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Latin America's Policy Priorities on Mining and Sustainable Development, and Opportunities for EU Cooperation

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STRADE is an EU-funded research project focusing on the development of dialogue-based, innovative policy recommendations for a European strategy on future raw materials supplies. In a series of policy briefs and reports, the project will offer critical analysis and recommendations on EU raw materials policy.

This policy brief explores themes and modes of cooperation on mining and minerals between the EU and Latin American countries, taking into consideration their policy priorities and approaches to advancing sustainable practices and the contribution of the sector to the Sustainable Development Goals (SDGs).

1 Introduction

This Policy Brief will start by reviewing the mining policies of governments of Latin American countries to provide insight into different visions of the sector in the region, as well as emerging trends and key sustainability challenges that they face.¹ The ultimate objective is to inform the process of identifying the priorities of partner countries and explore suitable modes for international cooperation, following up on the recommendations of [Policy Brief 08/2017](#) in order to align both EU and partner countries' agendas to create win-win relationships in cooperation engagements.

Regarding the scope of this Brief, the analysis does not entail assessing results and actual progress on sustainable development in the region's mining sector. The focus is predominantly on the South American countries with whom the EU holds trade relations—mostly middle and upper-middle income countries—and encompasses minerals in general but excludes coal. Artisanal and small-scale mining are excluded from the analysis as this segment of the sector is covered in [Policy Brief 09/2017](#) and other reports.² The Policy Brief does not entail a review of positions emerging from literature on the subject and the range of civil society and corporate perspectives. An upcoming STRADE report will engage further with the variety of views held by civil society and companies in the region.

2 Mining in Latin America

Latin America boasts tremendous geological endowment. Mining is a key contributor to the economies of Chile, Peru, Bolivia and Mexico.³ Latin America ranks first worldwide as the most attractive exploration destination, accounting for 30% of the global exploration expenditure,⁴ with Chile, Peru and Mexico claiming 25%, 22% and 21%, respectively; together with Brazil, Argentina and Colombia, they all account for 91% of this budget.⁵

South America is the most significant EU trade partner in mining and metals and also plays a major role as a source of indirect imports ([PB 2/2017](#)).⁶ The EU is heavily reliant on imports of copper from Chile and Peru, iron ore from Brazil, lithium from Chile and zinc from Bolivia. It is estimated that around 70% of global lithium reserves are located in Argentina, Bolivia and Chile.

Trading patterns have changed with radical shifts in the world economy and in the patterns of mineral demand. China is rapidly becoming the main export destination for South American minerals and metals. As an example, 47% of the Chilean copper production and 27% of its gold production are traded with China.

3 Mining and Development in Latin America: Periods and Context

Mining and minerals are at the heart of the economic history of the region and have long been driven by global patterns of investment and trade. The extraction of mineral wealth was a key economic driver for the Spanish Viceroyalties in the Americas throughout the colonial period that lasted more than three hundred years—until the declaration of independence of most countries between the years 1810 and 1825. Mining also had an important role in the formation of the incipient national economies of Chile and Peru, amongst other Latin American countries, in the context of the liberal and export-oriented policies adopted by the end of the nineteenth century. Much later, by the middle of the twentieth century, the assertive involvement of Latin American countries in the development of the principle of Permanent Sovereignty over Natural Resources within United Nations was prompted by the perception of inequality in the existing arrangements within the resource industries and a desire for a more meaningful share in the decisions and benefits of development.⁷

In the 1990s, Latin America embarked on sweeping investments and trade liberalisation, as well as privatisation reforms, emerging as the preferred destination for global exploration. Starting with Chile in the early 1980s and followed by Peru, Mexico, Brazil, Argentina, Bolivia and a few other countries at a later date, mining sector reforms were aimed at fostering an enabling environment for private mining development and at enhancing regional competitiveness. Countries introduced substantial reforms to their constitutions and legislation to set the basis for market economies and to open up to international investment. Constitutional change was also directed at strengthening the foundations for the rule of law and expanding the constitutional charters of rights and guarantees within a political context that was opening up to democracy after years of military governments. The right to a healthy environment and the rights of indigenous peoples were recognised (during this period, many Latin American countries ratified Convention 169 of the International Labour Organisation on Indigenous and Tribal Peoples in Independent Countries), enshrining sustainable development as the guiding principle for natural resource management. At the same time, decentralisation processes, involving the transfer of functions from the central government to subnational political units, were furthered.⁸ These trends are consistent with, and in some cases have been driven by, intergovernmental organisations, the World Bank in particular, within the context of reform programmes for consolidating the rule of law.⁹

By the early 2000s, a trend was gaining visibility in the region, where growing investment drawn by a favourable legal framework during the 1990s had materialised in mines under operation that were yielding significant revenue at the national levels yet prompting acute disenchantment at the local levels due to the substantial impact of the technologies and practices being used and their poor interaction with local communities, their environments and economies. This was compounded by the absence or weakness of institutions at the local levels. Conflict became commonplace throughout the decade and the long held view that associated mining with development became increasingly questioned not only by court decisions but, also, by a growing movement of communities, local councils and civil society groups opposing mining projects. The vision emerging from this movement places emphasis on the environment as the greatest common good. Since then, a number of projects have been placed on hold across the continent, including Esquel, Famatina (and San Jorge) in Argentina; Tambogrande, Conga, Tía María, Río Blanco and Cañariaco in Peru; Crucitas in Costa Rica; El Dorado in El Salvador and Loma Miranda in the Dominican Republic. Projects that are in a stalemate have triggered a number of arbitration claims brought on by investors under international arbitration tribunals, given that under international law, a state is responsible for the conduct of all its agencies, whether they exercise legislative, executive or judicial functions. Conflict has elicited a range of reactions from both government administrations and companies, often as part and parcel of broader trends, within a context of growing environmental awareness.¹⁰ These reactions range anywhere from furthering environmental regulation and requirements for operational permits to expanding the share of revenue accrued at the sub-national levels and setting up corporate strategies to obtain the so-called 'social licence to operate'.

Since the mid-2000s, the region experienced an economic boom due to an unprecedented demand for raw materials from China and other newly industrialising countries. A group of countries pursued heterodox policies, with a larger role in the economy assigned to the State. In some cases, and particularly in Bolivia and Ecuador, changes have gone beyond the economic sphere and encompassed profound constitutional changes to align their structures and the State's functions with 'living well'/'good living' ('*vivir bien*' / '*buen*

vivir'), a concept rooted in the pluricultural identity of each of these nations, drawing a close connection between man and nature.¹¹

At the time of writing, most countries in Latin America are open to foreign investment and hold pragmatic views on the participation of the State in the economy. The debate about the potential transformative role that mining could play if linkages to other productive sectors were strengthened is starting to take hold at varying degrees in different countries.¹² In broader terms, the region faces key challenges to realise the SDGs amidst external and fiscal imbalances, vulnerability to climate change, corruption, crime and violence, the rise of automation and its impact on the workforce and, overall, the existence of weak institutions in charge of managing public and common goods.

Broadly speaking, for the time being, we can draw then a distinction between three visions of mining, in the context of sustainable development, that have emerged over the last decades in the region.

