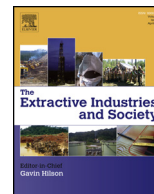




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Original article

# The socio-political dynamics of transnational mining in Argentina: The cases of Puerto San Julián and Esquel in Patagonia

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### ABSTRACT

The purpose of this article is to analyze and compare the socio-political dynamics of two different mining projects in Patagonia, Argentina. In Puerto San Julián, AngloGold Ashanti (AGA) and the provincial mining development company of Santa Cruz (known as Fomicruz in Spanish) have been operating Cerro Vanguardia, the first large-scale gold mining project in the province of Santa Cruz, since 1998. In contrast, a transnational mining operation was successfully blocked in Esquel, in Chubut province by Argentina's first socio-environmental movement in 2002. The main question of this paper is to determine which socio-political conditions resulted in the politicization of transnational mining development in one location but not the other. To address this question, I argue that it is important to understanding how transnational mining development reshapes the socio-political conditions at the sub-national level. This article is based on more than fifty semi-structured interviews in these localities with key players, including local political authorities, representatives of AGA, mining workers, inhabitants of the town, and militants of the social movement, between February and March 2011, and in April 2012.

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## 1. Introduction

“If Cerro Vanguardia did not exist, today San Julián would be a ghost town. We must learn to know the country as a whole. And we also ought to demand environmental care and reinvestment of profit to the companies in the communities. We will do it and we will work on it (Applause) . . . because we know that is an important resource for the provinces, for its inhabitants and for the country (Applause) [ . . . ] If we can do it in Santa Cruz, we can do it throughout the country (Applause)”.

Cristina Kirchner.<sup>1</sup>

“We dreamed of nationalizing the conflict, so the first day when I went to Jacobacci and saw that other people spoke was a joy for me, just like when we were talking to San Juan [ . . . ] Esquel will not be alone; we will work in solidarity because we do not

want mining in Esquel, in the province, in Argentina, or in America”

Chuni Botto.<sup>2</sup>

The socio-territorial conflicts in Argentina and elsewhere in Latin America include different processes of contestation by local communities and indigenous people related to the development of extractivist projects (Svampa, 2011; Bebbington and Bury, 2013; Helwege 2015). In this context, it is relevant to analyze and compare the socio-political dynamics of two different mining projects in Patagonia at the local level in Argentina. In Puerto San Julián, AngloGold Ashanti (AGA) and the provincial mining development company of Santa Cruz (known as Fomicruz in Spanish) have been operating Cerro Vanguardia, the first large-scale gold mining project in the province of Santa Cruz, since 1998. In contrast, a transnational mining operation was successfully blocked in Esquel, in Chubut province by Argentina's first socio-environmental movement in 2002. I will compare these two cases in order to answer the following question: What socio-political conditions aided or impeded transnational mining development in these locations? Put another way, what conditions resulted in the politicization of transnational mining development in one location but not the other?

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<sup>1</sup> The stenographic version of Cristina Kirchner's discourse. Former president of Argentina (2007–2015). (Translation by the author) in the speech delivered at the opening of parliament on March 1st, 2012. <http://frenteparalavictoria2011.blogspot.com/2012/03/discurso-completo-de-cristina-fernandez.html>, (Web site consulted on October 12, 2012).

<sup>2</sup> Chuni Botto, member of the AVAE. Interview with the author 20.03.2011.

To tackle this question, I argue that the comprehension of economic forces is important; however, it is even more important to understanding how transnational mining development reshapes the socio-political conditions at the sub-national level in Patagonia (Torunczyk, 2015). Mining resources are situated at the local level and it is at this level that socio-environmental conflicts may or may not appear. I will describe and compare the socio-political dynamics in these two cases to explain the transformation of Puerto San Julián in Santa Cruz from a cattle town to a mining town, as well as the emergence and persistence of resistance to mining in Esquel in Chubut.

I will first present some of the prevailing issues of transnational mining development in Argentina. Then, I will briefly describe the key points of my theoretical framework based on a socio-political comparative perspective. In the largest section, I will describe why and how Puerto San Julián became a mining town, and why and how opposition against mining emerged in Esquel and is still active today. Finally, the conclusion will look at different ways that the development of or resistance to transnational mining projects affects the relationship between society and politics.

## 2. Methodology

This article is based on qualitative research methodology and observation notes from fieldwork and previous articles written about the subject. I conducted 50 semi-structured interviews in Esquel and Puerto San Julián with key players, including local political authorities, representatives of AGA, mining workers, inhabitants of the town, and militants of the social movement, between February and March 2011, and in April 2012. All of the interviews were recorded and transcribed verbatim, providing a large quantity of information to draw upon for this research. More important than the number of interviews is the richness of the information they have yielded. It is important to highlight the insight they provided in understanding why a mining development generates antagonist positions in different communities, and how these perceptions change over time.

