Crisis and oil depletion in Venezuela: Mega-mining and new frontiers of extraction

Venezuela is well known for being one of the main oil exporters in the world, and now also because of the major crisis it is currently facing, which is affecting all areas of social life in the country. Despite extensive international news coverage about what is happening in Venezuela, dominant versions of the story are notably biased, manipulated and incomplete; and they rarely highlight the root causes of the situation (1).

Beyond the major political parties' election campaigns in Venezuela, which are well known, there is a dispute among political and economic elites. This dispute is largely over control of the petroleum state (Petro-State) and management of extraction in the country. But the problem runs deeper, because the national oil accumulation model is facing landmark depletion. This signifies a turning point for the Venezuelan economy, which is looking to colonize new frontiers of extraction, with a special focus on mining.

Despite violent confrontations and the high level of volatility and uncertainty about the future—an outcome of the Venezuelan crisis—the main contenders for political power seem to agree on one thing: expanding extraction. That is the focus of this article.

The dilemma of oil depletion: Mega-mining and new frontiers of extraction

Venezuela's historic oil extraction—that which has fueled the myth of 'Saudi Venezuela' or 'Great Venezuela'; that which has given the country a certain geopolitical influence (In 1960, it was one of the founding members of the Organization of Petroleum Exporting Countries - OPEC); and that which colonized the north of the Orinoco River where the major oil basins are located, and where 95% of the population lives, far from the Venezuelan Amazon—is in clear depletion.

This is due to several reasons, of which we highlight the following:

1. The progressive decline in profitability and stability of the oil business, due to a decline in conventional sources (medium and light crude). Currently, almost 60 per cent of the crude extracted from the country is heavy or extra-heavy, which is more costly to remove and requires high and relatively stable prices for investments to be viable;

2. the volatility and instability of international oil prices, making Venezuela's fragile and dependent economy volatile too;

3. changes in power groups in the international oil world, particularly the importance of non-OPEC producers, such as Canada (because of the Alberta tar sands) or the United States (due to the rise in shale oils). This in turn means a decrease in OPEC's influence;

4. and late effects of the so-called 'Dutch Disease,' which exacerbates vulnerable aspects of the national economy linked to the extreme primacy of oil (crude constitutes 96% of the country's

exports); extreme dependence on food imports; and growing imbalances in domestic consumption levels, the capture of oil revenues and their distribution mechanisms.

These and other factors have created a historic dilemma regarding the direction and form in which the development model should take. At least since 2005, the national government—initially under the leadership of Hugo Chavez and now Nicolas Maduro—has proposed reviving the national economy by increasing extraction of extra-heavy crude in the Orinoco Oil Belt (FPO by its Spanish acronym). The project aims to bring national extraction quotas to 6 million barrels per day over the next decade, with the FPO contributing 4 million barrels per day (it is currently producing about 1.2 million).

At the time, this proposal was not challenged much by the national government's support bases, or by opposition parties, who were proposing the exact same objective in their government programs.

Nonetheless, this bid appears to be incapable of solving the current and historic dilemma the national model of capital accumulation is facing, due to the factors mentioned above. This situation has contributed significantly to the new and growing valuation of mining, perhaps unprecedented in Venezuelan history.

In 2011, President Chavez proposed the 'Guayana Mining Arc' mega-project (subsequently known as the 'Orinoco Mining Arc') for the first time. This is an extensive mineral belt spanning 111,843.70 km^2 (12 percent of national territory, or the same size as Cuba), located in the south of the Orinoco River (part of the 'Venezuelan Amazon'). The project proposes to extract gold, diamonds, iron, coltan, bauxite and other minerals, and has been proposed as a 'development hub', along with the Orinoco Oil Belt (together comprising 175,000 km^2).

The major crisis beginning in 2013 seems to have led to a period of more voracious accumulation, with the re-launch of deregulated extraction. This re-launch proposes not only to revive the Orinoco Mining Arc, but also foment a whole set of projects in new frontiers of extraction; including in highly conserved areas, relatively untouched areas, and areas where socio-environmental impacts and degradation processes will be intensified more than ever.

Geopolitical disputes over 'natural resources', and the potential trade war between China and the United States create significant and growing pressure to boost extraction. It is mainly Chinese capital, but also other multinational corporations like Canadian Barrick Gold, that are brokering deals to open up new mining enclaves and expand old mines. Meanwhile there is a simultaneous relaxing and deregulation of traditional nationalist requirements for businesses operating in the country, which have been in place since Hugo Chavez's government was inaugurated in 1999.

One example of this has been the creation of 'Special Economic Zones' in late 2014. These are entire areas of the country that have been completely opened up, with all barriers to development removed. This involves giving up sovereignty to sources of foreign capital, who would have practically unlimited jurisdiction over these areas.

