5-27-2011

Wave of Protests Against Mining Activity in Peru

Elsa Chanduvã Jaâ±a

Follow this and additional works at: https://digitalrepository.unm.edu/notisur

Recommended Citation

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
Wave of Protests Against Mining Activity in Peru

by Elsa Chanduví Jaña
Category/Department: Peru
Published: Friday, May 27, 2011

"Just as mining produces copper, gold, and other metals that represent about 60% of our exports, it also produces an important percentage of social conflicts, which keep increasing," wrote José de Echave, director of the nongovernmental organization (NGO) CooperAcción in his daily column in May 17.

NGOs participating in the national seminar Alternativas al Extractivismo in Lima in March said that, between 1991 and 2010, mining concessions, primarily in campesino communities, grew from 2.3 million hectares to 19.8 million ha, and socioenvironmental conflicts tied to mining and hydrocarbon activity grew by a similar percentage (76%).

Half of the 233 social conflicts listed by the Defensoría del Pueblo in April 2011 are socioenvironmental, and of these 70% are linked to mining activity.

One fundamental reason for these conflicts is that communities where mining activity is being developed are resisting because of the negative impact on their health and on the environment, especially deterioration in river-water and soil quality caused by mining tailings and other toxic substances.

No to mining
The most recent of these conflicts has been unfolding in the southern Andean department of Puno, where since May 9 some 4,000 residents of the southern part of the department have been on an indefinite strike protesting all mining concessions in their territory and, especially, the exploitation of the Santa Ana silver deposit, a project of Canada's Bear Creek Mining Company, in the Huacullani district of Chuchito province.

The strike, called by the Frente de Defensa de los Recursos Naturales (FDRN) of the southern area of Puno department, which is led by Walter Aduviri, includes a highway blockade that affects commerce between Peru and Bolivia.

The Puno region has the second-largest number of mining concessions in the country. Alongside tin and silver exploitation, as well as informal, small-scale mining activities, several uranium projects are under exploration, which is causing much concern in the communities.

At a March 4 public hearing called by the Ministerio de Energía y Minas (MEM), Bear Creek Mining Company's Peru branch presented the environmental-impact study (Estudio de Impacto Ambiental, EIA) for the Santa Ana proposal. For a mining project to be carried out, existing law requires prior EIA approval by the MEM's Dirección General de Asuntos Ambientales. Residents were given 30 calendar days to present their observations to the ministry.

Before the 30 days were up, the Puno Consejo Regional approved regional ordinance No. 005-2011, which suspended the mining experts' input until the territorial zoning is finished; called on MEM to cancel the Santa Ana project's mining concession; and recognized the communities as native peoples.
On May 9, the Canadian mining company, which had planned to invest US$51 million and produce, over 11 years, 10,000 tons per day from an open-pit mine, left the area without saying whether its withdrawal was temporary or permanent. On May 19, Puno regional president Mauricio Rodríguez, who initially had refused to sign the ordinance, finally signed it. The Puno population decided to continue the indefinite strike, however, demanding the definitive cancellation of the mining project.

The ordinance had been proposed by the Puno FDRN, which seeks to promote agriculture in the area, where potatoes and quinoa are produced.

On May 17, the executive sent a high-level commission to the area headed by vice minister of mines Fernando Gala to dialogue with the FDRN and reach an agreement to end the strike, which has still not happened.

"These disturbances have the objective of putting society, in this case Bolivia, against the wall with a gun to its head: 'give me what I want or I will continue the blockade,'" García said at a press conference. "That's why a negotiating commission has gone there; but if that does not work, as in all cases, the police will have to act forcefully."

Earlier, on April 26, the second day of a 48-hour strike called by the Frente against the mining concessions, a 62-year-old woman died from asphyxiation when the police fired tear gas canisters into the crowd of demonstrators.

As the rumor spread that the armed forces, which are guarding strategic public institutions in Puno, were going to dislodge the hundreds of people from the communities who were occupying the Plaza de Armas, 10,000 more campesinos joined the protest. Highway blockades have intensified, and the lieutenant governors of the southern Puno area agreed to cancel the June 5 presidential runoff unless the government revoked the mining concessions in the altiplano.

"The agreement is non-negotiable. If there is no solution, there will be no election. And we are not afraid of the armed forces. We have come to defend our lands and rivers, even with our lives," Hermes Cauna, a member of the Comité de Lucha, warned in statements to on May 25, 16 days into the indefinite strike.

