



A Giant in Espinar - Glencore and the patterns of corporate power in the South of Peru

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Introduction

Throughout its history Peru has attracted foreign powers and companies that have sought to profit from its mineral wealth. Time and again in places where mining operations exist a pattern repeats itself where we see the destruction of water sources and the surrounding environment, socio-environmental conflicts, violation of human rights and criminalization of social protest. The operations of the multinational mining giant Glencore in the province of Espinar, Peru, are emblematic of such patterns.

In spite of the state of emergency and quarantines imposed during the Covid 19 pandemic, many governments in South America have privileged mining activity, allowing it to operate normally. In the [case of Peru](#) mine exploitation, storage, transportation, pit closures and even the construction of projects declared as being in the national interest have all continued more or less without interruption.

Something else which has continued without interruption are the social conflicts in these mining contexts and the human rights violations inherent to them. In July and August of this year the province of Espinar, in the Cuzco region of southern Peru, was the scene of one such conflict around mining and Covid 19. Social organizations in the area requested the use of a fund, previously created as part of an agreement between the mining company and civil society, to pay a 'solidarity bond' to the local population in order to alleviate the impact of the pandemic on families. When Glencore refused, the population called for a mobilization that lasted almost a month and that resulted in serious human rights violations.

Espinar is a region that has lived with the presence of the mining industry for nearly four decades. In spite of promises made by the industry over the years, the majority of families still don't have clean water or basic services in their homes. For decades these communities have likewise been denouncing the pollution of their water sources and the impacts on health as a result of heavy metals which get into the bodies of local people. However, they have never received the necessary attention from the governments of the day.

In this report, TerraJusta offers a summary of what the latest conflict in Espinar has meant from the perspectives of the people involved, as well as other organizations in Peru who are supporting the affected communities. Despite being a local conflict, the Espinar case reflects

various patterns of behaviour by the mining industry in general - dominated by huge companies such as Glencore - both before and during the Covid 19 pandemic.

In the post-Covid 19 period it is necessary that we pay attention to cases such as this, since many governments in the region have already made it clear that their strategy to overcome the current economic crisis is through the expansion and intensification of extractive activity - in which mining activity takes first place.

Glencore mining company

The Anglo-Swiss multinational Glencore (Global Energy Commodities and Resources) is one of the world's largest corporations dedicated to the production and marketing of raw materials (minerals, oil, coal, agricultural products). In 2013 it merged with the multinational Xstrata, becoming the third largest mining company in the world, with a presence in over 50 countries. Glencore's 2019 income exceeded US\$215bn, a figure proportionate to Peru's GDP for the same year.

With a net worth of around US\$3.6bn, Ivan Glasenberg has occupied the role of the CEO and shareholder of Glencore since 2002. His current salary amounts to US\$1.5m per year.

In the province of Espinar, Glencore operates the Antapaccay mine, a deposit rich in copper, silver and gold. In 2018, 205,414 Fine Metric Tonnes (FMT) of Copper; 44,306 Kilograms of fine silver and more than 4.1 million grams of fine gold were produced by this operation. In 2016, the corporation's sales exceeded US\$1bn dollars (more than 3,600 million Peruvian Soles at the time of writing) and is showing signs of maintaining these figures. Such data shows that Antapaccay is undoubtedly a very profitable part of mining giant Glencore's mining portfolio.



Picket with flags. CREDIT: VIDAL MERMA

Pandemic health emergency and the situation in Espinar

On March 15 of this year, the Peruvian government decreed mandatory quarantine measures and a state of national emergency throughout the country due to the Covid 19 pandemic. These measures resulted in the majority of productive and commercial activities being suspended, thereby significantly affecting the household economies of Peru's most vulnerable populations.

This health emergency has highlighted the profound inequalities that exist in our society, turning quarantine into what many have called "a class privilege". Although the entire population is susceptible to being infected with Covid 19, not all enjoy the material conditions to sustain a temporary or indefinite quarantine. In fact a large percentage of the population in the region fall into the category of "informal workers" and do not have stable jobs or fixed salaries. This situation is compounded by the limited or complete lack of access to quality health care.

Such is the case in the Espinar Province, which is located in the rural outskirts of the department of Cuzco, in the southern Andean region of Peru.