4 Three Visions of Mining and Development in Latin America

4.1 *Enhancing Productivity and Competitiveness, and Conditions for Sustainable Development in the Mining Sector*

Mining reform over the 1990s focused on creating enabling conditions for investment, i.e., clear and predictable access to mineral rights and to land by streamlining mineral tenure regimes, strengthening security of tenure and the status of mineral rights as real property rights, and setting competitive tax regimes. Environmental regulation of the sector was part and parcel of the same rationale for establishing the rules of the game for the sector. A comprehensive view of the role of mining as catalysing sustainable development was absent from the original design of these regimes, although it was being embraced in the constitutional changes and emerging environmental regulations that were taking place concurrently.

Over time, sustainable development has become a guiding principle in most legal and mining policy frameworks in the region. Early efforts placed on enacting and strengthening environmental regulation were later expanded to enhancing public participation and local content. Approaches have been rather inchoate or fragmented (most often focusing on specific dimensions of sustainable development) and courts in some of these countries have been active in interpreting the legal framework applicable to the activity in terms of broader constitutional charters.¹³ The following paragraphs provide a broad overview of emerging approaches and key policy priorities as identified by documents in Chile, Peru, Brazil, Colombia and Argentina. A few trends are common in all these countries, while others show different levels of uptake and maturity, in line with the extent of democratic governance, maturity of institutions, constitutional structures, and varying situations and priorities. All in all, these have to be understood within the context of wider trends towards improving transparency, access to information, open government, and anti-corruption efforts, aimed at an overall strengthening of a rule of law environment. In a few countries, these trends are partly driven by accession to OECD (Chile and Mexico) or by processes to gain access to OECD-member status (Colombia and Costa Rica have been formally invited to become members in 2013 and 2015, respectively, and are undergoing this process). Brazil holds Key Partner status in its engagement with OECD and, as Argentina and Peru, has applied for OECD membership.

(i) ***Enhancing Productivity and Competitiveness with a View to Attracting Further Investment***

Chile was the first to embark on the liberalisation process in the early 1980s, while retaining a crucial role for Codelco, the state-owned company, which participates in 32% of the country's copper production, and has become the first global copper producer. The policies implemented have been widely emulated by countries willing to set in place enabling conditions for attracting investments, both within and beyond the region. The main tenets of the economic and mining model have remained the same over the years, providing an environment of stability for investments within a context of changes in government administration and, more generally, highlighting the key role of the quality of governance and institutions in turning resource wealth into broader-based development. The new government administration, which took office in March 2018, has announced the drafting of a national mineral policy for the period 2018-2050 with core emphasis on facilitating business.

In the early 1990s, **Peru** liberalised the mining sector and, more broadly, the economy; the country has remained as a major attraction for investments. Over the years, it has gone through the process of privatising its former state-owned operations. The 2016-2021 Strategic Sectoral Plan, approved in 2016 and under the aegis of the Ministry of Energy and Mines, sets four strategic actions for the sector, including the promotion of economic development by increasing competitiveness as well as the strengthening of governance and the modernisation of the sector. The main focus has been on reactivating investment, promoting exploration and the execution of advanced projects.¹⁴

In **Brazil**, the 1988 constitutional amendment to open up to foreign investment and a legal reform to the mining regime dating from 1996 boosted the mining sector, governed by the 1967 Mining Code. The current transition government administration launched the 'Brazilian Mineral Industry Revitalisation Programme' on 25 July 2017.¹⁵ It aims at setting enabling conditions for investment, providing greater legal stability and enhancing transparency in mineral resource management.¹⁶ A key component of the Revitalisation Programme has been the reform of the Mining Code, including changes for enabling the use of mineral rights as collateral to raise financing, as well as the amendment of relevant legislation dealing with financial compensation for mineral exploration and royalties (Law 13,540/December 2017) and the modernisation of Mining Code Regulations (Decree 9406/June 18). Reforms have also materialised in the creation of the new National Agency of Mining (ANM) (set up by Law 13,575/December 2017)—the core implementing agency together with the Ministry of Mines and Energy, Secretariat of Geology, Mining and Mineral Transformation. The new agency is expected to act with greater independence from the regulatory body, backed by technical staff and endowed with a more balanced, democratic, transparent and legitimate decision-making process and a clearer legal framework, with outcomes on reduced judicialisation.

Colombia embarked on its promotional efforts somewhat later, steering a range of policy, regulatory and institutional reforms to support the mining sector, e.g., the establishment of the National Mining Agency (ANM) and the 2010-2014 and 2014-2018 National Development Plans. These actions succeeded in attracting investment until around 2013. **Argentina** introduced changes to its legal and fiscal frameworks for the sector in the early 1990s, which turned the country into an attractive investment destination. Notwithstanding the overall reforms of the ensuing decade and a number of protectionist measures applicable to the sector, the core tenets of the mining regime remained unchanged and have now been superseded under the new government administration.

(ii) Improving Geological and Geo-Environmental Knowledge

All countries are placing efforts in expanding geological and geo-environmental knowledge, with the role of traditional geological surveys expanding and supporting the role of promoting transparency (see iii).

(iii) Improving Commitments to Resource Transparency

At varying degrees, countries in the region are taking steps to enhance transparency in environmental governance and tax revenue and distribution. A recent report by the Open Government Partnership (OGP)—of which all countries analysed under this section are members—noted that joining the Extractive Industries Transparency Initiative (EITI) is the most frequent commitment countries make to improve transparency of revenue and related information around the 'value chain' as described under this standard.¹⁷ Peru is an early compliant with the EITI whereas Guatemala and Trinidad and Tobago joined in 2011, Colombia in 2014, the Dominican Republic in 2016, Mexico, Guyana and Suriname in 2017. In the past few months, the governments of Argentina and Ecuador have announced their commitment to apply for EITI membership. A common request of civil society in the region has been the inclusion of environmental information in the relevant reports. OGP has highlighted the initiative undertaken by the Colombian government to monitor, track, control and evaluate the royalties regime.¹⁸

Actions to enhance transparency are starting to encompass a broad range of actions. In Argentina, the new Mining Information Centre within the national geological survey has been set up to systematise and organise all information related to the sector and its projects and to promote transparency (pursuant to the new Mining Covenant). In Brazil, the recently enacted (and not yet effective) Mining Code Regulations envisages that mining deposits will be defined based on a classification of mineral resources and reserves to be adopted by the agency pursuant to internationally acceptable reporting standards. In Colombia, the ANM, with the support of CRIRSCO, is also working on a project to disclose the outcome of exploration, assessment and classification of mineral resources and reserves.

(iv) **Strengthening Environmental Governance (with Varying Emphasis)**

Most countries in the region adopted environmental regulations in the early 1990s. Whereas Chile adopted a general framework environmental law, Peru and Argentina implemented a sectoral approach to their regulations and their administrative enforcement, with a unit within the mining agency in charge of enforcing environmental regulations. In Peru, the early 'sectoral' system of environmental regulation was replaced with a centralised environmental authority and a separate environmental enforcement authority ('OEFA') was also established. Peru drafted mine closure regulations in the early 2000s, followed by Chile. In Argentina, mine closure and waste regulations are currently being drafted. Recent reforms in Brazil establish the obligation of miners to rehabilitate degraded areas, comply with National Security Policy Dams, implement a mine closure plan and incentivise the re-use of tailings. In Chile, the new government administration has announced the establishment of a sustainable development unit aimed at modernising institutions, supporting projects throughout their life-cycle and facilitating business.

