FEATURED Q&A

What Do Protests Mean for Ecuador’s Mining Industry?

Leonidas Iza, the president of the Confederation of Indigenous Nationalities in Ecuador, or Conaie, said March 26 that the organization would be taking a firmer stance against mining activities in the country. Ecuador’s mining chamber said in early March that mining exports totaled a record $3.2 billion in 2023—an increase of almost 20 percent, and clashes recently broke out between police and villagers of Palo Quemado, where a project by Canadian firm Atico Mining is currently underway. How much might Conaie’s protests undermine the mining industry’s expansion in Ecuador? Why are Indigenous communities at odds with the mining industry? How will potential protests, or the threat of them, affect business and investment, as well as Ecuador’s economy generally?

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John Polga-Hecimovich, associate professor in the political science department at the U.S. Naval Academy: “Despite the fact that Conaie’s political agenda has historically promoted environmental sustainability and opposed extractive industries in Ecuador, the mining and petroleum industries have continued to grow. Indeed, in 2023, mining was Ecuador’s fourth-largest export sector, providing $762.72 million in tax revenue and accounting for nearly 97,000 jobs. Yet resource extraction in Ecuador is a divisive issue, and Indigenous communities have long been at odds with the mining industry. First, Indigenous attitudes are influenced by the philosophy of sumak kawsay, which promotes living in harmony with nature rather than dominating it. Second, Indigenous communities’ physical proximity to mining and oil operations—and the resulting environmental degradation—has helped

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**POLITICAL NEWS**

**U.S. Won’t Extend Venezuela Sanctions Relief Absent Progress**

The U.S. government will not extend sanctions relief on Venezuela’s oil and gas sector unless President Nicolás Maduro makes progress on holding a free and fair presidential election this year, a State Department spokesperson said Monday, Reuters reported. Last October, the United States granted the relief on a six-month license, which is due to expire Thursday. However, Venezuela’s government since then has cracked down on the opposition, including the Supreme Court upholding a ban on opposition candidate María Corina Machado from holding office and authorities arresting rights activist Rocío San Miguel. “Absent progress by Maduro and his representatives in terms of implementing the road map’s provisions, the United States will not renew the license when it expires on April 18, 2024,” the State Department spokesperson said Monday, Reuters reported. Top U.S. and Venezuelan officials reportedly met secretly last week in Mexico, but a source familiar with the talks told Reuters that they made little progress, if any. Despite the possibility of the United States reimposing sanctions, Maduro is unwilling to risk a free and fair election, Phil Gunson, senior analyst for the Andes region at International Crisis Group, told the Advisor in a Q&A published March 8. “With polls showing four in five voters keen for a change of government, and Unitary Platform candidate María Corina Machado the clear favorite even though she has been barred from participating—Maduro is not inclined to take chances and has taken harsh measures against dissent,” said Gunson. In March, Venezuela’s oil exports rose to their highest level in four years as customers rushed to buy Venezuelan oil ahead of the expected expiration of the U.S. sanctions relief, Reuters reported. Venezuelan state oil firm PDVSA has said it is prepared to face any scenario, including the full reimposition of sanctions, the wire service reported. Officials in the administration of U.S. President Joe Biden have been discussing how far to go in reimposing sanctions, Reuters reported. It may stop short of returning fully to the “maximum pressure” policy implemented under the administration of former President Donald Trump. One such option would be to allow Venezuela to continue selling crude on world markets but reimpose a prohibition on using U.S. dollars for those transactions. “We are going ahead with a license or without a license, we aren’t a gringo colony,” Maduro said Monday night during his weekly television program.