Data from the Ministry of Development and Social Inclusion confirm that 70% of households in Espinar are either living in poverty or extreme poverty. Furthermore, the Cuzco Regional Plan 2018-2021 reveals that 40% of the rural area of the province lacks access to drinking water and that only 50% of households are connected to a sewerage system. Research into work and employment in the Province shows that 9 out of 10 inhabitants don't live from mining (either directly or indirectly), but rather from agriculture, livestock, and trade and services; activities that have been paralyzed by the restrictions imposed in response to the health emergency.

As a mechanism to alleviate the economic difficulties faced by many families, the Peruvian government issued emergency credit, which for various reasons did not reach the entire population. In the case of Espinar Province, some sources estimate that only 34% of the population would have accessed some type of credit.

The severity of the situation led the population to propose in mid-May the exceptional payment of a 'solidarity bond' of 1000 Soles (approximately US\$280) to all citizen voters in Espinar. The resources were covered by the "Framework Agreement", an agreement signed between the municipality, civil society organizations and Glencore in 2003 (in force to date). It is through this agreement that the corporation allocates 3% of its profits towards the funding of development projects in the province.

"It's a just fight," says Elsa Merma, a member of the Espinar Association of Women Defenders of the K'ana Culture. "It is our right because the money belongs to Espinar. We want the Framework Agreement to be respected", she adds.

The Framework Agreement and the Bond of Discord

Mining companies buy and sell operations all the time. These transactions include both the sale of mineralogical reserves and obligations related to damages caused by mining operations. In this sense any socio-environmental conflicts and the commitments related to operations are also inherited. Such is the case of Espinar and the Framework Agreement.

In 2003, prior to the Antapaccay project, the authorities of the province and representatives of the Tintaya mine (then owned by BHP Billiton), signed the "Framework Agreement". This Agreement sets out a series of commitments related to the environment, basic services, health and employment. The centerpiece of these agreements is the creation of a development fund through the payment of 3% of the total annual profits generated by the mining corporation operating in Espinar.

This agreement was inherited in 2006 by the Anglo-Swiss multinational Xstrata, together with all operations relating to the Tintaya Mine. In 2013, after merging with Xstrata, Glencore assumed ownership of the Tintaya operations (now in the process of closure) as well as the new Antapaccay project, whose active lifespan was projected to be for at least two decades at the time.

In theory, the Framework Agreement is intended to guarantee a peaceful coexistence between the mining company and the local population. In reality, it has been a constant source of conflict. One of the reasons for this conflict is connected to the decision-making around and management of economic resources.

The fund is administered through the Tintaya Foundation, which was founded by the multinational itself. Although the agreement establishes that development plans are to be drawn up with the participation of communities represented by local organizations, the administration and final decision on the use of these resources remains concentrated in the hands of the corporation.

The total amount required for the payment of the solidarity bond was estimated at 44 million soles (approximately USD\$1.23m). From the very start, the mining corporation rejected paying the bond on the grounds that the resources generated by the Framework Agreement are meant for other purposes. However, the agreement itself establishes that modifications are possible by the "will of the parties". Thus, on May 14, the majority of Committee members responsible for managing the Agreement, approved the payment of the bond. Ignoring this outcome, Glencore announced that it would launch a plan called "Reactiva Espinar" through

which it would distribute food and medicine to families, open soup kitchens and provide credit and free internet amongst other initiatives.

“We are in crisis, there is no economic movement, there is no trade. We are locked in our houses,” shared Doña Elsa Merma. “The mining company does not want to issue the credit because the framework agreement does not include a specific budget for it, but now there is a need. When the framework agreement was signed, we did not know that these things would happen” she added.

Following several weeks of negotiation in which the company refused to reach an agreement, Espinar's organizations called for mobilizations and an indefinite strike throughout the province to begin on the 15th of July.

Use of force and repression to guarantee mining as a privileged sector

In Peru, State policy has benefited the mining industry while repressing protests against mining over several decades. The current government of President Martín Vizcarra provides no exception to this approach. Once mobilizations began in Espinar, the government sent 500 police officers to repress demonstrators, in the process committing a series of human rights violations.

