

>> The State highlights the importance of mining investments for Peru: it is an opportunity to change the companies' reputation

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“President Ollanta Humala’s closing speech at the Perumin - 31st Mining Convention in Arequipa came as a surprise. The Government’s statements about the importance of mining investments for the sustainable growth of Peru were described as very positive and a good sign by numerous attendants.”

The presence of eight State Ministers and President Humala himself at Perumin was the prelude of something new and good for the thousands of mining businessmen that were present: the State recognized the importance of the mining sector for the country’s growth. Unfortunately, this positive news did not get all the attention it deserved from the media present at the mining forum. From our point of view, they could have done more to spread and comment the news, especially considering the contradictory messages of the past in emblematic projects such as Conga.

The fact that the State argues that mining production is one of the basis of economic growth is more than just a good sign; it is synonymous with maturity and rhymes with private investment. But overall, it is a very good opportunity for the mining businessmen: they must optimize it in an opportune and clever way.

President Humala spoke about a key concept that mining companies should use and better disseminate: **new mining**. We are not only referring to high-tech mining, with innovative processes or highly qualified professional teams; new mining also means being responsible with the environment, adopting a long-term approach, focusing on the sustainability of both the business and the operational zone, permanently thinking in investing, being committed to contribute and generate the growth dynamic of other productive sectors. The mining sector has done all of this, although it is not widely known.

In addition to this, it has confirmed that the State has the responsibility of ensuring that local governments make good use of the mining resources. As a result, control mechanisms are needed in order to stop using the mining taxes in “white elephants.”

How can companies seize this moment if they have to deal with communities that do not fully recognize that well-managed mining contributes to their growth and quality of life?

The main objective here is not to give magical solutions, but after analyzing the presidential speech and applying a communicational approach, there are some aspects that should be taken into consideration:

1. Value the work of the mining sector.

Many mining companies do a great job in Peru, although few citizens know it. It is neither known nor valued. There is no one better than the mining investors themselves to take a step forward and defend all the work they do in the country. For many managers (including CEO’s), communicating the actions that their company is undertaking to develop a mining project is the least of their priorities. There is still fear and they keep a low profile. There is an old saying: “silence gives consent”, and it is indeed true in the case of mining companies. There is no reason to stop telling the stakeholders how good new mining is: an environmentally-responsible and high-tech mining that respects the customs of the communities, the agreements made with them, and invests in social programs.

2. Sharing information gradually and in due time.

In this case, moving from having a low profile to sharing information indiscriminately overnight is not the goal, quite the contrary. Our experience tells us that all mining companies have positive information or results that could be shared, but they are reluctant to do so, even among their



“Mining is not a short-time activity, it is a complex, planned and transversal activity that generates demand and boosts the sectors’ productivity, increasing the country’s overall competitiveness”

President of the Republic of Peru, Ollanta Humala. Closure of the Perumin - 31st Mining Convention in the city of Arequipa

surrounding communities. There are communication tools that can help them to create a sustainable, long-sighted, regular (but overall strategic) communication.

3. Socializing mining. The CEO of one of the largest mining companies in the country points out –quite rightly– that it is necessary to socialise the information about the creation of jobs and its impact on local employment. Moreover, informing and dialoguing with the communities will substantially contribute to both eradicate the myths surrounding mining and mitigate possible mining conflicts.

When we apply this concept to communication, we are talking about social networks. For instance, mining opposition groups use this tool efficiently. One example of this is the famous YouTube video about Conga made by the “nadienospaga” (nobody payus) group; the video was watched thousands of times and even traditional media such as diaries, magazines and radios talked about it. Beyond the content itself, what is interesting here is how companies can (and must) use online communication. Some companies already do it, and they do a very good job, but they are a minority.

4. A good relation and dialogue with the stakeholders, specially with the communities. Quoting once again President Humala: *“The State is committed to guaranteeing a constructive dialogue with the communities; we ask them to undertake this development effort together with the Government.”* This relation involves many factors, of which the most important is meeting the engagements. Otherwise, it is necessary to admit it: denying it is the worst thing that can be done.

