Mining News Watch #13

Report #13 // November 17 – December 16, 2014

Top Stories

- **Luis Otsuka, mining leader and critic of the national mining formalization strategy, officially won the election for regional president of Madre de Dios.**
- **Three more small-scale mining operations have completed the six-step formalization process, bringing the total formalized operations nationwide to eight. All eight are in the department of Puno.**
- **The efficacy of the formalization process was assessed and debated by various leaders in Peruvian civil society throughout the lead-up to the COP 20 conference held in Lima from December 2nd-12th.**

Madre de Dios Regional Election

- **Mining federation leader and opponent of the government's formalization process, Luis Ostuka, officially won the second round of the election for regional president of Madre de Dios with 59% of the vote[1]. Otsuka says he plans to meet with the Executive branch to discuss solutions to the problem of illegal mining, emphasizing the need to modify the existing regulatory framework (including the government's formalization program), in order to make mining a viable economic activity in the region[2].**
- **Although Otsuka won the election, his political party still does not have a majority in the regional council[3].**

Formalization Process

- **Three new mining companies have successfully completed the formalization process in Puno, increasing the number of formalized companies in that department to eight. Puno is still the only department in Peru where mining companies have finished the six-step formalization process[4].**
- **The international spotlight on Peru's environmental policies as a result of the COP 20 conference in Lima has sparked debate amongst Peruvian leaders on the efficacy of the formalization process thus far. Most notably, two days into the conference there was a debate between the Minister of the Environment, Manuel Pulgar-Vidal, and the President for the Institute of Liberty and Democracy, Hernando de Soto. Pulgar-Vidal defended the formalization process as simplified and low-cost, whereas de Soto declared it a costly failure, citing the fact that only 5 out of approximately 70,000 miners enrolled in the process have successfully completed it[5,6,7].**
- **To remedy the failed formalization process, Hernando de Soto proposed the elimination of 11 legislative decrees, including one that bans the use of dredges and another that controls the use of chemical inputs in mining[8].**
- **César Ipenza, a specialist in environmental law, also declares formalization a failure. Ipenza pointed out that a major flaw in the government's policies is that they demonstrate clear hostility towards smallscale, emerging miners and a bias towards larger mining companies[9].**
- **Peruvian President Ollanta Humala spoke on CNN from the Ibero-American Summit, giving his full support for the formalization process, and remarked that despite its slow progress so far, there is no reason to turn back. He said that unlike previous governments, he will not avoid dealing with the issue because of its complexity[10].**

International Cooperation

- **The first eight of a total of 24 helicopters acquired by Peru from Russia were delivered to the Peruvian army for campaigns related to illegal**

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mining, drug trafficking, and terrorism. The helicopters are able to transport personnel or 4,000 kg of cargo[11].

- **The Peruvian military is in the process of coordinating with neighboring countries Colombia and Bolivia to crack down on illegal mining in shared river basins. The combined forces are planning a joint operation to eliminate illegal mining from the Putumayo River (on the border of Colombia and Peru), and similar efforts are also underway for the Suches and Ramis river basin (on the border of Peru and Bolivia)[12].**
- **After an investigation revealed that secret flights transported 35 tons of illegal gold from Bolivia to Lima, the Minister of Energy and Mines, Eleodoro Mayorga, advocated for increased control at customs. From Lima, the gold is often transported to the Jorge Chavez airport in Miami and distributed across the United States[13]. The gold is likely being transported illegally across the Bolivian border through the use of "human mules" through the rainforest or across Lake Titicaca[14].**

Other

- **Small-scale, artisanal miners across Peru are looking to form their own national political platform and participate in the general elections of 2016. The group seeks to unite miners who feel they have been deprived or limited in their exercise of an economic activity by the government's current policies, which they say favor large-scale mining operations[15].**
- **The First Regional Research Forum for Mercury and Public Health took place in Madre de Dios, during which a team of representatives from major national and international institutes and universities discussed the latest research on the effects of mercury on the health of the residents of Madre de Dios[16].**
- **The Peruvian government approved two new key environmental regulations on mining and hydrocarbons that will replace the existing standards, which have been in effect for two decades. These new regulations seek to minimize or mitigate environmental impacts and promote the sustainable use of natural resources[17].**

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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