**BUSINESS NEWS**

**X Says it Will Comply With Brazilian High Court’s Orders**

Attorneys representing billionaire Elon Musk’s social media site X have told Brazil’s Supreme Court that the site will comply with the high court’s rulings, Reuters reported Monday, citing a copy of a document that X sent to the court. “As already communicated to the federal police, X Brasil informs that all orders issued by this Supreme Court and the Superior Electoral Court will continue to be fully complied with by X Corp.,” the attorneys said in the message, addressed to Supreme Court Justice Alexandre de Moraes. The message came after Musk said last week that he would challenge the court’s order to shut down some accounts accused of spreading falsehoods. “We are lifting all restrictions,” Musk said April 6 in a posting on X. “This judge has applied massive fines, threatened to arrest our employees and cut off access to X in Brazil. As a result, we will probably lose all revenue in Brazil and have to shut down our office there,” Musk added. In response, Moraes opened an investigation into Musk, saying he was waging a “disinformation campaign,” the Associated Press reported. Musk accused Moraes of suppressing free speech and violating the Brazilian constitution. Last week, Musk also said that X had received an inquiry from the U.S. House of Representatives “regarding actions taken in Brazil that

**NEWS BRIEFS**

**Panama Canal to Ease Restrictions as Water Levels Rise**

The Panama Canal Authority said Monday that it will ease restrictions through the waterway amid an improvement in water levels, Agence France-Presse reported. Last year, officials imposed restrictions due to low water levels that were blamed on global warming and the El Niño weather phenomenon. The authority said it would allow 32 ships through the waterway each day, up from the previous limit of 27.

**U.N. Security Council Urges Venezuela, Guyana to Avoid Raising Tensions**

The United Nations Security Council on Monday urged Venezuela and Guyana to avoid escalating tensions in their ongoing dispute over the Essequibo region, Agence France-Presse reported. Disputes over the territory are longstanding but escalated after Exxon Mobil discovered large oil deposits there in 2015. Although Essequibo accounts for two-thirds of Guyana’s territory, Venezuelan President Nicolás Maduro recently signed into law a referendum held last year in which voters approved annexing the territory.

**Chile to Begin Accepting Statements of Interest for Lithium Exploration**

Chilean Mining Minister Aurora Williams announced Monday that the government had begun accepting statements of interest for lithium exploration with the goal of developing five new projects, Reuters reported. Williams said that the government’s goal is to issue permits before the year’s end for the new projects—with a 60-day process of accepting statements of interest beginning this week and announcements in July on which salt flats receive interest.
were in violation of Brazilian law,” Reuters reported.

**All of Vale’s Power in Brazil Coming From Renewable Sources**

Brazilian multinational mining company Vale announced Monday in a statement that all of its operations in Brazil during 2023 used electricity from renewable sources. The company had aimed to achieve 100 percent renewable electricity consumption by 2025 but said it has reached the goal two years ahead of schedule, although the firm still aims to transition all of its global operations to renewable energy only. Currently 88.5 percent of Vale’s worldwide operations are powered by renewable energy, with the company hoping to complete the process of fully transitioning to renewables only by 2030. “We are announcing an important milestone in Vale’s decarbonization strategy, which aims to reduce its scope 1 and 2 CO2 emissions (direct and indirect) by 33 percent by 2030 and to become net-zero by 2050,” Ludmila Nascimento, the director of Energy and Decarbonization at Vale, said in the statement. “As we are progressing on our targets, we are helping to make Brazil’s energy matrix even cleaner, contributing to society’s fight against climate change,” she added. According to the company’s statement, a key factor in reaching its goal of 100 percent renewable energy consumption was the 766 megawatts peak Sol do Cerrado solar complex in Minas Gerais state, which began operation in November 2022, following Vale’s $590 million investment in the project.

— Ludmila Nascimento

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Harden attitudes against extractive industries. Lastly, many of these communities suffer the environmental consequences of resource extraction without enjoying their economic benefits. Changes to mining could be underway. As history has shown, Conaie is a powerful veto player with the ability to alter national politics, and the organization could limit the extent to which mining expands in Ecuador. Among other things, protests are aimed at the Noboa government’s new guidelines on ascertaining communities’ free and informed consent for mining projects. Conaie argues that the new rules establish that communities will only be consulted if they have registered in advance with the government, limiting many people’s ability to oppose new projects. This suggests that change is aimed at empowering local communities’ abilities to oppose new mining projects rather than eliminate existing ones.”

