MINING CONFLICTS IN LATIN AMERICA

LIC. ROBERTO SARUDIANSKY
1 | INTRODUÇÃO

In the history of mining in Latin America there were different types of conflicts. In pre-Columbian mining, and recognizable 500 years BC, there were violent conflicts between different indigenous peoples for the exploitation of precious metals.

During the conquest, which can be considered as a prospection campaign, conflicts occur mainly between conquerors and indigenous peoples but also exist among the conquerors.

During the colonial period, in which gold and silver were the most valuable resources, conflicts were mainly caused by the exploitation of slaves and indigenous peoples.

This type of conflict is also observed during the nineteenth century but also mineral resources generate wars between countries in the region.

In the twentieth century large mining operations like El Teniente (1904) and Chuquicamata (1911) started in Chile. Copper, iron and other metals, non-metallic mining and ornamental rocks become important in the region. There were some labor conflicts and, later, there were conflicts because of the nationalization of foreign companies in different countries.

During the 90s, new legislations related with mining in Latin American countries lead to a strong recovery in investment. As a result of this, the region, which covers 15 % of earth's surface, with 9% of the world population and 8.7 % of GDP, is a world leader in the production of silver, copper, rhenium, nitrates, lithium, iodine and other minerals. Investments in mining exploration in 2011 were more than 4.500 billion (25 % of global mining exploration). Meanwhile investment for the development of mining projects during the decade was considered superior to 300,000 billion.
Also during the last decades concerns about environmental and social aspects were increasing. This was specifically reflected in the Conference on the Human Environment (Stockholm, 1972), the Earth Summit (Rio de Janeiro, 1992), the World Summit on Sustainable Development (Johannesburg, 2002) and the Rio +20 Summit (Rio de Janeiro, 2012).

The new paradigms, the expansion of mining in Latin America and the progressive increase in investment for exploration and exploitation of minerals, have led to a large number of socio-environmental conflicts across the continent. Although in different countries, conflicts have particular characteristics, the risk of new conflicts is high.

To perform a comprehensive analysis of mining conflicts today are very few sources of information.

One source is the database of the Observatory of Mining Conflicts in Latin America - OCMAL (http://www.olca.cl/ocmal/index.php), developed in the framework of the Latin American Observatory of Environmental Conflicts - OCLA. This database collects information generally from NGOs opposed to mining and is not updated. Although the total number of conflicts identified by OCMAL is, in several countries, lower than those that really exist, the regional coverage and the vision presented in the description of each of them, that is, from the opposition to mining activity, justify the use of it, with some adjustments, to address our analysis. That is we analyze conflicts from the point of view that exist outside the mining sector.
Considering the type of activity (operation and prospection/exploration) we have the following figure:

Identifying the top three reasons in each of the conflicts and weighting them, we have developed charts that compare their importance in percentages. The results obtained are:

It is observed that mining conflicts in Latin America are motivated mainly by pollution and water use. In a second level
we see the lack of consultation, human rights and indigenous communities and health. It is noteworthy that the distribution of the benefits generated by mining is not a reason highlighted in the reports of the conflicts by the anti-mining NGOs.

To consider the evolution of conflicts over time, we have selected here five cases that occurred since the late 90s. These cases are Tambo Grande and Conga in Peru, Esquel and Potasio Rio Colorado in Argentina and the binational project Pascua Lama (Argentina-Chile).
2 | TAMBO GRANDE

Tambo Grande is located in northern Peru, approximately 850 km from Lima. In the San Lorenzo Valley, is the most important production of mango and lemon in Peru.

In the late 70s the Bureau de Recherche et Minière Geologique (BRGM) studied the district and detected gold and copper deposits. Already at that time groups opposed to mining development appeared in the region.

However, Tambo Grande started when, at the end of the decade of the 90s, the mining company Manhattan Minerals Corp. decided the exploration of a mining project, an open pit polymetallic deposit with resources estimated about one million ounces gold and 56 million tons of copper. The extractive activities were going to be developed, at least partially, on land with agricultural potential.

A fierce struggle between people of Tambo Grande, led by local authorities, and the company started. A resident of Tambo Grande was killed.

In 2000, a local referendum rejected the proposed mining activity in the area.

While the company canceled the project, during the last years small informal (illegal?) mining activities appeared in the valley. These are located in Cacaturu and Sapiyincas in the district of Las Lomas. It is said that this activity is contaminating the riverbeds and reservoirs with mercury.

