

# Andean Social Issues: Lessons Learned In Peru

By Mark E. Smith

Several months ago, thousands of people blocked the entrance to Yanacocha's mining complex in northern Peru, limiting the site to helicopter access for two weeks. They were protesting expansion plans for the planned Cerro Quilish ore body, estimated to have gold reserves of up to six million ounces, but which locals also regard as a critical source of water. The company agreed to stop prospecting and withdrew their permit applications. Since then the company has been trying to improve its relations with the community. Working with the federal government it has established a round table dialogue which brings together 54 local institutions; it has also formed its own external affairs group to better gauge the success of its outreach programs.

Cerro Quilish might be a critical watershed for the local communities, but it has also become an industry watershed of a different sort, coming to symbolize the growing state of social conflict in the Andean countries; conflict that is often driven by agendas less involved with environmental and social issues and more about advancing special interests such as strengthening local church control and keeping underground businesses from the light of day that accompanies international development.

Mining is vital to Peru. Last year, it accounted for 55 percent of its exports and almost thirty percent of its tax revenues. But the changing face of relations between foreign mining companies and the communities they impact isn't helped by the region's weak governments. Current Peruvian president Toledo has the lowest popularity ratings of any president in the Americas, one of the lowest in the world. The recent ousting of both the Bolivian and Ecuadorian presidents over social unrest creates a justifiable fear that this might spread to Peru. The combined affect is a completely paralyzed government, something not seen since Alan Garcia in the 1980's.

Mining analysts and industry

professionals agree that it is becoming increasingly difficult to move projects forward, especially in Andean nations, because of poor governance, growing divisions between rich and poor and the rising influence of external groups with their own agendas, whether they be NGOs, the church, drug traffickers or political extremists. These groups are capitalizing on a broad-based feeling of social injustice that is perpetuated by the weak government and growing gap between the haves and have-nots. Two years ago during the first public audience for Barrick's Alta Chicama mine, 1,800 people were bussed in from communities that would not be affected by the mine; a program organized by an unprecedented union of Oxfam, the local bishop - and narco traffickers.

But in some way, the mining industry has been its own worst enemy, by failing to try to understand the local communities' traditions, needs and relationships with their environment, opening the door for such outside manipulation. Mining has been booming and with world-class projects like Pierina, Antamina, Alta Chicama and more recently Bayovar, Peru is very much in the industry spot light. But community relations failures like Tambo Grande has energized and united anti-mining groups.

This industry growth has had a knock on effect on the local communities. The city of Cajamarca has ballooned in size from around 30,000 people 10 years ago to 240,000 today. And while the mine has brought jobs and wealth, locals say it has also brought inflation, crime and prostitution. Cajamarca's mayor Edgar Emilio Horna says that the mine has been treating the city like its own camp, saturating services and claims its heavy machinery has destroyed the roads. He wants them to do more to gain the confidence of the community. Similar complaints are voiced by leaders in the towns that neighbor Pierina and Alta Chicama and such complaints (regardless of their foundation) are used by groups opposing planned projects

such as Rio Blanco (east of Tambo Grande) in Peru's Northwest.

For its part, the mine has spent tens of millions of dollars in and around Cajamarca on social projects, such as health, education and potable water for thousands of people who live in one of Peru's poorest regions. In addition, the region qualifies for millions of dollars that comes from a mining royalty - if it proposes projects on which to spend the money.

Marco Arana is a Catholic priest in Cajamarca and head of Grufides, an NGO that played a large part in the protests against Cerro Quilish. "They need to change their system of environmental management, they need to stop contaminating waters, they need to have an independent authority that certifies the environmental quality of the process-

es." But independent verification has been done, under a contract issued by the UN and administered by the ministry of mines and energy, which found that the mine's operations had posed no threat to drinking water or human health.

Indeed, the mine has an aggressive water quality monitoring program and implements international-level controls for cyanide solutions and sediment control, and has a modern concurrent reclamation program. The healthy looking alpacas on the side of the road certainly seem to attest to the effectiveness of their programs.

Because of the sheer scale of modern mining, most international projects play an important role in the future of Peru. In the short-term most of industry - mining and non mining alike - will be hoping that next year's presidential elections do not give rise to

politically motivated and often violent protests, and that the new government shows the kind of support needed to move projects forward, boost critically-needed investment and the inflow of hard currency.

No company can afford to endlessly play the role of a substitute parent, providing the kinds of services an effective government should provide.

Equally, the industry cannot afford to alienate the people in the communities affected by mining - and often disenfranchised by government - because in the Andes the future of mining and the communities the mines neighbor are inextricably linked.

Mark E. Smith is vice president of South American operations for Vector Engineering, Inc. and has been working in Peru for the past 13 years. smith@vectoreng.com



## LATIN AMERICA MINING RECORD

The Industry's Leading Mining Newspaper Designed Solely For Latin America

P.O. Box 1630 • Castle Rock, CO 80104-6130 • Telephone: (303) 663-7820 Fax: (303) 663-7823

The Latin America Mining Record is the only bilingual publication that provides current news on exploration, discovery, development, production, joint ventures, acquisitions, and Latin America currencies. The newspaper targets the most aggressively active mining companies in the world.

### Place Your Order Today!

Payment Must Accompany Order. All Orders in U.S. Currency

Check Enclosed \$\_\_\_\_\_ Please activate my subscription as indicated below:

Visa  Master Card  
 American Express

NAME \_\_\_\_\_  
(as it appears on card)  
CARD NO. \_\_\_\_\_ EXP. DATE \_\_\_\_\_  
SIGNATURE \_\_\_\_\_

#### PLEASE COMPLETE THIS INFORMATION:

Name: \_\_\_\_\_ Company: \_\_\_\_\_  
Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_  
Zip Code: \_\_\_\_\_ Country: \_\_\_\_\_ Phone: \_\_\_\_\_

#### PRINT MEDIA - Bi-Monthly

UNITED STATES (Payable in U.S. Currency)		FOREIGN (Credit Card Only)	
<input type="checkbox"/> 1 YEAR	\$40.00	<input type="checkbox"/> ALL OTHER COUNTRIES 1 YEAR	US\$45.00
<input type="checkbox"/> 2 YEARS	\$75.00		
<input type="checkbox"/> 3 YEARS	\$105.00		

#### ONLINE - DAILY

1 YEAR US - \$70.00  2 YEARS US - \$130.00  3 YEARS US - \$190.00

#### PRINT MEDIA (BI-MONTHLY) AND ONLINE (DAILY)

UNITED STATES (Payable in U.S. Currency)		FOREIGN (Credit Card Only)	
<input type="checkbox"/> 1 YEAR	US\$105.00	<input type="checkbox"/> ALL OTHER COUNTRIES 1 YEAR	US\$110.00
<input type="checkbox"/> 2 YEARS	US\$195.00		
<input type="checkbox"/> 3 YEARS	US\$255.00		

Above prices include subscription and postage

PLEASE SEND ME AN ADVERTISEMENT MEDIA KIT

To review: [www.miningrecord.com](http://www.miningrecord.com)

### Dynatec CORPORATION Mining Services Division

- RAISE BORING • MINE DEVELOPMENT
- MINE REHABILITATION • SHAFT SINKING
- FREEZING/GROUTING • BULK SAMPLES
- CONTRACT MINING

2200 South 4000 West (801) 975-1979  
Salt Lake City, UT 84120 Fax (801) 975-1989