**As we are progressing on our targets, we are helping to make Brazil’s energy matrix even cleaner…”**

— Ludmila Nascimento

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Gabriel Santelices, partner, and Santiago Paz, associate attorney, at Dentons Paz Horowitz in Quito: “Conaie is currently the strongest Indigenous political movement in Ecuador, and even though it has been able to mobilize sufficient people to paralyze Quito, we have yet to see such support against mining. We have to consider that Conaie does not only work or act with protests; it also started several legal processes that have affected the mining industry, such as lawsuits challenging the constitutionality of regulations governing prior consultation. Although these actions have affected the mining industry, they do not carry the same weight in industry risk assessment as political instability, internal insecurity and recent diplomatic conflicts that have affected Ecuador. The public stance of the Indigenous communities that are against mining is that its operation affects community lands and pollutes nearby waterways, air, and the environment in general without control and without environmental remedies, leaving the land dry and sick and without the possibility of producing as it did before. Also, the communities maintain that international mining companies ‘steal’ the resources that belong to them. Still, in reality, most of the antimining postures of the communities are spurred by their leaders with a particular political agenda that does not care about the wellness of the communities. With this being said, potential protests, or the threat of them, will not significantly affect the mining business since Indigenous communities close to the mining concessions generally favor mining and, therefore, are unlikely to support such an antimining movement. We also have to consider that mining concessions are located all around the country, and thus, it will be hard for Conaie’s members to protest and impede operations in all mining concessions.”

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Marc Becker, professor of history at Truman State University: “Local communities bear the brunt of negative impacts from mining and other forms of resource extraction. The clashes in Palo Quemado underscore the deep-seated grievances of Indigenous peoples against the mining industry. Their opposition stems from a history of exploitation and marginalization, as well as a disregard for their rights and land tenure. These communities are rightfully concerned with the long-term consequences of mining activities on their lands and ways of life, and Conaie’s protests highlight these injustices. More importantly, popular opposition to mega mining projects extends well beyond concerns with adverse environmental consequences that receive the most media attention. Underlying ecological concerns are more fundamental problems with the detrimental impact of resource extraction on a country’s economic development. While supporters champion the profits that these projects generate, most of that money flows into the pockets of wealthy individuals and more commonly out of the country. All that

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is left for local communities are environmental degradation, displacement and a loss of livelihoods. But even the country as a whole benefits little from the mining industry. While populist governments justify extractive industries as providing financing for education, health care and infrastructure—and indeed that funding can improve the lives of those in marginalized communities—large-scale mining projects never result in structural economic shifts that would lead to a type of development that would benefit the country. Despite optimistic projections, these projects leave countries even more deeply impoverished.”

Hernán Reyes Aguinaga, professor of communications at Universidad Andina Simón Bolívar in Ecuador: "Along with the large wave of violence unleashed by criminal organizations that broke out in recent years, Ecuador is experiencing the violence unleashed by environmental devastation and its social consequences. Since the 1970s, the causes are the extractive oil model, and currently also mining exploitation. This reality hides the fact that more than half of the concessions for mining exploration and exploitation are located in territories where ancestral peoples live. Furthermore, most mining areas are highly sensitive in terms of biodiversity and the existence of watersheds that are essential for the protection of life. In Ecuador, the constitution and current laws mandate that before mining begins, a prior, free and informed consultation must be made to the residents of those areas. However, the latest Ecuadorian governments, including the current one, have refused to issue regulations to prevent this consultation from being applied, and have opted for strategies such as dividing the communities, militarizing the area to defend the mining company and brutally repressing their actions. They have also accused more than 70 community members of being ‘terrorists,’ even sentencing several of them to prison. Faced with this panorama of socioenvironmental devastation and abuses by transnational mining companies with the complicity of the state, the National Anti-Mining Front and the Confederation of Indigenous Nationalities of Ecuador, Conaie, headed by Leonidas Iza, have stood up, at the national and international level, denouncing the ‘curse of abundance,’ since extractivism has only enriched a few and devastated Indigenous communities and poorer sectors.”

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.