Enhancing environmental governance is a priority in policy documents, although progress has been slow due in part to difficulties experienced by mining and environmental authorities in agreeing on common goals and pathways (see below vii). There have also been setbacks, such as temporary restrictions on the enforcement powers of OEFA in Peru in 2014, which were later repealed.

Over time, and at varying degrees, environmental governance for the sector has become more and more complex, most often as a result of implementing and strengthening public participation and environmental impact assessment systems. The regimes applicable to the sector are usually very fragmented and atomised, and in need of further coherence. A recent milestone in the region has been the adoption on 4 March 2018 of the Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean. It will be open for signature on 27 September 2018.

(v) **Enhancing Local Benefits**

In Peru, the government responded to extensive local conflict and concerns on impacts originated by mining by distributing significant amounts of tax revenue to regional and local governments.¹⁹ The Strategic Sectoral Plan 2016-2021, under the Ministry of Energy and Mines sets four objectives, centring on reducing the environmental impact of operations and contributing to human development and harmonious relationships of stakeholders in the sector. As to social affairs, the government has most recently established the so-called '*Social Advancement Fund*' that aims at financing programs, projects and initiatives steered towards narrowing down social gaps and catalysing development in areas where extractive activities are carried out.²⁰ There seems to be increased recognition on the need to improve the capabilities of sub-national government authorities to manage revenue allocated through royalties and 'cánones'.

In Colombia, even though a portion of royalties is distributed at departmental and municipal levels, other accrues are allocated to a central government system managed by a tripartite commission that decides on their re-investment for science and technology, pension savings, stabilisation, as well as for infrastructure projects in producing regions. In Argentina, the New Federal Mining Covenant entered into between representatives of the national State and the provinces on 13 June 2017 (pending approval by the National Congress and by provincial parliaments) acknowledges the 'maximisation of benefits to local communities' among its key priorities. Some provinces have taken measures to improve local benefits, such as the establishment of trust funds for local infrastructure in the province of San Juan. One of the main changes recently introduced in Brazil relates to a re-distribution of revenue among federative entities.²¹

(vi) **Steps towards Building Linkages**

Countries have started to make efforts to build linkages between mining and other economic activities and infrastructure. Chile started first by supporting clusters in the rich Northern Antofagasta region and, most recently, by promoting the METS sector. In March 2016, the *Alta Ley* programme in Chile released the report '*From Copper to Innovation – Technological Roadmap 2015-2025*', which establishes a range of initiatives financed by public and private funds to spur productivity, competitiveness and innovation in the industry and its suppliers (including tailings).²² Further integration of production chains is considered as a policy objective.

In Argentina, some provinces have encouraged local content. The New Federal Mining Covenant establishes the promotion of local content and small and medium enterprises, as well as linkages with, on the one hand, other sectors of the economy and through shared use of infrastructure and, on the other, with science, technology and innovation, as policy objectives. The question of building downstream linkages has been absent in the policy agendas of these countries. In Argentina, the province of Jujuy is taking steps to participate in the lithium value chain and in Chile, this has been mentioned in recent policy documents (see Box 2).

4.2 *Mining as a Strategic Sector for Industrialisation*

Both Bolivia and Ecuador evolved along a path similar to Peru's in the 1990s by adopting legal and institutional frameworks to promote and protect foreign investment. In the 2000s, both countries turned radically towards heterodox approaches that have been considered alternative forms of development.²³ The constitution of Bolivia adopts a plural economic model (state, community, private), where the state must redistribute economic surplus in social policies and re-investment in productive economic development. Natural resources play a pre-eminent role in the State's economic organisation and in the model for a plural economy. The State is a productive actor and must also exercise strategic control over the production and industrialisation chains of these resources. In terms of mining and metallurgy, the constitution delves into the regime of ownership and the granting of mineral rights throughout the entire productive chain and, also, into the use of mining contracts that must fulfil a social and economic function. The Bolivian Constitution establishes precedence of national over foreign investment, which is subject to Bolivian jurisdiction, laws and authorities. In 2007, Bolivia withdrew from the International Centre for the Settlement of Investment Disputes (ICSID), of which it had been a member as of 1991. The government administration has nationalised around twenty companies, including the tin mine Huanuni, the zinc-tin mine Colquiri, the Vinto and Vinto-Antimonio smelters, as well as hydrocarbons and power grid companies, and has renegotiated existing contracts.

Following up on the constitutional mandate of industrialising resources, the Bolivian government has entered into a contract with the Chinese steel undertaking Sinosteel Equipment for the construction of a plant to produce rolled-steel from iron ore mined in El Mutún deposit. It has also sought to invest in boosting capabilities to participate in the industrialisation chain of lithium (see Box 2 below).

The powers of the State in terms of natural resource management are qualified by the duty of the State to conserve, protect and use natural resources and biodiversity in a sustainable manner pursuant to constitutional clauses, the Mining Code and the Framework Law of Mother Earth and Holistic Development for Living Well.²⁴

4.3 *Banning Mining (or Certain Processes or Methods) to Protect the Environment*

A growing vision in the region among groups in civil society and local government administrations—expressed in judicial decisions—advocates for restricting, or outright banning, certain processes or methods used in mining today, or the mining activity altogether, in pursuit of protecting ecosystems. Two countries in Central America have banned metallic mining from their territories. On 9 November 2010, Costa Rica passed a reform to the Mining Code that banned open-pit metallic mining, with the exception of artisanal operations. This was preceded by a moratorium on exploration dating back to 2002, allegedly decided due to the low taxes that would accrue from exploitation, little State capacity to monitor compliance with concession conditions, and perceived scarce experience by companies to manage mines in highly humid tropical ecosystems. The Crucitas project held by Infinito Gold, a Canadian company, long the subject of community opposition and judicial decisions denying authorisations and, later, an ICSID claim, was finally put on hold by July 2015, when the company ceased operations and requested temporary suspension of the arbitration case. Costa Rica is pursuing a model of development based on ecological tourism, agriculture and equipment and services exports.

El Salvador enacted a law banning metallic mining (both open-pit and underground) and the use of toxic chemicals in metallic mining processes in March 2017. This followed a moratorium on the granting of new concessions dating back to 2009 and a long process regarding a gold project that had been stalled by community opposition. An international arbitration case against the country regarding this project (Pacific Rim v El Salvador) ensued; the case was finally rejected. Unlike Costa Rica, El Salvador's ban covered artisanal mining; it granted a two-year period to reconvert into other productive activities. El Salvador's decision was informed by the Strategic Environmental Assessment process required by the Ministry of Economy (report

finalised in 2011). Currently in Argentina, seven provinces out of twenty-three ban open pit mining and/or the use of different types of chemical substances often used in mining-related processes from their territories.

4.4 A 'Fourth Vision'? Experimenting with Multi-Stakeholder Approaches for Setting Policy Agendas and Anchoring Mining in Land-Use Planning

Ongoing conflict with communities and local councils across the continent place the spotlight on the difficulties for open inter-cultural dialogue and inter-institutional coordination to happen. Even more fundamentally, conflict has been spurred by poor planning and fragmented decision-making processes embedded in incoherent mining regimes and environmental governance.²⁵

Multi-stakeholder approaches for policy design and territorial planning are slowly starting to emerge in countries that had long focused their attention on investment attraction, as highlighted in Box 1. These nations are also beginning to pay closer attention to linking up with other sectors of the economy and value addition in the region.

