

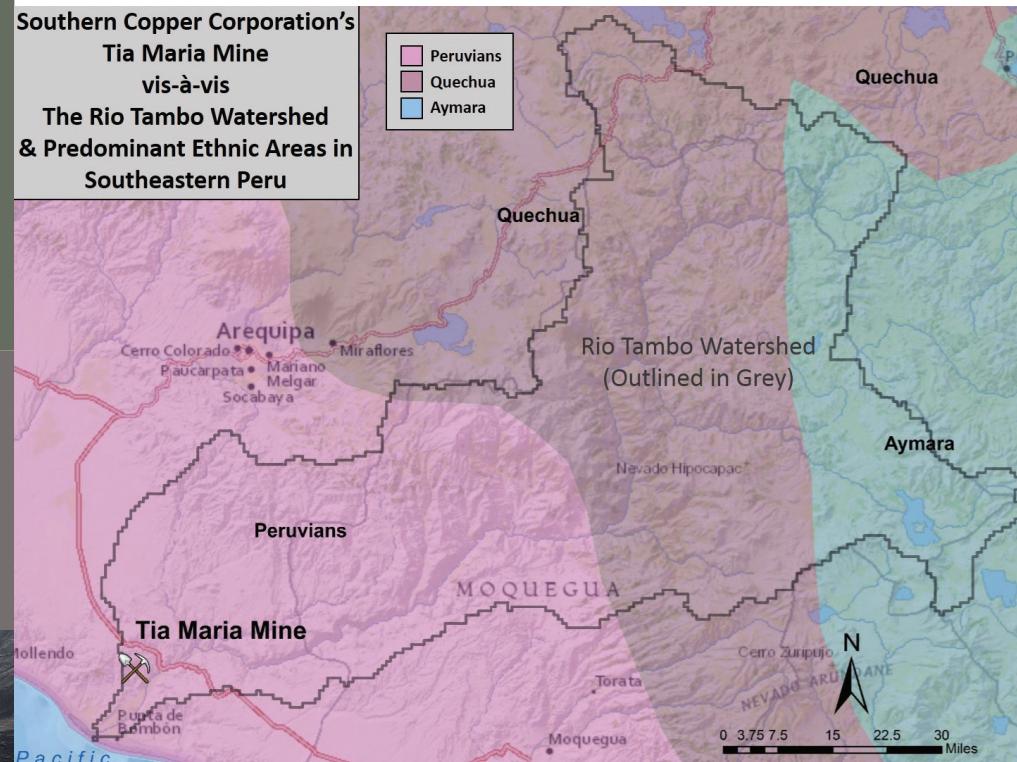
Quick Look: Arequipa, Peru



SITUATION

In April 2011, the Peruvian government stopped all operations at the \$1 billion Tía María mine project (vicinity of 17.01 Degrees South, 71.74 Degrees West) following deadly environmental protests by local farming communities. Based upon a Peruvian government review and expected approval of a revised environmental impact study, Southern Copper anticipates restarting operations at the Tía María mine in the second half of 2014. Southern Copper projects ramping operations to full production at Tía María by 2016 to meet pre-arranged contractual obligations with Mitsui Group, Japan, and other companies to deliver copper.





APPROACH

Social tensions driving protests that target the Tía María mine have already started. ENODO Global, Inc.'s population-centric methodology delivers a solution for Southern Copper by understanding the local social, economic, ethnic and environmental concerns. We focus our analysis at the community level to deconstruct identity layers and identify core grievances that drive unrest. Recognizing common identity layers enables us to create effective narratives and develop engagement strategies that mitigate social tensions, resonate with target groups and deliver stable operating environments.

FINDINGS

Farming communities residing in the Tambo River Valley provoke much of the conflict that affects the Tia María mine project.

The Tía María mine is located north west of the Tambo River Valley, which is populated by farming and ranching communities that have inhabited the region for generations. As with all communities, the settlements in the Tambo River Valley reflect multiple identities.

ENODO's cursory analysis of the farming communities uncovered common identities and social tensions that underpin conflict within the Tambo River communities:

Environmental

Protests are based upon farmers' beliefs that the Tia María mine will not only contaminate the Tambo River Valley water and soil, but will also reduce water access throughout the valley. Although communities have not experienced problems, their perceptions are based upon water shortages and contamination that occurred in other mining projects in Peru. Environmental impacts are the primary threat to their livelihoods and identity, which elicits the visceral response which emanate through protests.

Farmer/Pastoral

Farming communities in the Tambo River Valley have a permanent physical and social attachment to the land and river. For many, their ancestral ties to the region and the ability to preserve the existing conditions are more important than monetary benefits. The earth embodies their cultural heritage and complements the farming identity. This perspective is often in direct conflict with mining, which may be viewed as "the raping of land."

Ethnic

The Tambo watershed is culturally diverse. Upstream from the mine, in the higher elevations, ethnicity changes from Mestizo farmers to ethnic Quechua. Traditionally, farming communities have viewed the generally more impoverished Quechua as inferior. The migration of Quechua to higher paying jobs at the Tía María mine area distorts the traditional societal status, and exacerbates ethnic prejudices and tensions that play out in potentially explosive actions.

Economic

The Tambo River Valley includes agri-industrial rice and sugar cane production, as well as smaller crops of olives and hot peppers. Environmental impacts that negatively affect the quality and quantity of agricultural will have immediate and long-term local and regional economic implications. This, combined with the unequal distribution of wealth from the mines, reinforces perceptions.





OUTLIERS

Social tensions and identity conflicts at the micro level are compounded by macro-level events including Peru's upcoming 2016 Presidential election, dissatisfaction with provincial leaders, periodic strikes by miners, campesinos, and teacher unions, the resurgence of Shining Path and environmental effects from earthquake and volcanic activity. These can have significant impact on national and regional politics, which affect trade and economic policy.

CONCLUSION

Based on our cursory analysis of the Tia Maria mine project, ENODO expects that unresolved social tensions will increase in occurrence and magnitude. These will ultimately manifest in the form of litigation, agitation, protests and violence against Southern Copper. These actions increase Southern Coppers operating costs, due to lost productivity from work delays, diversion of management time and, most significantly, the potential for additional suspension or abandonment of operations. Leveraging ENODO's population-centric methodologies for further investigation delivers predictive analysis and development of effective engagement strategies to mitigate these threats.



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