



14 June 2018

Chief Credit Officer
Export Finance and Insurance Corporation

Via email: environment@efic.gov.au

CATEGORY A SUBMISSION: EFIC proposal to provide project finance to Mina Justa Copper Mine, Peru.

About Jubilee Australia

Jubilee Australia engages in research to seek reform of Australian government and corporate practices, and of the global financial system, to support community wellbeing and a just and sustainable global economy.

Background

As Efic would be aware, the Mina Justa Copper Mine located in the Ica region in Peru is a large copper mining project.¹ The project has been classified as a Category A project. Large scale mining operations in Peru often have adverse impacts on human rights and are closely connected to social conflicts.² One recent study found that mining is the leading cause of social conflict in Peru.³ Both the positive and negative impacts of any large-scale mining operation, like Mina Justa, will be felt at a local and national level. More generally, community groups all over South America are deeply concerned about the adverse impact of mining activities on the environment, their health, the displacement of people and for exaggerating poverty.⁴

The UN Working Group

The United Nations Working Group on Business and Human Rights made an official visit to Peru in 2017. During their time in Peru, they met with a variety of people, including Government officials, members of Parliament, representatives of the Supreme Court and the Ombudsman's Office, as well as representatives of indigenous people, local communities and mining

¹ <https://www.miningglobal.com/operations/minsur-secure-900-million-16-billion-construction-mina-justa-copper-project>

² <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=21888&LangID=E>

³ <https://edoc.hu-berlin.de/handle/18452/19483>

⁴ <http://www.dw.com/es/per%C3%BA-paga-un-alto-precio-por-su-modelo-minero/a-43473962>

companies. The objective of the visit was to review the human rights impacts of business, and to give recommendations to stakeholders on how to address these impacts.

The UN Working Group published an official statement at the end of their visit, containing initial observations from their visit.⁵ The statement points out various challenges in regard to the impact business activity (in particular mining) has on human rights in Peru. They found that:

- There is a high number of social conflict related to large-scale business operations. In the four years from 2012-2016, these conflicts have led to 70 deaths (65 civilians and five police officers).
- A majority of the deaths (64.3 %) were related to protests against adverse impacts caused by mining activity. According to the Ombudsman's Office, these protests mainly grew out of a lack of meaningful participation and consultation with affected communities, and concerns related to contamination of soil and water resources adversely impacting human rights such as the right to life, food, water and health.
- Indigenous people are particularly vulnerable to the adverse impacts caused by these large-scale business operations.
- There is a need to dedicate resources to ensure that indigenous people can participate during the consultation process, and that they have the adequate legal and technical assistance to do so. Special attention must be given to ensuring women's representation and participation, as women are typically excluded from consultation processes.

As noted by the UN Working Group, there is a general concern in Peru regarding a lack of meaningful participation around mining projects. The Environmental Impact Assessment (EIA) for the Mina Justa project sets out a Public Participation Plan.⁶ However, information on who is actually represented at these public meetings, including whether or not women, indigenous people and other groups who are often marginalised is missing from the information presented in the EIA. Given that a lack of meaningful participation has been the source of social conflict linked mining in Peru we recommend that Efic seek more information from the project developer on this issue.

The UN Working Group will present further recommendations and observations to the Human Rights Council's 38th session which will commence on 18 June 2018. Jubilee Australia encourages Efic to read the Working Group's report.

It is also worth noting that in Peru there is a perceived competition between mining activities and other livelihood activities, especially agriculture.⁷ The Ica region's primary resources are cotton, grapevine and kidney beans.⁸ Consequently, and unless properly designed and managed, a large-scale mining operation such as Mina Justa might harm the agricultural sector which is so important in the region. This is the background of an ongoing protest against another mining

⁵ <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=21888&LangID=E>

⁶ See page 69

⁷ Haslam and Nasser 2015

⁸ www.regionica.gob.pe

project, the Tia Maria project in Arequipa in Peru, which has led to the deaths of at least eight people.⁹

Connection to Australia

Although Minsur's president Juan Luis Kruger has stated that the Mina Justa project has a connection to Australia, our research has not found what this connection is. This is concerning as Efic's mandate is to support Australian businesses export or establish a presence in international markets or in international supply chains. We recommend greater transparency in the interest of building public trust. To this end, we urge Efic to consider making this information publicly available on its website.

Recommendations

Jubilee Australia recommends that Efic not provide any project finance to the Mina Justa copper mining project on the basis that the link to Australian businesses is not clear, and because of the risk that this project will cause serious social conflict. As noted above, mining in Peru is a significant cause of social conflict and has been connected to the deaths of numerous people.

Jubilee Australia also recommends that for this project, and all others, that Efic discloses information on what the Australian connection to the project is.

Thank you for allowing Jubilee Australia to make this submission. If you would like to discuss the submission, please contact the undersigned via email or telephone.

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⁹ <http://upsidedownworld.org/archives/peru-archives/perus-tia-maria-mining-conflict-another-mega-imposition/>