Box 1 - Emerging Multi-Stakeholder Approaches for Policy Design and Territorial Planning

In Chile, the Commission for Mining and Development, a multi-stakeholder group set up within the National Innovation and Competitiveness Council, issued in 2014 the report 'Mining: A Platform for the Future in Chile', which sets the Strategic Agenda for the sector towards 2035. The report draws a vision for the development of a 'virtuous, inclusive and sustainable' sector, which aims at placing mining at the core of developmental efforts.²⁶ The report recommends the establishment of a public-private council to steer and implement the strategic agenda it put forward. This recommendation has been crystallised in the creation of '*Alianza Valor Minero*' (Value Mining Alliance),²⁷ as well as in a number of ensuing programmes such as the '*Programa Nacional de Minería Alta Ley*'.²⁸ *Alianza Valor Minero* launched the *Institucionalidad de Diálogo Territorial* (Institutions for Territorial Dialogue) programme that seeks to establish the basic institutions required to foster permanent dialogue between communities, companies and the State around large investment projects through shared value agreements. The intent is that investment may serve as a platform for the development of territories and their populations.²⁹ *Alianza Valor Minero*, together with the Regional Metropolitan Government and the Mining Ministry, have also entered into a public-private collaboration agreement to initiate a participative process for implementing a Sustainability Strategic Analysis of the territory regarding the insertion of mining in the region.³⁰ In the same vein, the National Lithium Commission has generated research that seeks to feed processes for evidence-based decisions about mining—anchoring projects on information about ecosystems and community needs (see Box 2).

In Colombia, in February 2014, the Mining and Energy Planning Unit under the Ministry of Mining and Energy, along with the College of Mines (National University of Colombia, Medellín campus), released the report 'Mining Scenarios for Colombia 2032', which identified a set of long-term strategies for the mining sector based on scenario planning.³¹ The report has informed the preparation of the ambitious 'National Development Plan 2018-2025' (crucial in the post-conflict context Colombia is going through), which envisages mining development to be anchored in territorial planning and multi-stakeholder dialogues. The report, which is currently open to comments, includes recommendations on, e.g., providing innovative tools in terms of full disclosure and transparency of information (including impacts and risks), expanding work on environmental baselines and creating mechanisms to value reserves that can serve as a guarantee for accessing financing.³² There are processes, such as the Mining Dialogue Group (*Grupo de Diálogo sobre Minería en Colombia*), that have brought together important stakeholders to develop a shared vision of mining in Colombia.

In Peru, a few initiatives are calling for adopting integrated approaches to managing the sector. The report 'Towards a Vision for Mining in Peru in 2030' was developed in 2016 under the leadership of a Driving Group comprising senior personnel from international mining companies operating in Peru and representatives of the National Dialogue and Sustainability Office of the Presidency of the Council of Ministers (ONDS-PCM), with technical support from the United Nations Development Programme (UNDP). The Vision emphasises the need to adopt actions to enhance the economic contribution of mining and to ensure alignment with the SDGs and territorial development priorities. The Peruvian Mining Engineers Institute, in collaboration with Gerens (a postgraduate school), have prepared a study recommending the development of a coherent vision of the mining sector as well as inter- and cross-sectoral policies at all levels to ensure competitiveness and sustainability.³³

Chile is also pioneering a programme aimed at enhancing the transparency, traceability and sustainability of the copper supply chain. Under the umbrella of the ‘Responsible, Sustainable and Traceable Copper’ pilot programme, Codelco, the State-owned company, has begun to study the life-cycle of cathodes produced in one of the company’s divisions, which implies calculating both carbon and water footprints.³⁴ The objective is to work towards progressive certification of copper exports according to a range of categories including emissions, water, land use and community impact, occupational safety, human rights, gender equality, transparency and traceability of funds.³⁵ To this end, Codelco has signed agreements with three clients: Mitsui from Japan (a copper trader), Nexans from France (a wire producer) and BMW from Germany. The ultimate objective is to work towards ‘de-commoditised’ copper markets with premium prices according to certified categories that take into account the use of renewable energy, sea water, new technologies and gender diversity.³⁶

The variety of visions reviewed in this section is represented in the range of policy approaches to lithium regulation in Argentina, Bolivia and Chile (see Box 2).

Box 2. Lithium Regimes Policy Approaches in Argentina, Bolivia and Chile

Argentina

As a general rule, lithium in Argentina is subject to the concession regime established under the Mining Code, whereby mineral rights are granted following an objective, non-discretionary criteria on a first come, first served basis. Downstream user companies are investing in lithium projects. At present, both the American FMC in Salar del Hombre Muerto and the Japanese Toyota (in partnership with Orocobre and JEMSE) in Sales de Jujuy are operating, while other investors include the Korean steelmaker POSCO and the Canadian Lithium Americas in a joint venture with Chilean SQM.

The province of Jujuy, home to large reserves of lithium, establishes guidelines on mining promotion and towards industrialisation and added-value policies in its provincial constitution. In 2011, the province established *Jujuy Energía y Minería Sociedad del Estado* (JEMSE), a provincial State-owned company. Unlike other provinces, the provincial government has promoted participation and initiatives to advance in the lithium value chain. Jujuy National University entered into a partnership with Y-TEC, a technology company owned by YPF (the national oil company) and CONICET (the National Research Council) to install the first lithium-ion cell factory in the country. Jujuy Litio SA, owned by JEMSE and the Italian FIB (Seri Group), was founded in December 2017 to install an assembly plant and then produce lithium-ion cells for public transportation.

Bolivia

The 2009 constitution mandates adding value and industrialising minerals. To implement the constitutional mandate, the government has invested in four pilot plants to produce lithium carbonate and assembly batteries in Potosi. The first steps towards industrialising lithium in Salar de Uyuni had been taken slightly earlier, through the establishment of the National Agency of Evaporitic Resources (*Gerencia Nacional de Recursos Evaporíticos*) within the State-owned company *Corporación Minera de Bolivia* (Comibol). This agency was replaced in 2017 by *Yacimientos de Litio Bolivianos* (YLB). To start-up production at an industrial scale, the government commissioned the design of an industrial plant for potassium chlorate to the China Camc Engineering Co Ltd and, for lithium carbonate, to the German firm K-utec AG Salt Technologies, both in 2015.³⁷

Chile

Lithium is considered a strategic mineral reserved to the State. There are two chemical companies operating in the rich Salar de Atacama, the Chilean SQM and the American Albermarle. Codelco has established a subsidiary, Salar de Maricunga S.p.A., which entered into a Special Contract for Lithium Operation (*Contrato Especial de Operación del Litio*, CEOL) with the Ministry of Mines to develop Salar de Maricunga. Both the participation of Codelco in Salares de Maricunga or Pedernales, where it holds rights, and the call for the creation of a new State-owned company, were some of the recommendations of the high-level National Lithium Commission established in 2014 and convened by the Ministry of Mines with the purpose of recommending public policy pathways for lithium development. The Commission released the report ‘Lithium Policy and the Governance of Salt Flats’ in 2015. It is noteworthy that the report underlined that Andean and pre-Andean salt flats where lithium lies are natural dynamic ecosystems of great fragility and their development requires specific methodologies consistent with their nature. The report encourages support to public-private

partnerships (including, eg., partnering up with Codelco and/or CORFO) that promote added value as well as to a paradigmatic change in the relationship between communities and projects along a 'shared value' approach. It also promotes clusters, innovation and technological development in all phases of the value chain, including the manufacture of lithium products, and calls for a revision of the legal framework to expand the operation contracts used for petroleum to lithium.