An example of the new mining push in Venezuela is the project to certify all national mining reserves, which the government—along with Chinese companies like Citic Group Corporation—has been promoting since 2012. The idea is to formally quantify all reserves in order to promote what President Maduro has called the 'Mining Engine.' This project was launched in February 2016 within the framework of the 'Bolivarian Economic Agenda'.

In addition to the Orinoco Mining Arc mega-project, there are proposals to recover and expand coal

mining in the Sierra de Perijá mountains (in Carbozulia, in the western state of Zulia), to rekindle nickel mining in the south of Aragua State (Loma de Niquel), and to revitalize smaller metal and non-metal mining projects throughout the country, such as silica mining in the Torres municipality in Lara state.

In short, we are facing a significant geoeconomic reorganization of the national territory, involving the widespread and intense incursion of mining into new frontiers of extraction. (Mega) mining would have a historic new role, and the Venezuelan Amazon would be greatly threatened, causing major impacts in the lives of thousands of Venezuelans.

Consequences and indigenous and popular resistance

The negative impacts of mining are already well known, and there are extensive reports of its consequences. The intensity of extraction proposed for the Orinoco Mining Arc project is unprecedented in Venezuelan history, and it would occur in one of the most biodiverse regions of the country, where the largest number of indigenous peoples live. It is important to note that these areas are already suffering the onslaughts of the significant growth in illegal mining, which has occurred over the last ten years.

Open-pit mega-mining in the Orinoco Mining Arc would entail massive deforestation and loss of biodiversity. Likewise, the large amount of water that would be used—for example to extract gold—along with severe cyanide, arsenic and other toxic pollution, threaten many of the vital rivers that comprise the Orinoco River basin, one of the country's most important water reserves. Similar denunciations have been made about how coal mining would pollute the rivers that feed the main reservoirs of Zulia State, where millions of people live.

Documented cases show how mining projects threaten the food sovereignty of affected peoples. This occurs, for example, by affecting local producers' livestock and the water they use to irrigate crops, and through mercury poisoning that increases mortality of fish—the major food source for many indigenous peoples of the Venezuelan Amazon. Meanwhile, there are already documented cases of militarization in extractive and border areas, and violence against indigenous peoples, who also suffer threats from illegal mining networks operating in the region. Indigenous peoples are most affected and threatened by reviving extractivism.

In different ways, and sometimes with different objectives, native peoples are resisting. For example, the indigenous Yek'wana and Sanemá of the Cuara River basin have protested the Orinoco Mining Arc, while denouncing and fighting the scourge of illegal mining in their territories. A similar situation exists with the indigenous Amazonian peoples that comprise the Coalition of Indigenous Organizations of the Venezuelan Amazon (COIAM by its Spanish acronym).

Meanwhile, the indigenous Yukpa and Wayuu in the Sierra de Perijá mountains are firmly resisting the expansion of coal mining. Within the Pemón people's struggle, some villagers are mobilizing against territorial invasion but are practicing mining themselves (such as the Pemón located in Alto Paragua or Urimán), and other villagers are completely opposed to and mobilized against this activity (such as the Pemón of the Carrao River).

Despite their impetuous expressions of resistance in recent years, some involving direct action methods (such as Pemón and Caura River peoples detaining soldiers), indigenous peoples are facing terrible threats; and they are undermined by disease, displacement and violence perpetrated against them. In 2013 the Yukpa chief Sabino Romero, who was leading his people's resistance, was

assassinated. To this day the intellectual authors of his death remain unidentified. In recent months indigenous leaders of the Venezuelan Amazon have also been killed by illegal mining agents.

The formalization of the Orinoco Mining Arc project on February 24, 2016, via decree 2.248, has brought exposure to the environmental issue in the country, as well strengthened the environmental cause within social mobilizations (similar to the Tipnis case in Bolivia starting in 2011, or the 2009 'Baguazo' in Peru). The campaign against this project has succeeded in bringing together diverse political actors, forming an interesting community that is critical of extraction. Since late 2016 though, mobilizations seem to have lost strength.

Undeniably, the serious crisis in the country creates a complicated scenario for these struggles, and presents us with a rather tangled panorama that is difficult to resolve. Nonetheless, it is important to recognize that this situation simultaneously opens up possibilities to shape new kinds of organization, social valuation and struggle. Venezuela's worrisome socio-environmental instability, its growing territorial disputes, and the risk of severe ecological damage that a boost in mining poses, will likely create the conditions to re-politicize access to—and use and management of—the commons.

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In May we presented a detailed analysis of the current situation in Venezuela, available at this link: http://www.alainet.org/es/articulo/184922