The “Junta de Usuarios” of San Lorenzo have asked the authorities to declare the inviolability of the valley to preserve their agricultural land.

2.1 | Esquel
The Esquel project is a gold and silver deposit located in the province of Chubut, in Argentinean Patagonia, about 1400 km SW from Buenos Aires.

It was owned by Meridian Gold Inc., a Canadian mining company. The project planned an open pit and underground extraction, a processing plant and the disposal of tailings near the plant. The area of operation and process was approximately 10 km2. The mine was expected to start production in 2004.

The extraction was approximately 12 million tons of ore and 130 million tons of waste rock over nine years of project life, at a rate of 3,000 tons of ore per day with a production of gold / silver of approximately 300,000 ounces per year.

The labor requirements were estimated, in terms of direct employment, in 423 people in the first year of construction and 438 in the operational phase, of which approximately 330 positions were for local people.
In October 2002, the company presented the Environmental Impact Assessment required by Law 24.585 to the provincial authorities. Some aspects of the report were observed.

During the evaluation process, an opposition movement appears in the community of Esquel, supported by NGOs and environmental groups from other regions of the country and abroad.

The concerns of the community were basically: lack of information, use of cyanide and risk of accidents during transportation, water consumption (depletion of streams and draining of the lagoon Esquel), noise impacts and dust generation, economic benefits for the community and social and cultural impacts.

A public consultation through a plebiscite in the Department Esquel was decided by the local authorities.

In February 19, 2003 a judge of Esquel ordered to stop of any work, act or event to go on with the Esquel mining project and the prohibition of executing new works, acts or facts related to it at any stage of project.

In March 23, 2003 the plebiscite was held: 80 % the vote for "NO A LA MINA".

Since then the activities are paralyzed and Esquel became a symbol of the movements against mining nationwide.

Seven Argentine provinces have legislation to restrict or ban mining activities: Chubut, Río Negro, La Pampa, Tucumán, San Luis, Mendoza, Cordoba and Tierra del Fuego.

Minas Argentinas (Yamana Gold) bought the mining property in 2007. Since then they have tried, unsuccessfully, to start a dialogue with the community. A few months ago they had to close the offices in Esquel because of an amending of the
Municipal Tax Code which establish “no commercial authorization be granted for the exercise of ancillary activities, complementary or related activities that are prohibited or in any way not permitted by local law.”

2.2 | Conga

The Conga project (copper and gold) is located about 470 Km north of Lima. The city of Cajamarca is about 75 km to the southwest. Towards the west is located the Yanacocha mine.

Conga is one of the largest investment projects planned in Peru (4.8 billion dollars). The owner of the project is Minera Yanacocha (Newmont -51.3 % and Buenaventura -43.65%)

It is important to remember that during the conquest of Peru by the Spanish forces led by Francisco Pizarro, the Inca monarch Atahualpa was arrested and killed in the city of Cajamarca. Previously he was asked to fill a regular sized room with gold and silver to survive. Anyway the conquerors took the metals
and killed the Inca accusing him of blasphemy against the Christian God.

Cajamarca is a region with around 2 million inhabitants, whose main activities are agriculture and animal breeding. The region is the second largest producer of milk in Peru, which has given rise to small producers of cheese and butter.

Although since the early 90s there were prospection activities, it was in 2004 when Minera Yanacocha began exploring the site. In 2008 started the feasibility study and in the same year was approved a Semi-detailed Environmental Impact Assessment. This was subsequently updated and approved three times. The latest approval was in January 2011.

In February 2011 Minera Yanacocha presented the Detailed Environmental Impact Assessment. An intensive evaluation process began in areas of government with opposing views and actions and controversial about it. There was also a public participation.

In early 2012 the Peruvian government hired Drs Rafael Fernandez Rubio (Spain), Luis Lopez Garcia (Spain) and José Martins Carvalho (Portugal) as international experts to judge the Water Component of the Environmental Impact Assessment of Conga Project. In early April 2012, the Government received the Expert’s Report. The experts did not object to the Environmental Impact Assessment but recommended some actions during the execution of the project to "improve some environmental infrastructure designed".

The activities of the company are virtually paralyzed. In last June it was rumored that the Conga project would have been canceled and their workers will be fired. The Minister of Energy and Mines denied the information, saying that the project was going ahead and that there was a relocation of workers in most
cases. Almost parallel Yanacocha issued a statement confirming its activity and reported that they were socializing benefits with the Chailhuagón reservoir recently constructed. Also stated that “The construction of the reservoir El Perol only be initiated once we obtain all permits, which we estimate could be obtained by the second quarter of 2014.”

