Peru reopens economy as thousands of miners contract COVID-19

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The Peruvian government has reintroduced curfews and extended a military-enforced state of emergency and quarantines to 14 of the country's 25 regions until the end of August following a record number of coronavirus infections. The restrictions of movement, first decreed in March, have not been applied to the lucrative mining sector, which the pro-business government of President Martín Vizcarra agreed to gradually restart when it classified mining as an "essential industry" earlier in May.

With 478,024 coronavirus cases, Peru has the third most infections in Latin America, and with over 21,000 fatalities, it has the highest per capita death toll in the region. The Pan American Health Organization is investigating whether the country failed to count another 27,000 deaths caused by COVID-19, which would raise the death toll to almost 50,000. The *Washington Post* reported last week that thousands of death certificates listing COVID-19 as one of several causes of death were not included in the country's official toll "because the victims did not undergo a coronavirus test before dying."

Underlying this immense suffering and death are the decades of structural adjustment programs prized by finance capital, initiated by authoritarian president Alberto Fujimori in 1990. The Peruvian masses have been at the receiving end of policies that have been geared to meet the requirements of financial and corporate interests—mass layoffs through privatizations of state-owned industries, the elimination of job security laws and wage indexation, the privatization of social security and pension systems and the elimination of subsidies for basic foodstuffs and consumables. The systematic gutting of health budgets over years has left a nation of 33 million with a total of 1,606 ICU beds in private and public hospitals, and 90 percent of those are in use.

While the consequences of these policies were partially masked due to rapid growth of foreign direct investment in the mining sector during the 2000s as Peru opened up its economy to super-exploitation, the coronavirus pandemic has laid bare their true social cost.

The vast majority of workers are in the informal sector. Millions live a precarious existence without job security, minimum wage protection or access to social security. Lima, the country's capital of some 10 million, has concentrated the majority of coronavirus cases in its overcrowded and impoverished working-class districts.

In the more isolated regions, where the indigenous and peasant communities reside among immense mining operations run by transnational corporations, extreme social inequality means that there is a lack of access to proper medical facilities and assistance amid an exponential growth of coronavirus cases. Arequipa, the second-most-populated Peruvian city, with 1 million inhabitants, and the commercial and industrial hub of the southern Andes, had just seven cases in March. By the end of the first week of August, Arequipa, now under quarantine, recorded 18,190 infections and 869 deaths.

The *WSWS* reported that in the first 10 days of the outbreak in March the Andean regions where the large export mining operations are concentrated—including Huancavelica, Ayacucho, Apurímac, Puno, Moquegua and Tacna in the south and Cajamarca in the far north—had recorded not a single coronavirus case. Today, each of these regions has thousands of cases and many hundreds have died: Huancavelica 2,148 infections (41 deaths), Ayacucho 4,603 (81), Apurímac 1,206 (42), Puno 3,211 (98), Moquegua 4,244 (128), Tacna 3,918 (44), and Cajamarca 7,974 (239).

More than 3,000 of these coronavirus cases are among workers in the mining sector, although this figure is incomplete, as the last official recording of cases in the mining industry was from the beginning of July. The Ministry of Energy and Mines has sought to downplay this by stating that the reported infections represent only 2 percent of all workers who have currently returned to operations, but it has sparked fury among mineworkers and local populations:

• More than 300 workers at Pan American Silver's La Arena mine in the region of La Libertad downed tools to protest the growing number of COVID-19 cases at the mine and a lack of testing. Workers fear they could transmit the disease to their families when they go on break, according to a statement from the FNTMMSP, the national mining and metallurgical workers union.

• The population of Tambo Valley initiated protests opposing the reactivation of Southern Copper's Tia Maria copper project, in the southern region of Arequipa for fear of further infections and concerns over toxic waste contamination.

• Social organizations and peasant communities denounced an "excessive presence" of trucks transporting minerals for Las Bambas mining company, in the region of Apurimac that exposed workers and communities to COVID-19.

Earlier in the year, the government responded to the economic crisis triggered by the coronavirus pandemic by implementing "Reactiva Peru," a program worth some 60 billion soles (US$16.9 billion)—an amount equal to 11 percent of GDP. Its main purpose was to prevent a collapse in private credit through establishing a

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loan guarantee fund for business. Paltry handouts from these large sums were promised to the poorest, as more than one third of the workforce lost their jobs due to the pandemic.

