Mining News Watch #11

Report #11 // September 18 – October 21, 2014

Top Stories

- **In the October 5th regional elections, none of the candidates for President of Madre de Dios surpassed the 30% threshold needed for victory, thereby forcing a second round between the top two vote-getters, both of whom oppose the government's current strategy regarding the formalization process and major raids of illegal mine sites.**
- **The latest key deadline (October 9) in the ongoing formalization process has passed. For this deadline, proposals for legislative modifications were due and miners were required to finish several key steps of the process (including taxpayer registration). For the former, a number of key modifications have been introduced by the national government.**
- **The first known seizure of undocumented mercury occurred in October, marking a potentially important precedent.**

Madre de Dios Regional Elections

- **On October 5th, elections were held for regional president in all departments across the country. In Madre de Dios, Luis Otsuka fell a hair shy of the 30% needed for victory with 29.3% of the vote[1,2]. Simón Horna came in second with 26.2% of the vote. The second round between Otsuka and Horna will likely take place on November 8th.**
- **Luis Otsuka is currently the president of the Mining Federation of Madre de Dios (Fedemin) and has been a fierce critic of the national's government's current formalization approach[3]. Otsuka took an active role in the miners' strike that took place in September 2013, in which he expressed that the government's formalization strategy will not work, and that the mining camp raids are damaging to commerce in the region[4]. The President of the Chamber of Commerce in Madre de Dios described Otsuka as "very radical" and expressed concern that confrontations would increase and investment would decrease if he was elected[5].**
- **Simón Horna is also sympathetic to mining interests but is considered to be less radical than Otsuka. Horna has stated that he opposes the government's policy of raiding mining camps in Madre de Dios and expressed how previous raids have been a "complete failure," causing the region's economy to fall dramatically[6].**

Formalization Process

- **Small-scale miners had until the deadline of October 9th to submit their taxpayer registration as part of the first step of the formalization process. Those who failed to do so by this date are unable to continue with the process[7]. It has been reported that over 27,000 out of a total of 70,000 miners submitted their taxpayer registration by the deadline, leaving a large number of miners who will be unable to continue with the formalization process[8].**
- **The exact numbers of miners in each region who were able to submit their registration by the deadline have not been released. However, two weeks before the deadline Sunat reported that 83% of miners in Madre de Dios had been successfully enrolled in the formalization process[9]. This may have led to the large voter support of pro-mining candidates, since registration was needed in order to vote.**
- **October 9th was also the deadline for legislative proposals to be submitted that would amend the formalization process. The High Commissioner of Mining Formalization and Interdiction of Illegal Mining, Augusto Soto, announced the imminent publication of a set of standards that will ease the requirements for informal miners who wish to formalize that has been developed by his multi-sectoral committee[10].**
- **The Ministry of Energy and Mines presented a project to modify the General Law of Mining in order to facilitate the formalization process. The general goal is to prevent speculation of mining concessions by raising the cost-per-hectare of concessions, reducing the size of**

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concessions, and reducing the mining plant size needed in order to qualify as a small artisanal miner[11].

- **The Executive Branch has proposed an initiative that will amend Article 307 B of the Penal Code, which criminalizes illegal mining. The modification would punish any landholder who encourages, promotes, facilitates, or authorizes the crime of illegal mining in a mining concession on their land with a prison sentence of up to ten years[12,13].**
- **The Executive Branch has also proposed legislation that will require miners to prove lawful origin of commercial mining products and register mining machinery. The initiative also proposes to create a Fund for Environmental Remediation for environmental damage caused by illegal mining[14].**

Mercury

- **Nearly two tons of mercury destined for illegal mining were seized in Lima after it was determined that the company in possession of the chemicals was not operating under several Legislative Decrees that require companies marketing or transporting chemical inputs used in illegal mining to be licensed by Sunat and enrolled in the Register of Controlled Goods[15].**
- **An Internet petition has been signed by 5,000 Peruvians to bring the Minamata Agreement, an accord signed by more than 90 countries aimed at reducing mercury usage, to Congress for discussion. The acceptance of this agreement would help the Peruvian government manage mercury usage more carefully, to avoid letting it get into the hands of illegal mining camps[16].**

Other items

- **In Madre de Dios, there are only three public prosecutors to address the nearly 2,500 reported environmental crimes. Of this total, only 300 crimes have been processed and 10 sentenced[17].**
- **The Agency for Assessment and Environmental Control (OEFA) has given regional government bodies, the Ministry of Energy and Mines, and the Directorate General of Captains and Coastguards until October 15th to report their enforcement of environmental activities executed by small scale miners between July and September of this year[18].**
- **The Peruvian Society of Environmental Law (SPDA) and the Ministry of the Environment (MINAM) published a book entitled The Reality of Illegal Mining in the Amazon Countries. The book analyzes the problems faced by Ecuador, Colombia, Venezuela, Peru, Brazil, and Bolivia that adversely affect the environment. The goal of the work is to better understand the problem of illegal mining, not only in Peru, but in the entire Amazon basin, and to compare the initiatives taken by other countries to address it[19].**
- **The Ministry of Energy and Mines (MEM) reported that national gold production fell 16.23% this August in comparison to last August, making it the ninth consecutive month that production has dropped. Gold production is estimated to close 2014 with a total drop of 20% from the year before and maintain its decline until 2016 due to the shorter life of larger mines and the policies and raids inflicted by the government against informal mining[20].**

Notes: The ACA Mining News Watch focuses mostly on issues pertaining to the Peruvian Amazon and may not cover issues related to non-Amazonian parts of the country. We would like to credit ProNaturaleza's "Observatorio Amazonia" as our primary resource for articles related to illegal mining in Peru.

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