5 International and Regional Cooperation on Mining and Minerals in Latin America

5.1 Core Regional Mechanisms for Cooperation and Dialogue. Regional Mining Initiatives

The Community of Latin American and Caribbean States (CELAC), launched in 2010, is a regional mechanism for political dialogue and cooperation involving the 33 countries of Latin America and the Caribbean (LAC). It has merged the Rio Group, a political consultation forum, and CALC (*Cumbres América Latina y Caribe*) into internal LAC Summits. The table in Annex I summarises some prominent sub-regional integration and cooperation schemes (which are embedded in varying visions of development models).

There is no regional initiative analogous to the Africa Mining Vision. The United Nations Economic Commission for Latin America and the Caribbean (ECLAC) called upon countries to develop a common vision towards natural resources and infrastructure governance across the continent as a key recommendation of the 2014 document 'Equality Covenants: Towards a Sustainable Future'.³⁸ In May 2016, ECLAC published the report 'Towards a New Governance of Natural Resources in Latin America and the Caribbean'.³⁹ There has not been any further news on this initiative as of a meeting held in late 2016. The Annual Conference of Mining Ministries of the Americas (CAMMA), established and very active during the 1990s, has recently been relaunched. A civil society-led dialogue group (the Latin American Dialogue Group on Mining) was established in early 2010⁴⁰ and, in addition, there is an active network of civil society organisations in the region, the Latin American Network on Extractive Industries (*Red Latinoamericana sobre las Industrias Extractivas*).

5.2 Latin America and International Cooperation on Mining and Minerals

International cooperation on mining and minerals in the region has evolved over time. In the 1970s, developed economies instituted programmes to ensure security of supply of mineral raw materials. In Latin America, direct financial and technical assistance consisted mostly of bilateral support from official aid agencies and the geological and mining services of the US, Canada and what was known at the time as Western Europe to conduct geological surveys, exploration activities and, occasionally, feasibility studies. Various international agencies (UNDP, UN Division of Natural Resources and Energy, UNRF, the World Bank Group, the IADB) had a significant impact when focusing on specific countries and projects, although the overall scope was estimated as rather modest vis-a-vis the needs of the sector.⁴¹ In the 1990s, international cooperation through the World Bank resulted in well-known sweeping reforms of the legal and institutional structures for the sector.

Australia and Canada have significant cooperation initiatives with Latin American countries.⁴² A wider initiative of note in the case of Australia is the work of the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Australian national science agency, which established the CSIRO Chile International Centre of Excellence in Mining and Minerals Processing, together with local universities and business partners with the aim of creating innovative solutions to specific problems and challenges of the industry. This is consistent with the internationalisation strategy of the Australian METS sector. Investing in human capital, technology transfer and innovation have been identified as key challenges for driving joint programmes. Canada is collaborating in a range of programmes through the Canadian International Resources and Development Institute (CIRDI),⁴³ e.g., with Argentina by supporting knowledge sharing to develop a mine closure regime. Canada is also funding the Secretariat of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) of which most Latin American countries are members.

In more recent years, the focus of cooperation projects on technical assistance has been to support implementing EITI, streamlining information and improving cadastres (World Bank, Inter-American Development

Bank), as well as improving operational practices with the uptake of international best practice standards. Previous Policy Briefs have detailed engagements with the EU and EU member States.⁴⁴

China has emerged as a key trade, investment and cooperation partner.⁴⁵ The latest meeting of the Community of Latin American and Caribbean States (CELAC) with China, which brought together the Ministries of Foreign Affairs and took place in Santiago de Chile in January 2018, reaffirmed commitments for closer cooperation and mutual opportunities for further engagement around the Belt and Road Initiative. The document '*China Policy towards Latin America and the Caribbean*' (2016) envisages cooperation on energy and resources both upstream and downstream to add value to these products and expressly states that China is willing to explore with countries in the region the possibility of establishing mechanisms for the long-term supply of energy and resources and the use of local currency exchange rates to mitigate external economic and financial risks. Countries have also entered into framework agreements on economic and investment cooperation with China.

5.3 Cooperation between the EU and Latin America

The EU and Latin America and the Caribbean have long held tight historical, cultural and economic relations. During the 1990s, the European Commission entered into the first comprehensive framework or association agreement with Mercosur (signed 1995), Mexico (signed 1997) and Chile (1996 and 2002).⁴⁶ In 1999, the two regions held the first Summit of Heads of States and Government in Rio de Janeiro, which established the Strategic Partnership between the EU and the LAC countries. After 2002, the EU negotiated new agreements with CARIFORUM (2008),⁴⁷ Central America (2010), and Colombia and Peru (2010), a Strategic Partnership with Brazil (2007) and with Mexico (2008). CELAC, established in 2010, is the counterpart to the EU for bi-regional relations, which are structured around biennial summits, senior officials' meetings and thematic dialogues and initiatives. Whereas the first EU-CELAC summit took place in Santiago de Chile in January 2013 and the second in Brussels on 10-11 June 2015, the third bi-regional meeting was postponed indefinitely. Specifically concerning the mining sector, a new EU-Latin America Mineral Development Network Platform (MNDP) aimed at facilitating cooperation between authorities, industry, business, academia, geological relevant and relevant entities from the EU and Latin American countries (Argentina, Brazil, Chile, Colombia, Mexico, Peru and Uruguay) across all relevant areas of the value chain was launched in April 2018.⁴⁸

Cooperation at the sub-regional and country levels is very active. At the sub-regional level, there has been much discussion lately on close negotiations to create a free trade area between the EU and Mercosur. Their relations are currently framed under the Interregional Framework Cooperation Agreement between both blocks, whose objective is strengthening trade relations with a view toward preparing for an Interregional Association. The current agreement covers trade, economic matters, cooperation and other fields of mutual interest.^{49, 50}

Brazil and Argentina are considered 'graduates' in terms of status for international cooperation with the EU, but they remain eligible to participate in regional and thematic cooperation programmes. Cooperation with Argentina has addressed, among others, the modernisation of the industrial system, the development of provincial support structures for SMEs and support to the forestry sector; with Brazil, thematic programmes relate to sectors like social development and cohesion, human rights promotion, environment conservation and sustainable development.⁵¹

Peru and Colombia are both upper-middle income countries and should, in principle, graduate from bilateral cooperation, but they have both been subject to exceptions. Actions in the case of Colombia have been addressed at peacebuilding, Rule of Law, human rights, competitiveness and trade; in the case of Peru, at democratic governance and institutional capacities, social inclusion and poverty reduction.⁵²

Chile holds stronger ties with the EU. Their political and economic relations are defined by an Association Agreement, in force since 2003. This Agreement covers the main aspects of bilateral relations: political dialogue, trade and cooperation. Chile is considered to be a key partner of the EU.⁵³ The trade relation is characterised by liberalisation of trade in goods and services, mutual access to public procurement, intellectual property, customs cooperation and trade facilitation, and agreements on sanitary and phytosanitary measures and wines and alcoholic beverages. With regard to cooperation aspects, Chile is considered a 'graduated' country for the EU and a partner to achieve the SDGs and the common 2030 Agenda. Potential areas of cooperation identified include security and defense, science and technology, research, innovation, energy, education, employment, corporate social responsibility, SMEs, regional policy, climate change and sustainable development.