5. Demystifying mining. This should be done mainly by regional and organised mining unions and groups. They should demystify it thanks to current, true and

“...mining must be associated with development and transformation, progress and welfare”

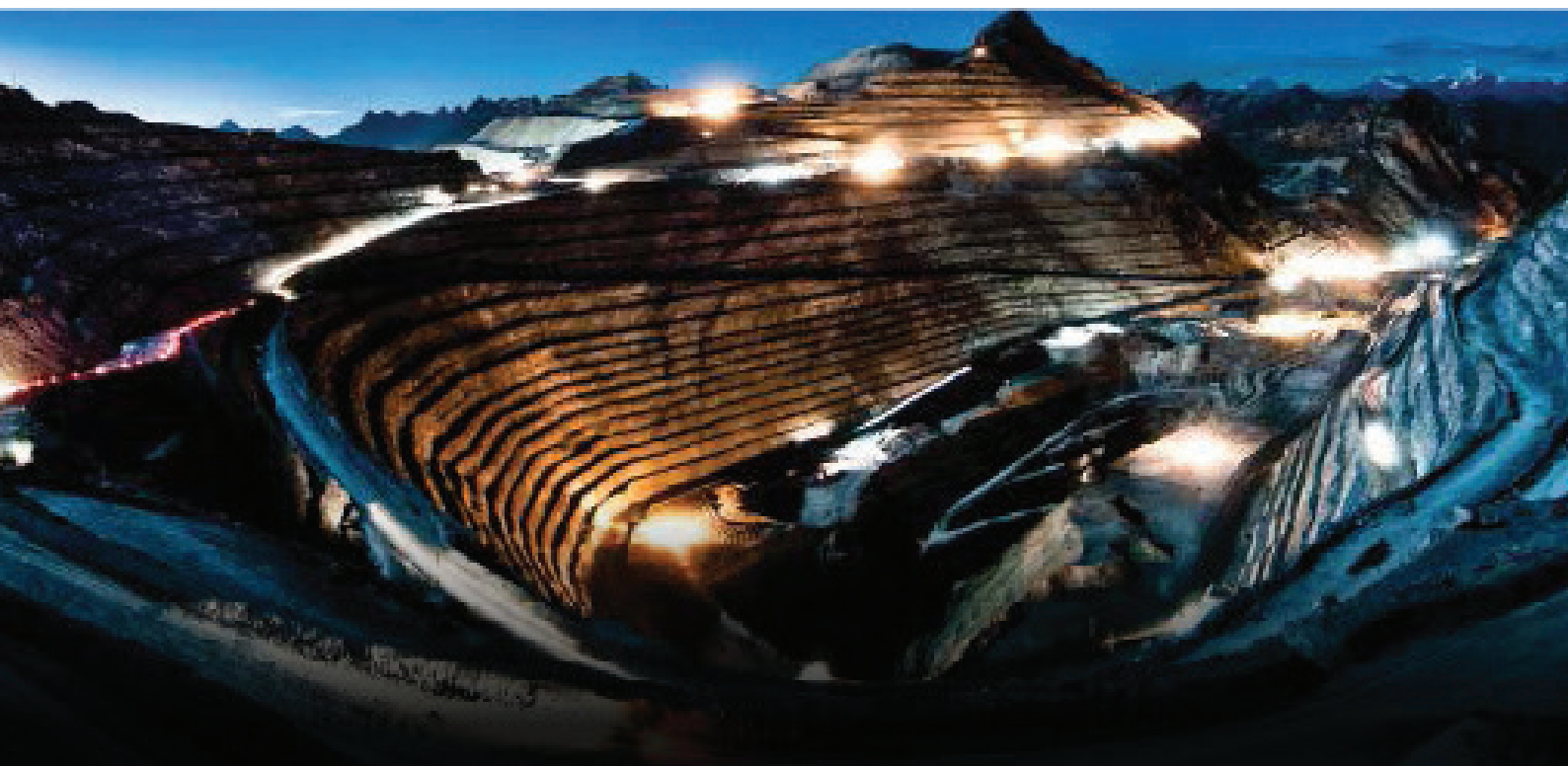
President of the Republic of Peru, Ollanta Humala.
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reliable information. If we talk about a new and responsible mining, we must spread the word and inform the communities – and the stakeholders – of its benefits for the populations. There are some remarkable examples of this in the central region of the country, where mining companies such as Milpo, Atacocha, Volcan, Pan American Silver and El Brocal are developing several initiatives for the citizens of Pasco, such as public works for taxes, and they are doing so hand in hand with the regional and local authorities. These initiatives will benefit the citizens of Pasco, which have been informed about them from the very beginning.

As we can see, some mining companies are already implementing the above mentioned actions as part of the new management of mining. However, uncertainty and suspicion are still very present. As a result, these companies choose to remain silent once again in order to prevent conflicts or confrontations, or simply because they do not consider communication a priority. Thus, mining companies themselves become their greatest obstacle when it comes to achieving their objectives.

In that sense, President Ollanta Humala positive messages should be understood as the confidence boost and support that mining companies need in order to lose their fear of communication, specially proactive communication, and change their reputation, which (let’s face it) is not very good at the moment. They must be proud of the work they do, of their contribution to the country’s growth and development, and demonstrate with facts and words that old mining is a thing of the past.

They have the power to confirm what the President said: *“this is not an era of change, but a change of era.”*





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