Mining News Watch #14

Report #14 // December 17, 2014 – January 27, 2015

Top Stories

- **The new regional president of Madre de Dios and former mining leader, Luis Otsuka, met with President Ollanta Humala to begin discussions of key mining-related issues.**
- **To combat the exportation of illegal gold from Peru to other countries, a bill has been sent to Peruvian Congress that calls for increased documentation and verification of the legal origin of mineral products.**
- **A pilot reforestation project will soon begin in Madre de Dios with the goal of reforesting 800 hectares of land degraded by illegal mining operations.**

Formalization Process

- **The chairman of the Energy and Mines Committee of Peruvian Congress, Rubén Coa, reported that its working group is drafting a multiparty law aimed at supporting artisanal miners enrolled in the formalization process as part of their priority agenda for the coming year. The initiative will include tax benefits for miners undergoing the process and increased training on how to adapt their work to meet environmental standards.[1]**
- **After finding that around 60 Peruvian gold exporting companies are suspected of selling illegallyextracted gold, the Peruvian government sent a bill to Congress with a series of measures to strengthen the National Tax Administration's (Sunat) powers to apply increased control on the marketing of mineral products. The new provisions would require exporters to verify the legal origin of the gold they are selling through documentation so that Sunat can follow up on the origin of the product if necessary.[2,3]**
- **According to a report done by the Public Defender (Defensoría del Pueblo), a total of seven mining companies have successfully completed the formalization process, all in the department of Puno. The report noted that 43 mining companies are having difficulties completing the second to last step of the formalization process, which involves acquiring authorization for the use of water in the mining concession.[4]**
- **The Public Defender has developed a series of recommendations to accelerate the formalization process, including involving the Presidency of the Council of Ministers (PCM) in resolving land use conflicts, prioritizing current formalization applications, working with the new regional government leaders in developing draft environmental remediation strategies for areas impacted by illegal mining, and improving the budgetary and logistical aspects of formalization.[5,6]**
- **The new regional president of Madre de Dios and former mining leader, Luis Otsuka, met with President Ollanta Humala to discuss issues of priority to the region, including finding an effective process to formalize artisanal mining.[7] Otsuka commented that his administration will "unconditionally support" the efforts of the Executive to eradicate illegal mining so that the economy of the region may advance.[8]**

Remediation

- **The Ministry of the Environment, MINAM, will begin a pilot reforestation project in Madre de Dios funded by the Inter-American Development Bank (IDB), which seeks to reforest 800 hectares of land degraded by illegal mining operations. The IDB also plans to coordinate with the Ministry of Agriculture to remediate mercury-contaminated soils in the region.[9]**
- **A bill has been sent to the Peruvian Congress with provisions to create an environmental remediation fund under MINAM for areas affected by illegal mining from the funds accrued through sale or auction of confiscated illegal mining products.[10]**
- **The Minister of Energy and Mines, Eleodoro Mayorga Alba, met with regional and local authorities in Madre de Dios to discuss the implementation of a project aimed at soil remediation and alternative energy development in the region.[11]**

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Illegal Mining Raids

- **Approximately 500 kilograms of illegal gold were seized by SUNAT during raids in 2014, with a total value of $17 million. According to SUNAT, in the last year imports of mercury used for gold mining declined 38% and fuel purchases decreased 35%, both of which may also be indicators that illegal gold production is decreasing.[12]**
- **There were 50 raids on illegal mining operations during 2014, conducted by the National Police and the Armed Forces. The High Commissioner of Mining Formalization and Interdiction of Illegal Mining, Augusto Soto Castagnola, hopes to double this statistic in 2015.[13]**

Other

- **Heavy rain, in combination with the effects of illegal mining on the stability of the soil of the region, led to a landslide in the town of Pampas in Madre de Dios.[14] Seven people are still missing as search and rescue attempts continue.[15]**
- **An article by the Peruvian weekly Ojo Publico revealed that 35 metric tons of illegal Peruvian gold made its way to Miami for distribution in refineries in the United States. The gold had been smuggled from Madre de Dios to Bolivia, then to Lima, and then to Miami. Customs officials have valued the illegal gold trade in Peru at $3 billion.[16]**
- **The Peruvian Society for Environmental Law (SPDA) has published an educational storybook called "The Golden Invasion" about the ravages of illegal mining. The book is aimed at increasing Peruvian citizens' awareness of the hazards associated with illegal mining such as mercury pollution, and how citizens can face these threats through promoting sustainable activities.[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.

Featured image credit: Archivo-El Comercio Peru

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- Mining News Watch #13 (December 18, 2014) (pdf)
- Mining News Watch #12 (November 19, 2014) (pdf)
- Mining News Watch #11 (October 21, 2014) (pdf)
- Mining News Watch #10 (September 18, 2014) (pdf)
- Mining News Watch #9 (August 13, 2014) (pdf)
- Mining News Watch #8 (July 17, 2014) (pdf)
- Mining News Watch #7 (June 13, 2014) (pdf)
- Mining News Watch #6 (May 21, 2014) (pdf)
- Mining News Watch #5 (May 5, 2014) (pdf)
- Mining News Watch #4 (April 14, 2014) (pdf)
- Mining News Watch #3 (March 31, 2014) (pdf)
- Mining News Watch #2 (March 1, 2014) (pdf)
- Mining News Watch #1 (February 17, 2014) (pdf)

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