The EU has started to frame cooperation relations with Chile through the new Partnership Instrument established by the EU in 2014 to advance on strategic interests and make progress towards global challenges (sharing European expertise and supporting policy dialogues) and through the Regional Facility for International Cooperation, which acts both as a recipient and a provider in international cooperation actions with other Latin American countries.

Chile has also signed up cooperation agreements with EU member countries and supported transnational private governance between firms. With Germany, it signed the Political Declaration on Cooperation in the Mining and Raw Materials Sector in 2013 and the Declaration on Intention to Set Up a Platform for Exchange and Development, which acknowledges as priority areas technological infrastructure, particularly on efficient use of water and energy, and mining production processes, including use of waste from mining. This has resulted in the establishment of the Chilean-German Forum on Mining and Raw Materials. At the sub-national level, the regions of Antofagasta and the North-Rhine Westphalia entered into a cooperation agreement through the Association of Industries of Antofagasta and the Energy Agency NRW to develop solutions for the sector through supplier companies. Cooperation involving firms is illustrated by the agreement between Codelco and BMW aimed at enhancing the transparency and sustainability of the copper supply chain, identifying products that can be identified and valued by the quality of production processes that internalise sustainable practices. There is a Chilean-German Cluster for Sustainable Production of Mineral Resources under consideration.⁵⁴

Chile has also entered into a Memorandum of Understanding on Cooperation for Sustainable and Innovative Mining with Sweden (2016) that aims at strengthening cooperation by implementing projects in both countries. The Chilean-Swedish Forum established in 2017 around the water-land-energy nexus for sustainable mining brings together universities for scientific cooperation.⁵⁵

6 Potential Areas and Modes of Cooperation between the EU and Latin America

6.1 Potential Areas for Cooperation

Section 3 above identified main visions of the sector in the region, and gave a sense of a few current and emerging policy priorities. Approaches are, broadly speaking, still fragmented, albeit and focused on specific aspects of the sustainable development agenda. Alignment with the SDGs is emerging in policy documents and evidenced in the work of multi-stakeholders groups, notably in Chile and Colombia.

This section will streamline some of these priorities based on a holistic understanding of the key challenges that the region faces in crystallising the transformative role mining can play in catalysing development. Such challenges could drive areas of international cooperation with the EU. A few of these areas have been subject to traditional approaches to international cooperation that may continue simultaneously with the formation of networks and partnerships in specific aspects. Cooperation may be able to mobilise knowledge and/or financial resources in the following areas:

- (i) **Strengthening knowledge on the use of strategic assessments and land-use planning for evidence-based decisions.** An absence of land-use planning, a lack of coordination between municipal, regional and central levels of government, and overlapping and inconsistent legislation have all contributed to exacerbating conflict. Emerging policy documents and initiatives are pointing at building sustainable governance around projects, rooted on participatory approaches for natural resource management and anchored on knowledge of environmental baselines and of ecosystems.⁵⁶
- (ii) **Scaling up on processes of access to information and mainstreaming FPIC.** The EU and EU members have mature systems of environmental governance, including the implementation of the Aarhus Convention, which could assist Latin American countries in the implementation of the Regional Agreement on Access to Information and its interface with legal frameworks applicable to the sector.
- (iii) **Strengthening the capacity of national, and sub-national authorities** whenever applicable, to regulate, assess and enforce obligations arising from Environmental Impact Assessments and plans to manage mining legacies and abandoned mines, expanding the use of tools such as Human Rights Impact assessments and social/community assessment as well as improving the enforcement of other signed international treaties (e.g., ILO Convention 169 and Minamata Convention) or of requirements from trade partners, such as the EU CMR. This could extend to support enforcement of mining regulations on aspects such as legality/legitimacy of mines and trade chains, particularly relevant for ASM, in some contexts.
- (iv) **Supporting further studies on geological and geo-environmental knowledge of the region.**

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- (v) **Streamlining transparency of revenue management and spending, as well as strengthening information systems.** There is much ongoing work for the implementation of EITI and the natural resources chapter of OGP.
 - (vi) **Scaling up and supporting the development of the METS sector, technology development and the emerging focus on mining as a platform for innovation, as well as investing in human capital.**⁵⁷ These are emerging as common objectives and their need will become more acute in view of the dramatic reduction of local operational jobs envisaged over the next few years with the rise of automation in the industry, which call to act on and anticipate shifts in the skillsets of the incoming workforce.⁵⁸ Building linkages requires collaboration between government departments, industry, suppliers and the science community to participate in global value chains.⁵⁹ Technology development must also focus on those innovations required for improving environmental and water management practices.

More broadly, another potential area of cooperation could aim at expanding knowledge and mobilising resources for mainstreaming mining with the SDGs, aligning with ongoing initiatives and efforts to recalibrate investment and trade regimes along the lines of the SDGs, within national policies, bilateral and multilateral treaties and sectoral promotion strategies.⁶⁰

6.2 Potential Modes for Cooperation: Networks, Partnerships and Value-Chain Approaches

Networks as modes of governance are expected to play a larger role in international cooperation, particularly where middle-income countries are involved. This is because state bureaucracies and societies tend to become increasingly differentiated in functional terms as countries reach this status.⁶¹ This is when there is scope to explore the potential of platforms and networks to mobilise and share knowledge, expertise, technology and financial resources, or to broker/orchestrate action when thinking of ways for further strengthening cooperation between the EU and Latin American countries with regard to mining and minerals, in ways that complement traditional development assistance.

This approach is in line with SDG 17.16 and new cooperation instruments used by the EU, such as the Partnership Instrument.⁶² Briefly mentioned in section 4 above, the *European Regional Facility for International Cooperation* has been defined as ‘a new innovative cooperation mechanism for engaging with Latin American partner countries to work together in the region, with the overarching objective of poverty reduction. This approach responds to the requests expressed by Latin American countries to enter into a new policy framework of diversified and modernised partnerships.’⁶³

The *New European Consensus on Development* adopted in 2017 emphasises that development cooperation will continue to be country- or region-specific and increasingly tailored to the needs, strategies, priorities and resources of partners. While engagement will typically entail development cooperation and financial assistance, it will also encompass a broad range of innovative strategies and instruments beyond financial cooperation when engaging with middle-income countries, as these nations ‘need fewer or no concessional forms of assistance’ (sections 92 and 95). Partnerships of this type will promote the exchange of best practices, technical assistance and knowledge-sharing.