The strike, which was called by social movements, lasted almost a month and has undoubtedly been the largest conflict in the region since 2012, when the Framework Agreement also gave rise to conflict. In 2012 local communities in Espinar rose up demanding reformulation of the Agreement and for complaints of environmental contamination and health conditions caused by mining operations to be dealt with. The government sent police forces to contain the mobilizations and protect the facilities of the mining company on that occasion too. The conflict resulted in 3 deaths, several people wounded and detained, as well as the initiation of criminal proceedings against several defenders.

A similar picture has emerged in recent protests. Human rights organizations have reported that excessive use of public force was also used recently, with 3 people sustaining gunshot wounds, 6 people injured with pellets and several others left injured with minor cuts and bruises.

On Tuesday, August 25th, the National Human Rights Coordinator of Peru (CNDDHH) and the NGO Human Rights Without Borders (DHSF) based in Cuzco, presented a special report entitled; "Human rights violations that must be investigated in the Espinar social protest." The report affirms that the National Police of Peru violated basic human rights such as the right to freedom of expression, and personal integrity. The report also documents the police as having subjected people involved in the protests to "acts of torture and inhumane and

degrading treatment". Elio Cruz, a lawyer for DHSF, noted "a disproportionate use of force by the police and military who intervened in the social mobilization."



Transporting the wounded. CREDIT: VIDAL MERMA

Juan Carlos Quirita, from the Espinar resistance committee, reported that on July 22, while protesting in front of the mining camp, they discovered they had been infiltrated by an undercover officer. Later, while returning to town, police stopped the truck in which they were traveling, and made the occupants get out and lay on the floor face down. Officers confiscated their mobile phones and documents. "It has been a terrifying day for the province of Espinar," commented Quirita.

"People have been tortured, threatened with death. They have had petrol fuel sprayed over their bodies and been threatened with being set alight. There are also reports from women of sexual harassment. Everything seems to indicate that this brutal operation was deployed in order to rescue the infiltrated officer. We have spoken out against the use of plainclothes officers in demonstrations previously because of the risks involved," says Mar Pérez, a lawyer for the Human Rights Coordinator (CNDDHH).

The report calls on authorities to 'open a thorough investigation' of human rights violations during conflicts and to follow up by reprimanding perpetrators and restoring justice for the victims. The report also urges state institutions to implement reforms to 'guarantee the proper management of demonstrations', with the aim of avoiding the disproportionate use of force. It

calls on state authorities to ‘guarantee the protection of human rights defenders’ instead of criminalizing and prosecuting them, as was seen after the 2012 conflicts.

The Human Rights Coordinator also urges Glencore/Antapaccay to comply with investigations into the human rights violations that occurred around its installations by handing over any surveillance recordings to the authorities and refraining from providing any kind of logistical support to the police and the military. Human Rights organizations also call for the establishment of mechanisms that can contribute to the protection of human rights and the reparation of victims in the countries where Glencore/Antapaccay register their profits.

Police, mining companies and the criminalization of protest

According to the sociologist José Antonio Lapa of DHSF, there are three underlying patterns that have been repeated over the years during moments of conflict in Espinar: state violence; privatization of the public force and the criminalization of protest.

Responding to the high degree of conflict linked to mining activity in Peru, the State has passed a series of regulations and policies aimed at guaranteeing private foreign investment. One of such norms offers mining companies the possibility of contracting "private" security from within the Peruvian Police. Recent reports on the latest conflict in Espinar indicate that during this last conflict the Police operated ‘from the mining camp and with the logistical support (food and lodging) of the company.’

In recent years, several reports have been published by international organisations criticizing the existence of security agreements between the National Police of Peru and extractive mining companies, highlighting the human rights violations that occur as a result during socio-environmental conflicts. One example of these dynamics can be seen in the conflict in Espinar in 2012, when the company's mining camp served as an operations base for police and where acts of torture were even carried out against human rights defenders. The agreement between the police and the mining corporation had already come [under scrutiny](#) nationally. It is not known whether an updated agreement came into effect after the previous one terminated in 2018.

The police have been the subject of criticism for many years by human rights organizations and activists, and have been labelled a "mercenary institution" at the service of mining corporations. Many have questioned whether, in conflict situations, the police should be serving the private interests of the mining company above its constitutional function of protecting the rights and safety of the civilian population.