In April, another socioenvironmental conflict against mining activity left three dead and 50 wounded in the southern province of Islay in the department of Arequipa, where in January of this year 56 mining concessions were awarded, of a total of 241 in various regions of the country, according to information from Peru's Instituto Geológico, Minero y Metalúrgico (INGEMMET).

In late March, Islay residents began an indefinite strike against the Mexican-based Southern Copper Corporation's Tía María project. After 17 days, Valle Tambo farmers succeeded in getting the MEM to declare the Tía María project's EIA inadmissible and order the company's withdrawal. Southern had planned to invest US$950 million in the project.

The Islay people have waged a three-year struggle against the Tía María project, and they want their victory to translate into the area being declared intangible so that another mining concession cannot be awarded in the future.

"What is at stake now is the development of Islay province, without the support that mining would have provided. Development will have to focus on tourism, agriculture, and fishing. Obviously, the
challenge is enormous, but that is what the people chose," Arequipa regional government president Juan Manuel Guillén told the press.

The Frente de Defensa de la Provincia de Islay has complained that the Ministerio del Interior, through public prosecutor Julio Talledo Chávez, has begun a campaign of political persecution against nine of its leaders.

For economist de Echave, "What the country needs is to manage the use of its territory, to seriously discuss where it is and is not in its interest to develop extractive activities. Territorial regulation and economic and ecological zoning appear to be the policy instruments that must be implemented."

**Windfall-profits tax**

In the current electoral context, which will be settled on June 5 when Peruvians choose whether Ollanta Humala of Gana Perú or Keiko Fujimori of Fuerza 2011 will assume the presidency on July 28, mining taxation has become an issue.

Humala's government plan includes a windfall-profits tax on mining, and, although it is not in Fujimori’s plan, she has expressed support for applying such a tax in recent statements to the press.

"Mining taxation will be competitive without deterring investment, increasing the total tax burden when profits rise and decreasing it when profits go down, ensuring tax on windfall mining profits while taking into account international competition," reads the document "Lineamientos centrales de política económica y social para un gobierno de concertación nacional," an economic-policy statement presented by Humala and his technical team in mid-May.

High international gold and silver prices allow mining companies to reap windfall profits of up to 53% that are not shared with the state, say experts.

In January 2011, the price of gold reached US$1,356 per ounce compared with US$634 in 2006, when García took office. In 2000, the price was around US$300 per ounce.

It is worth noting that these huge mining profits are being reaped at a time when the mining sector is showing a drop in production. A CooperAcción study shows that, between 2005 and 2009, the growth in the share of GDP accounted for by metal mining was 3.2%, down from 7.7% between 2000 and 2004. The NGO says that the drop is the result of increasing opposition by entire communities to accelerated expansion of mining.

"It is fundamental that windfall profits be taxed because the companies' huge earnings are not the result of company management but rather the jump in prices. These resources are not renewable, thus the state has the right to establish a tax," environmental consultant Juan Aste Daffos told .

Of every US$100 in mining exports, say experts, US$12 goes to the Peruvian state.

"In recent years, mineral prices have increased sharply and this was not anticipated by either the state or by the companies, which did not expect such large profits. Thus, if companies earn more in this situation, which does not depend on their own technology and competitiveness, it is fair that the profits should more greatly benefit the country," President García had said in his first message to the national upon taking office for his second term in 2006.

But, once in office, García dropped the windfall-profits tax and agreed with 39 mining companies to carry out the Programa Minero de Solidaridad con el Pueblo, better know as the (voluntary mining
contribution), by which from 2007 to 2011 the companies would voluntarily contribute 3.75% of their net earnings for social investments, an amount totaling 500 million nuevos soles (US$185 million) per year.

As of February 2011, the had collected 1.8 billion nuevos soles (US$640 million), according to MEM, of which only 72% had been spent.

In the same period, the mining sector's net earnings were approximately US$17 billion, said de Echave in his column Cristal de Mira in . The economist said that, with a tax of only 10%, mining's contribution to the treasury would triple.

Applying a windfall-mining-profits tax will be left in the hands of the new government that takes over on July 28, and Minister of Energy and Mines Pedro Sánchez has already announced that the will not be extended.

-- End --