The New European Consensus on Development aligns development cooperation with the SDGs and calls for Policy Coherence for Development (PCD). This entails taking into consideration the objectives of development cooperation in policies that might affect developing countries (section 109, Consensus). Particular emphasis will be placed on combatting illicit financial flows and tax avoidance, promoting trade and responsible investment (section 110). Another facet of PCD involves ‘whole-of-government’, multi-level approaches.⁶⁴

Networks and partnerships along the lines identified may be established at bilateral, sub-regional or regional level, under an umbrella programme or through an intergovernmental working group for EU cooperation in the region (e.g., EU-CELAC) or by supporting multi-stakeholder forums. Some examples could include:

- **Transgovernmental networks** made up by sub-units of governments competent in specific spheres at the national and/or sub-national levels for capacity building, exchange of knowledge and expertise in areas such as the approval and enforcement of environmental regulation (EIA), mine closure plans, tailings plans, mining legacies, assessment studies, revenue management and transparency, processes for community consultation and benefit-sharing and, finally, territorial planning tools. These could consist of new networks or new thematic groups within existing networks (e.g., within

IMPEL, the European Union Network for the Implementation and Enforcement of Environmental Law, and its South American counterpart);

- **Transnational public-private partnerships** that bring together countries and relevant actors to exchange knowledge and awareness (e.g., by establishing hubs that bring together regions implementing territorial and development planning, geological surveys, academic institutions for technological innovation to provide solutions to methods of extraction minimising impact on the environment and water and engage national research councils) or to set standards (e.g., across the supply chain), as in the case of the OECD Mining Regions.

A promising way towards enhancing transnational public-private partnerships may be connecting the EU and LA regions through value chain approaches to spur collective action that will support the role that mining can play in achieving the SDGs. Both regions have approached the challenge of sustainable investment differently, and in an uncoordinated manner, so far. Whereas Latin American countries have been introducing regulations and improving enforcement of environmental and social obligations, the EU has focused on raw material diplomacy, partnership/development cooperation projects and the upcoming EU conflict mineral regulation. These may be seen as partly disconnected responses to the challenge of sustainable investment—a challenge that has been explicitly recognised in the 26 October 2016 Santo Domingo Declaration of the EU-CELAC Ministerial Meeting⁶⁵.

Taking into account the parallel initiatives of both regions in the same direction, another possible way towards enhancing cooperation may be by to focus on **connecting standards and efforts along value chains for specific minerals and metals**, with the aim of mobilising and sharing knowledge on data and knowledge information systems regarding mineral mining, trade and related environmental and socio-economic issues ([Concept 01/2018](#)) and of streamlining industry accountability for the ‘social and environmental footprint of EU import materials’ ([PB 02/2017](#); [PB 01/2018](#)), thus providing a platform towards effectively internalising natural capital value.

Alliances around lithium, copper or tin could additionally serve as hubs to facilitate responsible business and transnational partnerships between firms (as the agreement between Codelco and BMW illustrates) and to spur joint research and innovation to find solutions to intractable problems in the sector (e.g., water management and extraction methods).

This approach aligns with the mandate to pursue a coherent approach to development by supporting ‘[o]ngoing EU action towards sustainable global supply chains’ (section 110, New European Consensus on Development). In conceptual terms, value chain partnerships around specific minerals address one category of problems in need of global action in the industry as identified in [PB 07/2017](#) and provide a platform to spur collective action towards responding to the other problems identified in that Brief. The approach also holds promise for other regional, bi-regional, tripartite or global partnerships (e.g., global, tripartite or regional cobalt alliances).

7 Preliminary Conclusion

Strong, coherent, participative and inclusive governance, and technology, innovation and value addition are all high in the emerging policy agenda in the region. In varying degrees, countries are starting to align their strategies with the Sustainable Development Goals (SDGs). There is an emerging shift from traditional ‘silo’ policy approaches towards coordinated action and an emphasis on innovation-driven economies. Cooperation strategies designed around the overarching principles of the EU Consensus, which take into consideration the priorities of partner countries aligned with the SDGs and focus on project implementation and results, are the way for strengthening cooperation between the EU and LA regions. A shift towards an integrated new EU raw materials strategy holding the partner countries’ agenda at its core holds promise for a more general uptake of global collective action for achieving the SDGs.

A core EU strength is the maturity and sophistication of institutions and technological development. Partnerships instrumented through platforms and networks for exchanging practice, co-creating knowledge and learning from EU institutional experience may hold much promise in achieving effective outcomes on development. Another way to advance would be to *connect* Latin American efforts for regulating and enforcing the environmental and social duties of mining investments with the EU’s ongoing initiatives on responsible sourc-

ing. The outcome may be multi-stakeholder alliances along the value chain of specific minerals and metals that will spur collective action for streamlining business accountability and serve as hubs for further action.

Annex I

Regional and Sub-Regional Integration and Cooperation Processes in Latin America				
Name	Members	Scope	Any Mining Working Group?	Website
Community of Latin American and Caribbean States (CELAC) , launched in 2010.	The 33 countries of Latin America and the Caribbean (LAC).	This is a regional mechanism for political dialogue and cooperation. It merged the Rio Group, a political consultation forum, and CALC (<i>Cumbres América Latina y Caribe</i> . Internal LAC Summits.	No.	<i>Comunidad de Estados Latinoamericanos y Caribeños</i> at http://www.sela.org/celac/
Unasur (Unión de Naciones Suramericanas) , treaty that entered into force on 11 March 2011.	Argentina, Bolivia, Brasil, Colombia, Chile, Ecuador, Guyana, Paraguay, Perú, Surinam, Uruguay, Venezuela. In April 2018, 6 members (Argentina, Brazil, Chile, Colombia, Peru and Paraguay) suspended their membership.	It aims at building a space for the cultural, social, economic and political integration and union of member states by focusing on political dialogue, social policies, education, energy, infrastructure, financing, among other issues, with a view towards eradicating socio-economic inequality, achieving social inclusion and citizen participation, strengthening democracy and reducing asymmetries.	The South American Energy Council deals with some aspects of resource management, but not mining itself.	<i>Unión de Naciones Suramericanas</i> at https://www.unasur.rsg.org/
Mercosur (Mercado Común del Sur) , established in 1991 under the Asunción Treaty.	A process of regional integration originally established by Argentina, Brazil, Paraguay and Uruguay, later incorporating Venezuela (currently suspended) and Bolivia (underway). Associate members, which include Chile, Colombia, Ecuador, Guyana, Peru and Surinam, participate in meetings and activities of the block and have trade preferences with the member states	It aims at generating commercial and investment opportunities by competitively integrating national economies to the international market. Mercosur has entered into commercial, political and cooperation agreements with a large number of countries and organisations.	There is a Mining Working Sub-Group (No. 15) that exchanges information on a range of topics including cartography, the gemstones sector and social practices protocols. There is no dedicated website or any updated information on the activities of this sub-group.	Institutional aspects of Mercosur are available at http://www.mercosur.int/innovaportal/v/4058/2/innova.fr ont/mercocur
Pacific Alliance (Alianza del Pacífico) , launched in 2011.	Chile, Colombia, Mexico and Peru	With convergent visions on models of development and the role of free trade, the Alliance aims at building an area of strong integration in a push to move gradually towards the free flow of goods, services, resources and people and at becoming a platform for political articulation, economic and commercial integration, and international cooperation, focusing on the Asia-Pacific region.	Working Group on Mining Development, Social Responsibility and Sustainability (MDSRS) set to cooperate by exchanging information and practices as well as carrying out joint activities aimed at advancing on the sustainable use of mineral resources, the integration of value chains, all the while strengthening governance within the sector and encouraging the development of scientific and technical capabilities.	<i>Alianza del Pacífico</i> at https://alianzapacifico.net/en/ Working Group on MDSRS at https://alianzapacifico.net/en/labor-issues/
Andean Community (CAN)	Established under the Cartagena Covenant back in 1969 and made up by Bolivia, Colombia, Ecuador and Peru.	It is articulated around the ' <i>Sistema Andino de Integración</i> ', which aims at furthering integration and cooperation.	Its Strategic Agenda provides for cooperating in hydrocarbons, mining and hydroelectricity and for strengthening the Council of Ministries of Energy, Electricity,	<i>Comunidad Andina, Secretaría General, Principios Orientadores y Agenda Estratégica Andina</i> , SG/di 935, 10 February 2010,