News reports said that “.....in the early hours of the morning of 17 was revealed that community members from the towns of Sorochuco, Celendín, Bambamarca and Cajamarca, were moving to the lagoon El Perol. Around noon it was reported that between 600 and 700 demonstrators were already in the lagoon. And in the afternoon they said there were already about 2500 or 3000 around the lagoon, with the idea to install a permanent camp as surveillance and prevent Yanacocha start working on it. "

2.3 | Potasio Rio Colorado

Potasio Rio Colorado project is located in Malargüe Department, province of Mendoza, Argentina, about 1000 km SSW of Buenos Aires.
Potassium resources were originally identified in the early 70s from oil exploration and in the 80s an Argentinean company, Minera Tea, initiated exploratory activities. Subsequently the project was sold to Rio Tinto and this, in turn, sold it to Vale do Rio Doce.

The deposit consists of evaporite rocks with sylvite (KCl) more than 1000 m deep. It was to be mined removing it by dissolution and pumping. The Potassium chloride was going to be almost entirely exported to be used as fertilizer.

The project covers all stages of production, processing and distribution of potassium chloride: mining and processing at the site, transportation by train to Ingeniero White, in Buenos Aires province, where the port facilities were going to be constructed.

This project, whose production was estimated at 2.4 million tones of potash per year, would position Argentina as one of the leading producers of fertilizer in the world.
The project was in the final stage of the feasibility study and its realization depended on obtaining permits and other pending agreements that were essential.

In addition to the province of Mendoza, which has legislation restricting mining activities, the project also involves, because of the transportation of potassium chloride and services, to the provinces of Neuquén, La Pampa and Buenos Aires. Conflicts related with environmental issues (eg pollution with residual salt and water consumption), distribution of employment and services required, the acquisition of land for the construction of a railway, etc.

In April 2013, the company suspended activities saying that the mining business was unviable because of the increase in the investments and the macroeconomic situation in Argentina.

Since there were other conflicts by firing workers, frustrated expectations of service companies and new jobs, etc. .

The government, in different levels, is trying to find solutions to these issues and at the same time is trying to identify potential companies interested in continuing the project.

2.4 | Pascua Lama

It is the first binational mining project in the world and is located more than 4,000 meters high on the border between Chile and Argentina. On the Chilean side, Pascua is located in the Province of Guasco, Atacama Region, and while in the Argentinean side, Lama is located in the Province of San Juan. It is projected an investment of more than U$S 5 billion and has proven reserves of 17.8 million ounces of gold additionally containing 718 million ounces of silver. It is supposed to begin
operating in 2016. The site is 490 km to the north of Santiago and 1200 km NW of Buenos Aires.

Since the beginning of the exploration activities voices opposing the project emerged in both countries. On the Chilean side the first objection was directed to the possible involvement of glaciers during extraction. This was corrected to advance the project. On the Argentine side contesting both water consumption and the possible downstream contamination.

In Argentina, Pascua-Lama was subjected twice to the environmental impact assessment process in the province of San Juan. The first one was in August 2000 and then in November 2004. In Chile, Pascua-Lama was also subjected twice to the Environmental Evaluation System. The first one was in 2000 and then in late 2004. This second level of evaluation culminated in February 2006 with the approval issued by COREMA, Atacama Region.
Four aboriginal communities (diaguitas) presented an injunction in September 2012 considering that the water management system of Pascua Lama would generate pollution downstream of the tailings of the open pit. The Chilean Justice stopped the operations and subsequently ruled that the company should complete the water management system of Pascua Lama according to the project’s environmental permit and approval of the Superintendent of Environment before restarting the construction activities in Chile.
3 | CONCLUSIONS

- Conflicts of Tambo Grande and Esquel were the most important after the mining boom of the 90s and their success in the stoppage of the projects have become a symbol for the anti mining organizations.

- Tambo Grande shows that after the blockage of a medium or large mining project, the existence of mineral resources may lead to illegal mining activities that may generate risks of environmental and social impacts.

- Conga, Potasio Río Colorado and Pascua Lama show how has changed the attitude of companies towards the communities. They have improved in providing more and better information and a better linkage with them.

- During the conflicts, communities consider that the government is allied with companies.

- The existence of checkpoints of the commitments made in environmental impact assessments are highly valued by communities.
Mining Dialogue Groups have been active in the case of the Conga project but the results can only be expected in the medium term.