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President Evo Morales Insists that Lithium Reserves Benefit Bolivians

By Andrés Gaudín

Historians agree that the pillaging of Bolivia's enormous mineral riches, since the 15th century Spanish colonial period, has been the determinant factor in the country's poverty and dependency. Bolivian President Evo Morales agrees with those assessments and says that what happened during the past five centuries with silver, gold, tin, antimony, bismuth, tungsten, copper, lead, zinc, gas, and iron, among other natural resources, will not happen this time with lithium.

"We want to send a clear message to the industrialized countries and their businesses: all investments are welcome, but they should understand that we have learned from history and we will not repeat our old mistakes. Our raw materials will no longer be exported to be industrialized abroad, providing foreign jobs and taking jobs from Bolivians," said Morales in November 2008. He repeated the statement two years later, in December 2010, when he met in Tokyo with a group of Japanese business people.

Bolivians believe that lithium is providing the last opportunity to stage the economic takeoff postponed for 500 years. The country has the world's largest proven lithium reserves—between 50% and 70%, depending on the source of the information—which experts consider vitally important for humanity's future because, besides having medicinal uses and being the raw material for manufacturing batteries and power cells that have a huge capacity to store energy, it could radically reduce dependence on increasingly limited fossil fuels.

Bolivia to manufacture lithium batteries

The world's largest automobile manufacturers—General Motors' with the Volt, Toyota with the Prius, Mercedes Benz's Smart, BMW's Mini, in addition to Nissan-Renault, Mitsubishi, Chery, and Volkswagen—are now developing hybrids and electric-car prototypes that will run on lithium batteries that Bolivia has scheduled to produce beginning in 2014, in the third phase of its national lithium strategy.

In the past two years, Morales and other Bolivian officials have met with representatives of the governments and the largest businesses of France, Japan, China, South Korea, Iran, Brazil, and Russia, countries interested in guaranteeing the supply of lithium and particularly in participating in mining the mineral.

On Oct. 21, 2010, Morales announced that Bolivia would begin producing lithium batteries in the second half of 2014, and he said that the country would seek only foreign partners that provide state-of-the-art technology.

Morales thus ruled out the large multinationals that have made the most tantalizing proposals to the government for the past two years. "They only want to invest to buy lithium carbonate, but we need partners for industrialization, to make lithium batteries," said Morales. "We are in a position to buy technology, but it is better to have partners. We welcome partners; here it's a matter of working for the good of humanity, because it will also be Bolivia's contribution to resolving the climate drama, by applying clean technologies."

National and international analysts understood the statement to mean that the principal multinationals of the sector would be definitively excluded from the game. Among them, France's Bolloré and Eramet, Japan's Sumitomo and Mitsubishi, China's Citic Guoan, South Korea's LG and Korea Resources Corporation, and the state sectors of Iran, Brazil, and Russia.

Lithium is found in the depths of the salt flats. Bolivia has 17,000 sq km of salt flats—Uyuni, Coipasa, Pastos Grandes, Chiguana, Empexa, Capina, Chaliviri, and other less-important sites—but the largest is Uyuni, a gigantic 10,000-sq km white plateau in the mining region of Potosí department, 400 km southwest of the capital La Paz. Morales cited data from the Ministerio de Minería confirming that Uyuni holds 70% of the world's lithium reserves, 100 billion metric tons, which, he said, will meet global demand for centuries.

Amount of deposits disputed

US geological authorities long spoke of proven reserves equivalent to 50% of the global total, which attracted investments from two large mining multinationals, the US's Lithium Corporation and India's Food Corporation. However, the US has reduced its estimates to just 35%.

The BBC Mundo news service in Spanish consulted Bolivian expert Luis Alberto Echazú, responsible for certifying the national reserves, to explain the drastic differences. "We certified [our reserves] because we are afraid of [US] certifiers because they certify whatever they want." Echazú said that Bolivians "estimate the level of reserves through a scientific examination, based on the size, the layers discovered, the average concentration, and the porosity of the salt flat." A lower certification jettisons the final value of the reserves and, consequently, investors' interests."

The first phase of the strategic national project, beginning in the first half of this year, will consist of producing lithium carbonate and will require an investment of only US\$17 million of the US\$902 million cost of all three phases. The second phase will begin in the first half of 2014. It will lay the groundwork for manufacturing the batteries and will cost US\$485 million. The last phase, when large-scale battery production begins, will occur in the second half of 2014 and will cost US\$400 million.

Last October, Spanish news agency EFE quoted Bolivian Vice President Álvaro García Linera as saying, "Bolivia does not need anyone's help to produce lithium carbonate, but it will look for a partner to manufacture the batteries, and that partner will be welcome as long as it comes with the best technology and willingness to accept and abide by the rules of the game set by the Bolivian state."

On that occasion, García Linera complained that some foreign businesses (which he did not name) want to form joint ventures to exploit the resource, and they "underestimate" the country by thinking that "Bolivians are incapable" of processing the raw material. "They said that they would come to investigate and that within 10 years lithium could be industrialized, but we have

found the way to extract it from the salt now. What the foreign companies did not want to give us, what they wanted to control, our engineers have discovered," said García Linera.

Everyone wants in on the act

Since the Bolivian project was reactivated and multinational auto companies began studying a program to convert their vehicles, the government has had emissaries parade through their offices interested in lithium. And the president was invited to visit several countries.

While the strategy that finally went forward was being fine-tuned, Morales had encouraging words for everyone. To Iranian President Mahmoud Ahmadinejad, Morales expressed his "conscious surprise at the high level of scientific knowledge, which makes [Iran] a potential partner in industrializing lithium."

Morales thanked his South Korean homologue Lee Myung-Bak for signing a memorandum of understanding, and he said that the document could be the beginning of large-scale implementation of South Korean businesses' participation in lithium exploitation.

In Tokyo, Morales told Emperor Akihito that "Japan can become an excellent partner in the exploitation of lithium."

Morales' words were not wasted. Besides technicians from Sumitomo, Mitsubishi, and Nissan, experts from state firms Japan Oil, Gas and Metals National Corporation, the University of Kiusyu, and the University of Kyoto's National Institute of Science and Advanced Industrial Technology traveled to Bolivia to provide assistance.

In all three countries, Morales obtained credits and political support for his project, but it is evident that neither the Iranian, the South Korean, nor the Japanese government or businesses from these countries will participate in the Bolivian energy project.

Bolivia's history is tied to mining. Silver exploitation dates from the 11th century, but it was the Spanish conquistadores who plundered the deposits. Some historians say that, thanks to the Cerro Rico mines, in the 17th century Potosí had more inhabitants than London or Paris.

Long-time Potosí miners say that, "with everything that the Spaniards took from Cerro Rico, a silver bridge could have been built between Potosí and Madrid."

In the 1970s, Bolivia was still the world's largest producer of antimony, as, in the first years of the 20th century, it had been one of the largest tin producers.

In the last three years, mineral prices have increased thanks to demand in China. Nevertheless, mining represents only 4.5% of Bolivia's GDP and provides jobs for just 1.5% of the economically active population (EAP), while in the 1970s, mining accounted for 12% of GDP and provided jobs for 4% of the EAP. Even so, the sector continues to be key because mining exports constitute more than 25% of total exports and provide 70,000 direct jobs. The exploitation and industrialization of lithium could triple those figures.