## 3. Transnational mining development and socio-environmental conflicts in Argentina

Traditionally, mining has not been considered as important an economic sector in Argentina as it has in other Latin American countries such as Chile, Peru, or Bolivia (Brown, 2012). By mid-1990, mining contributed only 0.50 percent to the Gross Domestic Product (GDP) of Argentina (Catalano, 2004). However, like other countries in the region during the 1990s, Argentina implemented comprehensive neoliberal reforms to mining legislation in order to attract transnational investments in this sector (Svampa et al., 2009b; Christel and Álvarez, 2011).

Transnational mining development in Argentina is unique compared with other federal countries in the region, such as Mexico or Brazil. The amendment of the Argentina Constitution in 1994 produced two important modifications concerning the development of mining projects: First, the federal State transferred the original ownership of natural resources to the provinces, renouncing its right to regulate or produce in this sector.<sup>3</sup> This effectively placed the decision to develop mines at

the discretion of the provinces. Second, the 1994 constitutional reform also introduced third-generation rights, including environmental rights (art. 41) and the rights of indigenous peoples (art. 75). It also gave constitutional recognition to various international treaties and conventions, including the ILO Convention 169 (2000), and the United Nations Declaration on the Rights of Indigenous Peoples (2007). These two reforms highlight the economic and political decentralization of natural resources to the sub-national level while emphasizing the extent of social and environmental rights at the federal level. In spite of the impressive development of mining projects in the country, only two consultation processes were held: one in Esquel and Comarca Andina, Chubut, in 2003, and another in Loncopué, Neuquén, in 2012 (Svampa and Viale, 2014, p.181).

The first organized social protest against a transnational mining company occurred in Esquel in Chubut, in 2002. Since then, transnational mining development has become radically politicized, and we have since witnessed the progressive spread of socio-territorial conflicts in more than 10 of the 23 provinces in the country. In the last decade alone, more than 70 socio-environmental movements have emerged throughout Argentina. In 2006, these socio-environmental groups united to form the Unión de Asambleas Ciudadanas (UAC). As a result of these movements, nine provincial legislatures passed legislation forbidding open pit mining between 2003 and 2011 (Svampa and Antonelli, 2009). These laws are still in place in seven provinces (Chubut, 2003; Tucumán, 2007; Mendoza, 2007; La Pampa, 2007; Córdoba, 2008; San Luis, 2008; Tierra del Fuego, 2011). In the other two, the laws were sanctioned and later repealed (La Rioja 2007–2008, and Rio Negro 2005–2011). More research is needed to fully understand the dynamics of each of these laws, and why some remained in place while others were repealed.

In political terms, when Nestor Kirchner (2003–2007) came to power in 2003 at the federal level, he promoted transnational mining development as a State Policy. His successor (and his wife), Cristina Kirchner (2007–2015), has continued in the same direction. In 2012, she created the Organización Federal de Estados Mineros (OFEMI). This organization, which brings together the mining provinces, has a goal of expanding their share of the mining rent and unifying provincial responses to socio-environmental conflicts.

According to Julio De Vido, Minister of Federal Planning, Public Investment, and Services, the mining sector in Argentina “went from about \$7000 billion USD to \$15,200 billion USD of GDP, about 3.2 percent Argentina’s GDP, and export growth increased from \$2100 billion USD to \$6500 billion dollars USD between 2003 and 2013”.<sup>4</sup> However, these official figures should be treated with caution, as statistics in Argentina are unreliable. Direct jobs in this sector increased from 35,000 to 72,300, and the number of active projects in different phases (prospection, exploration, and production) jumped from 42 to 701 in the same period of time.<sup>5</sup> Direct jobs created in the mining sector have increased from 13,867 in 2002 to 29,308 in 2012 (Svampa and Viale, 2014). That said, mining only represents a 0.8 percent share of the GDP (Helwege, 2015).

In sum, for the federal government and many provinces, mining development would be a key factor for sustained economic growth and an opportunity to position Argentina as an important world

<sup>3</sup> At least in the mining sector; in May 2012, the federal government has recovered the control of the oil privatized company YPF (Yacimientos Petrolíferos Fiscales). See [http://www.diputados.gov.ar/secpar/dcultura/noticias/2012/noticia\\_0006.html](http://www.diputados.gov.ar/secpar/dcultura/noticias/2012/noticia_0006.html). (Website consulted on June 1, 2012).

<sup>4</sup> “Las inversiones mineras alcanzarán los US\$ 3.858 millones en 2014” <http://www.telam.com.ar/notas/201403/55060-las-inversiones-mineras-alcanzaran-los-us-3858-millones-en-2014.html>. (Website consulted on March 12, 2014).

<sup>5</sup> Website consulted on April 12, 2014.

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