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Argentina's Mining Sector Hit by Protests

By Andrés Gaudín

Amid a mining boom throughout Latin America, from Central America to the southern Patagonia, with at least 120 environmental conflicts related to extractive activities, Argentina is also witnessing confrontation between social sectors and the national and provincial governments, pro-mining groups, and beneficiaries of mining's vital financial bonanza. Residents of several small towns in northeastern Argentina are protesting against open-pit mining ventures, which use large quantities of explosives to blast the rock where the minerals are hidden, cyanide in the leaching process, and huge amounts of water.

In all cases, the confrontation is with multinational mining companies that extract copper, gold, silver, and molybdenum in the Andean cordillera. Residents accuse the companies of contaminating rivers, aquifers, and lands, of expelling people from their ancestral homes, of extracting minerals from the area without using local labor, and of not purchasing mining inputs locally.

In response, provincial authorities, mining companies, and the metallurgical sector are campaigning to win over residents to obtain the much-sought-after "social license" for an activity that, in the country and throughout the world, only gathers criticism.

In recent weeks, the protest is centered on the provinces of Catamarca—in the towns of Andalgalá, Tinogasta, and Belén—and Tucumán, where residents of Amaicha del Valle have joined in solidarity with their Catamarca neighbors. In January, the residents of Famatina and Chilecito in the province of La Rioja blocked roads and bridges and were met with a strong police repression.

The popular demonstrations basically target the company Minera Alumbrera, which, in the territory of Bajo de la Alumbrera (Andalgalá), exploits the major gold, silver, and copper vein in northeastern Argentina, one of the principal open-pit ore deposits in the world. The company is a joint venture involving the British-Swiss company Xstrata (50%) and Canadian firms Goldcorp (37.5%) and Yamana (12.5%). Yacimientos Mineros de Aguas del Dionisio (YMAD), which includes the Argentine state, the Catamarca government, and the Universidad Nacional de Tucumán, owns the deposit and receives 20% of the profits.

"It is not that mining is totally contaminating nor that in itself it is a factor of plunder, but that open-pit activity—which requires tons of dynamite to bring down hills and mountains, cyanide to separate the metal from the waste, millions of liters of water—is one of the most damaging activities, environmentally and socially," said an expert consulted by the French news agency Agence France-Presse (AFP).

Administration supports mining activities

The progressive government of President Cristiana Fernández de Kirchner is a strong promoter of large-scale mining. The government says that it is one of the activities with the best future in the country and one that has the best prospects for bringing earnings into the treasury.

Thus, the administration is openly in conflict with environmental organizations and local populations that "put spokes in the wheel of mining development," as the president said. She also accused opponents of being "conservative" and "uninterested in the nation's future."

In a country where, as in few others, the media are the mainstay and the ideologues of the opposition, the protests in the northeastern cordillera have for the first time made the front pages of the newspapers and are the lead stories on radio and television programs. The dominant media—dailies Clarín and La Nación, flagship operations of two conglomerates whose holdings include newspapers, news agencies, magazines, radio stations and television channels, content producers, and the only newsprint factory—have attacked the government since it managed to pass a communications law (Ley de Medios) that severely curbed the media monopolies and, in addition, initiated a process to end the newsprint-production monopoly.

Hampered by those measures, and in line with the national government, on Feb. 14, authorities from the eight provinces where various extractive projects are being developed formed the Organización Federal de Estados Mineros (OFEM), with the aim of "defining common policies and finding solutions for the activity's environmental impact."

With the explicit proposal to "seek the social license for the ventures being developed and for future ones," the new group published a statement that said, "We intend for the activity to be rational and sustainable, protective of the environment, respectful of native communities, and with strong economic and job promotion."

Beyond the lofty text with which the OFEM was created, its president, Jujuy Gov. Eduardo Fellner, blasted the environmentalists. "Tourism causes significant environmental impact and it would not occur to anyone to ban it," said Fellner.

On Feb. 19, the official offensive continued. The mayors of the Catamarca towns released a document titled "We defend mining and Catamarca," in which they criticized "the destructive major-media campaign," said they were "proud miners," and recalled that "vibrant Catamarca during the Spanish viceroyalty was impoverished by the model centralized in the port of Buenos Aires, and today, when the international context values our products at record levels, new intrusions want to keep us backward and in poverty."

On Feb 17, the metallurgical industries had taken up the defense of mining and also alluded, without naming it, to the hoped-for "social license."

The Asociación de Industriales Metalúrgicos de la República Argentina (ADIMRA) released a statement, saying, "We consider it fundamental to focus our efforts on all the actors involved in developing the sector, facilitating agreements that guarantee social growth, job creation, and the sector's sustainability."

Mining benefits Argentine treasury

A mid-2011 report released by the company said the Bajo de la Alumbrera deposit each year produces an average of 140,000 tons of copper in concentrate, 352,000 ounces of gold in concentrate, 45,000 ounces of gold doré, and 960,000 tons of molybdenum in concentrate. Concentrate is the mass of rock and water that the company transports via a slurry pipeline to be dehydrated in neighboring Tucumán and then, with its own trains, takes it to the river port at Rosario, where it is shipped to the exterior for final processing.

In most Argentine operations, gold is processed at the mining site. The result of that process is bars of very low purity, most of them mixed with silver and copper, called gold doré bars. They have no stamps and are not standardized. Mining companies—and La Alumbrera is no exception— send these gold doré bars abroad to be processed into new bars of higher than 99.5% purity.

The same report indicates that in 2010 the company challenged by neighbors exported US \$1.6 billion worth of gold, more than the US\$1.3 billion it invested in 1999 to begin production at the mine. Between 1999 and 2010, the declared revenue was US\$11 billion. The world crisis that began in 2008 shot up the prices of all metals, so that 2011 earnings, which will be released in April, will be notably higher.

Andagalá residents have not seen the mine's benefits "trickle down" on the city. Access roads—unpaved—are impassable during the rainy season, schools and the only hospital lack adequate equipment. Of the 1,400 jobs created by the mine, only 481 are filled by Catamarqueños, and they are the lowest paying jobs because they are unskilled.

In 2010, the company spent US\$271 million on goods and services, but only US\$12.2 million was spent in Catamarca. The residents have not experienced the trickle down from the mining boom, but the treasury has. The equivalent of US\$125 million came into state coffers in 2010.

La Alumbrera's numbers perhaps serve to explain the World Bank report, which says that one-third of mining investments worldwide come to Latin American countries, basically because laws governing the activity are permissive and generous. The multinational agency says that the GDP of many countries in the region depends increasingly on the mining sector, mentioning Chile, Peru, Ecuador, Brazil, as well as Argentina.