In a spiraling economic and political crisis, President Vizcarra was forced for the second time in less than a month to reshuffle his cabinet after a vote of no confidence by the opposition-controlled Congress last week. Vizcarra replaced pro-mining Prime Minister Pedro Cateriano with retired Gen. Walter Martos, who made clear that his priority will be a continuation of the agenda of reopening the economy under conditions in which Peru's central bank forecasts a 12.5 percent drop in the gross domestic product this year.

"The economy has to be revived gradually. We have to be very careful, but I think that returning to a total quarantine, at this time, would be very complicated," Martos told TV Peru.

The Peruvian government, like its counterparts in other Latin American countries heavily tied to extractive industry exports, has sought to keep the mines operational. In March, while the giant domestic and international businesses that exploit Peru were obliged to reduce their workforces, they did not stop functioning. By July, as Vizcarra sought to reopen the economy despite the spike in cases, the Energy and Mines Ministry reported that mining was 90 percent operational.

Mining is the dominant sector of the Peruvian economy. Hundreds of billions of dollars of direct investment have flowed into mining exploration and exploitation over the past 20 years, and another US$58 billion were to be directly invested for FYI 2020-2021 before the pandemic stalled exploration activities. The government has earmarked another 30 billion soles (US$8.4 billion) to reactivate the mining industry.

Peru is among the world's major producers of mineral commodities, which account for more than 60 percent of the country's exports and 10 percent of its GDP. Copper and gold are the most important mineral exports by value, but there are also enormous reserves of silver, zinc, lead and tin. The mining sector, directly and indirectly, employs an estimated 1.5 million workers.

China is the largest foreign investor in Peru's mining projects, but US, Canadian, Australian and British imperialism assert immense influence through the consortiums that control multibillion-dollar mining operations and projects. The most significant global players, including Anglo-American, Rio Tinto, BHP Billiton, Glencore, Freeport-McMoRan, MMG, Newmont, Pan American Silver, Barrick, Gold Fields, Southern Copper, Doe Run Peru, Consorcio Minero Horizonte, and ZINSA, enjoy some of the world's most lax corporate laws.

Peruvian laws and regulations do not discriminate between national and foreign companies. There are no restrictions on repatriation of earnings, international transfers of capital, or currency exchange practices. The remittance of dividends, interests and royalties has no restrictions. Under a revised fiscal system, mining companies now pay royalties based on their operating profits rather than on sales.

"The fiscal changes introduced were largely supported by mining companies and according to industry analysts they have not adversely affected investment decisions or the degree of Peru's mining sector competitiveness compared to other countries," reports a website dedicated to providing investment intelligence for the mining sector.

Such is the dependency that, in the middle of this health and social catastrophe, Vizcarra has sought to facilitate further exploitation of the nation's untapped riches by modifying regulations for mining activities, dispensing with even a modicum of ecological protection and allowing the consortiums to ride roughshod over the needs of the populations.

Pro-business *Gestión* reported that an amendment to the Environmental Protection Regulations for Mining Exploration seeks to provide "predictability" in decision-making, reduce transaction costs for mining licensees and help increase investment in the sector. In other words, any exploration project will go ahead with little state interference.

Driving this insatiable and criminal reopening of the economy is the 20.4 percent plunge in copper production in the first half of 2020 compared to the same period in 2019. Gold production fell 34.7 percent and zinc 23.7 percent. Lost profits need to be recouped, no matter the consequences. This is especially pressing today as the price of gold has reached a historic high and copper surpassed US$6,000 a tonne in June, up about 30 percent since March as both China and Europe begin reopening.

Mining activity always poses environmental risks. However, it is possible to scientifically foresee dangers and determine the safest methods of extraction to prevent deadly impacts upon workers, communities and the environment. This does not enter the calculations of the transnational and domestic mining giants or the governments that serve their interests. Countless catastrophic disasters caused by BHP Billiton, Rio Tinto, Barrick, BP et al., due to the anarchy and irrationality of capitalist production for profit, are only a taste of what is to come in Peru and Latin America and the rest of world if the working class does not politically intervene with a socialist program to resolve the political, social and economic crises facing humanity.

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