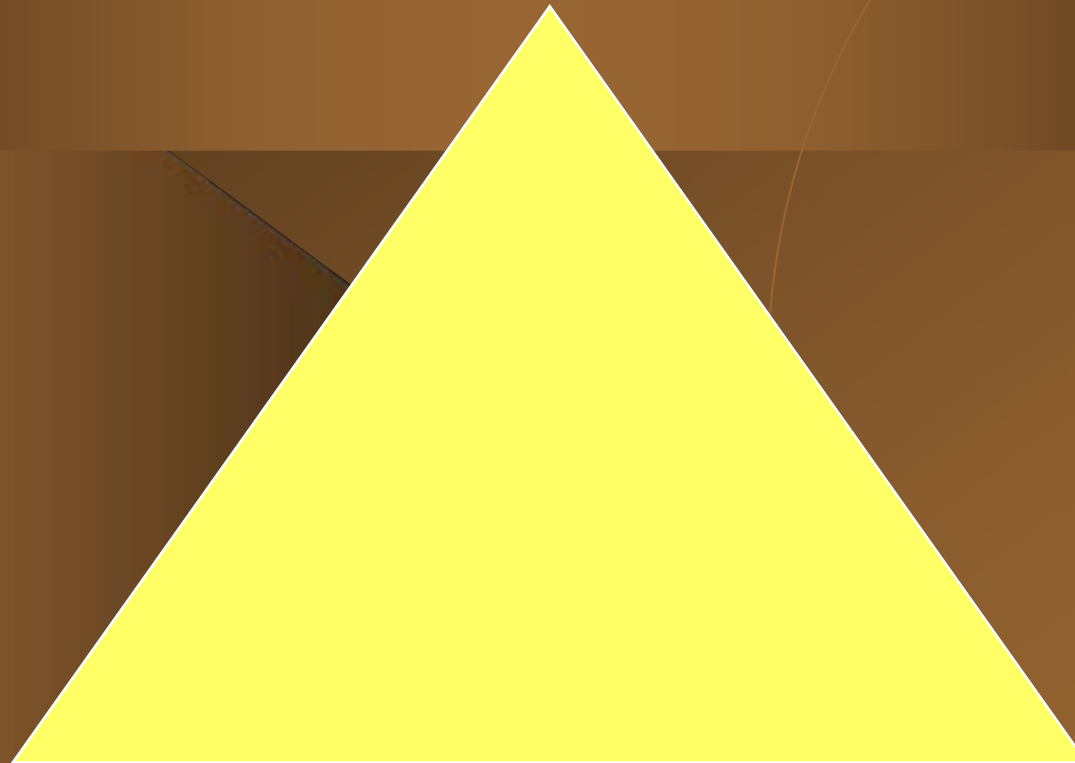
COMPETITIVITY



GOVERNANCE

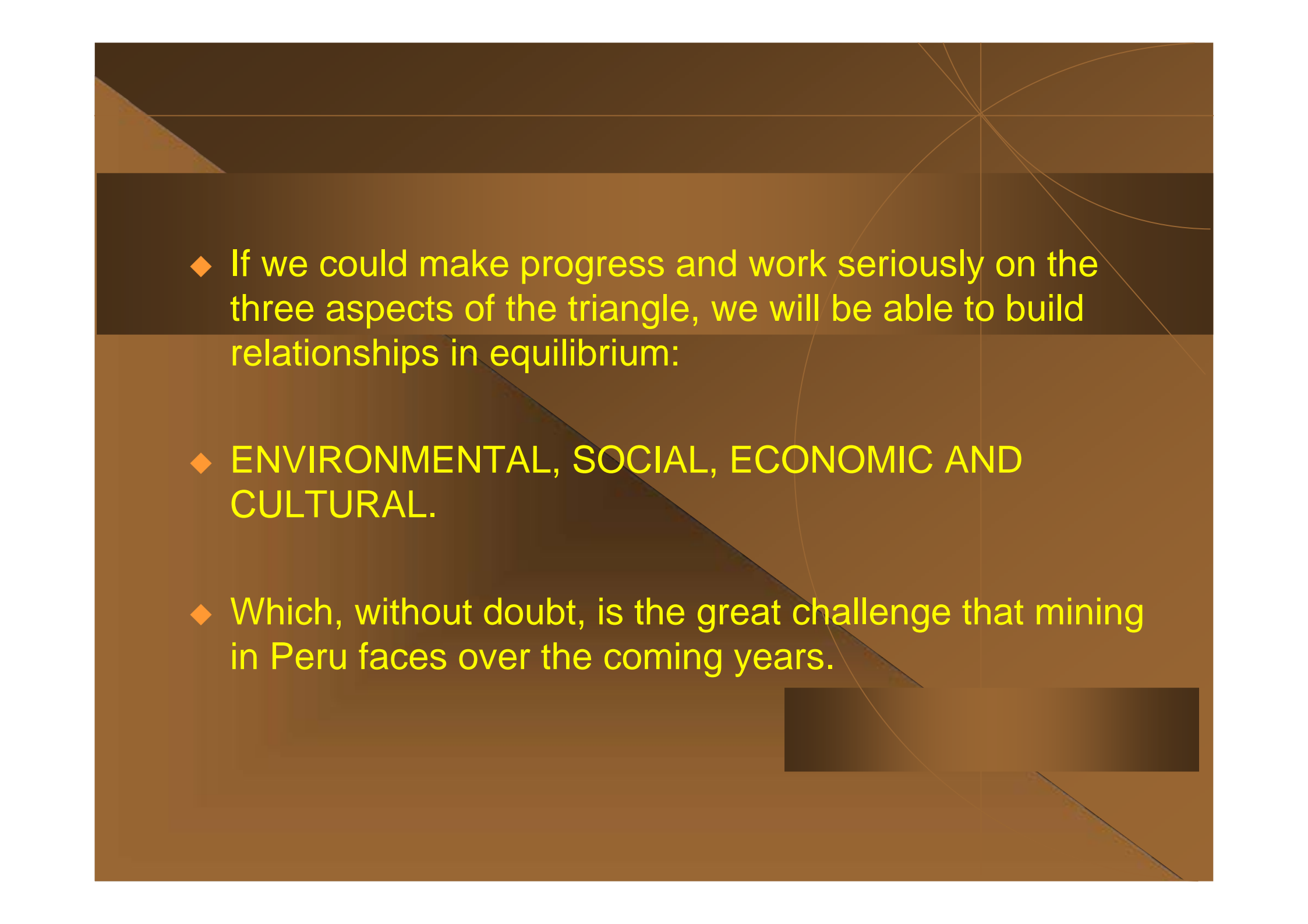


COMPETITIVITY



GOVERNABILITY

**RECOGNITION OF
RIGHTS**

- 
- ◆ 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