			Hydrocarbons and Mines within the Community. This was established by Decision 557. Resolution 774 of 2012 expressed their commitment to combatting illegal mining in the territories of member states.	at http://www.comunidadandina.org/index.aspx
CARICOM (Caribbean Community), established in 1973 under the Treaty of Chaguaramas (revised in 2002 to allow for potentially setting up a single market).	Fifteen member states and five associate members.	It aims at enhancing economic integration, foreign policy coordination, human and social development, and security.	No	CARICOM, available at https://caricom.org/about-caricom/who-we-are
Central American Integration System (<i>Sistema de la Integración Centroamericana</i> , SICA)	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama in 1991 signed the Protocol to the Chart of the Central American States Organisation (ODECA), known as the Tegucigalpa Protocol. Belize joined in 2000 and the Dominican Republic in 2013. There are groups of Regional and Extra-Regional Observer Countries.	It aims at integrating Central America as a region of peace, freedom, democracy and development.	It has established commissions and working groups on a wide range of areas (mining has not been included as a specific thematic area for integration).	SICA at http://www.sica.int/sica/sica_breve.aspx

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¹ I am grateful for comments received from Maria Iriart, Luis Bustos and Alejandro Canut de Bon on earlier drafts of this Brief. All potential errors and inaccuracies remain my own.

² Eslava, 2018.

³ In Chile, minerals account for 55% of total exports, 90% of which are copper. Chile is the first producer of copper (with 5.7 million annual tonnes in 2015), ranked third for molybdenum (with 49 thousand tonnes in the same year), seventh for silver and 14th for gold in the world. In Peru, mineral exports (both metallic and non-metallic) represent 61% of total exports. Peru ranks second as a copper, zinc and silver producer worldwide and first as a producer of gold, zinc, tin, lead and molybdenum in Latin America.

⁴ Hinde and Farooki, 2018.

⁵ Mining Journal, Latin America Claims Top Exploration Region Spot Globally in 2017, 26 February 2018. Brazil is the largest producer of niobium (90% of world production), the second largest producer of iron ore and the third largest producer of bauxite. In addition, it has significant reserves of niobium, rare earths, nickel, tin, iron ore and manganese (quoted by Trindade, Adriano, Brazil Mineral Policy (draft)).

⁶ STRADE [PB 02/2017](#) shows that the sourcing of metal imports is not only connected to countries supplying ore but, also, to those holding refineries and manufacturing industries.

⁷ Bastida, 2008.

⁸ Yupari, 2005.

⁹ Bastida, 2008, and Bastida & Bustos, 2017.

¹⁰ See Bebbington, 2012.

¹¹ Vanhulst and Beling, 2014; Villalba, 2013.

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- ²³ Escobar, 2015.
- ²⁴ See further Bastida and Bustos, 2017.
- ²⁵ Bastida and Bustos, 2017.
- ²⁶ A 'virtuous' sector stresses the role of mining in catalysing robust collaborative innovation ecosystems anchored in increased competitiveness and productivity that aim at linking up with global value chains and transformations towards knowledge societies. An 'inclusive' sector entails the promotion of participation and the creation of shared value with local communities. A 'sustainable' sector requires the integration of all the critical variables affecting the socio-environmental system in which projects operate right from the design stage.
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- ⁶⁴ Section 111 of the Consensus states: 'Sustainable development requires a holistic and cross-sector policy approach and is ultimately an issue of governance which needs to be pursued in partnership with all stakeholders and on all levels. The EU and its Member States will therefore promote whole-of-government approaches and ensure political oversight and coordination efforts at all levels for the SDGs implementation. In order to better support policy formulation and decision-making, they will ensure the evidence base of policy impacts on developing countries through consultations, stakeholder engagement, *ex-ante* impact assessments and *ex-post* evaluations of major policy initiatives. Ongoing EU action towards sustainable global supply chains...illustrates the added value of pursuing a coherent approach. Policy initiatives should, wherever relevant, indicate how they contribute to sustainable development in developing countries. This is also instrumental for improving the EU and its Member States' monitoring and reporting on PCD (section 111, emphasis added).'
- ⁶⁵ Ministerial Meeting EU-CELAC, Santo Domingo Declaration of 26 October 2016, Press Release. Available at: http://eeas.europa.eu/archives/delegations/barbados/documents/press_corner/news/2016/eu_celac_sd_declaration_en.pdf. 'We recognize that economic growth within a policy framework of environmental and social responsibility is essential to achieve sustained and inclusive development'.

8 Project Background

The Strategic Dialogue on Sustainable Raw Materials for Europe (STRADE) addresses the long-term security and sustainability of the European raw material supply from European and non-European countries.

Using a dialogue-based approach in a seven-member consortium, the project brings together governments, industry and civil society to deliver policy recommendations for an innovative European strategy on future EU mineral raw-material supplies.

The project holds environmental and social sustainability as its foundation in its approach to increasing the security of European Union mineral raw-material supply and enhancing competitiveness of the EU mining industry.

Over a three-year period (2016-2018), STRADE will bring together research, practical experience, legislation, best practice technologies and know-how in the following areas:

1. a European cooperation strategy with resource-rich countries;
2. internationally sustainable raw-material production and supply; and
3. strengthening the European raw-materials sector.

9 Project Identity

Project Name	Strategic Dialogue on Sustainable Raw Materials for Europe (STRADE)	
Coordinator	Oeko-Institut; Doris Schueler, Project Coordinator, d.schueler@oeko.de	
Consortium	OEKO-INSTITUT E.V. – INSTITUT FUER ANGEWANDTE OEKOLOGIE (Oeko-Institut)	
	Merzhauser Strasse 173, Freiburg 79100, Germany	
	SNL Financial (AB) Olof Palmes gata 13, Se -111 37, Stockholm, Sweden	
	PROJEKT-CONSULT BERATUNG IN ENTWICKLUNGS-LAENDERN GMBH (Projekt-Consult) Eulenkrugstraße 82, 22359 Hamburg, Germany	
	UNIVERSITY OF DUNDEE (UNIVDUN) Nethergate, DD1 4HN Dundee, United Kingdom	
	GEORANGE IDEELLA FORENING (GEORANGE) Box 43, Mala 93070, Sweden	
	UNIVERSITY OF WITWATERSRAND JOHANNESBURG (WITS) Jan Smuts Avenue 1, Johannesburg 2001, South Africa	
	DMT-KAI BATLA (PTY) LTD (DMT) P.O Box 41955, Craighall, 2024, South Africa	
Funding Scheme	Horizon 2020 Programme, Grant Agreement number 689364	 Funded by the Horizon 2020 Programme of the European Union
Duration	1.12.2015 – 30.11.2018	
Budget	EU funding: €1 977 508.75	
Website	www.STRADEproject.eu	

The views expressed in STRADE Policy Briefs are those of the respective author(s) and do not necessarily reflect the views of all the STRADE Consortium members. The European Union is not responsible for any use made of the information in this publication.