Mar Pérez also points out that "the use of police force (in Peru) has been recognized internationally as markedly racist," since "70% of victims of excessive police force in

demonstrations are indigenous". This tendency has even drawn criticism from the UN Committee for the Elimination of Racial Discrimination.

Another important issue relates to the tendency to prosecute leaders who participate in mobilizations.

After the conflicts of 2012, criminal proceedings were opened against social leaders and former authorities who continue to be on trial to this day. This pattern is repeated today, due to the fact that judicial notifications were issued against leaders of the main organisations in Espinar who participated in the recent strike. The objective is clear, says José Antonio Lapa: "intimidation and demobilisation".

This is undoubtedly a particularly dangerous reality in the Southern Andes of Peru, because this region is home to the "Corredor Minero", an area that hosts a variety of mining operations and roads through which minerals from operations are transported to overseas ports. This is a militarised area that is constantly put under "states of emergency", with the subsequent suspension of community rights, including the right to protest and mobilise.

Ongoing issues for Espinar

Following 23 days of unemployment, on the 7th of August, the organisations of Espinar reached an agreement with authorities that rejected the payment of cash credit to the communities. Instead, "multipurpose cards" (representing the same total value of 44m soles) are to be issued that will permit communities to purchase certain products.

For Elsa Merma, the agreement reached "is not ideal for Espinar". Although the province had requested cash credit as a means to reactivate the local economy, they will be given "cards" that are only valid in officially authorised stores, where the prices of the products tend to be higher compared to in the market.

For José Lapa of DHSF, the real issue at the heart of the credit debate is about power. According to Lapa, Glencore did not want to "give in" and show political weakness or set a "negative" precedent for other mining districts, where the framework agreement is viewed critically by other mining corporations.

But Espinar's struggle does not end with this agreement. As the President of the Espinar Committee for Resistance, Don Rolando Condori, said in an interview with Red Muqui: "The conflict is not over. The underlying issue is about the reformulation of the Framework Agreement. We want an independent organisation to come in and manage the projects related to the framework agreement, not the Tintaya Foundation of Glencore Mining Corporation".

Elio Cruz of DHSF stresses the need for transparency in relation to the Framework Agreement and the resources managed within it. An "audit is required so as to ascertain exactly how these resources have been allocated over the 17 years that the Agreement has been in force," Cruz states.

For Oscar Mollohuanca, who was Mayor of Espinar during the 2012 conflicts, the need to democratize the management of these funds is becoming clearer by the day. However, he points out that the Framework Agreement goes beyond economic concerns, covering a series of issues that are still unresolved, such as environmental damage in the province and the effect of heavy metals upon the health of local communities.

Indeed, several reports have highlighted the problem of environmental pollution in the Province's main rivers and water sources. There are also studies that have revealed the existence of heavy metals (arsenic, cadmium, mercury and lead) in the bodies of over 500 people from six different communities.

Another cause for concern over the last few months is Glencore's intention to expand its mining operations in Espinar through a new project, 'Coroccohuayco' - a project which local communities have not been [consulted](#) about and which would involve a further 25 years of mining activity in Espinar, with the prospect of further conflict.

For José Antonio Lapa, the situation in [Espinar](#) reflects certain familiar patterns which underline the "hegemony of mining power". These patterns include the persistence of structural poverty and increasing impacts on the economy of families and communities living near mining projects, as well as impacts on people's health, the contamination of water sources, increased living costs, social fragmentation, criminalization and states of permanent social conflict.

Doña Elsa, in an [interview](#) with the ULAM women's network, said that in spite of the province living with the impacts of mining for around 40 years, the company "has not brought sustainable development" to the area. On the contrary, they have seen "deficiencies among the population in terms of health and education, in addition to the violation of human rights". "Therefore," she says, "if the agreements are not fulfilled, the town of Espinar will rise again."

This report is available on the TerraJusta website:

You can also find the report in Spanish, with links to references:

<https://terra-justa.org/es/resource/un-gigante-en-espinar-glencore-y-los-patrones-del-poder-corporativo-en-el-sur-de-peru/>

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