The industrialisation of lithium and citizen participation in Bolivia

Over the past 10 years, society has had little to no control over the exploitation of the deposits located in the Uyuni Salt Flat. Despite being a right established in the new Political Constitution, no prior consultation process was ever implemented. The two public consultations that did take place were merely a formality that had to be met to obtain the environmental licences. The Indigenous communities of Potosí are demanding that they be informed of the impact of the evaporation ponds, industrial plants and water supply plants. Quite apart from the errors that are occurring in its implementation, the industrialisation process is failing because the Movement towards Socialism (MAS) government is not promoting a space for dialogue in which all actors can participate in decision-making.

By José Carlos Solón - 1st May 2022

During the 1980s, studies conducted in Bolivia identified the Uyuni Salt Flat as the location of the most significant lithium deposits on the planet. At that time, lithium – the lightest metal in existence – was being used in the manufacture of aluminium, glass, greases, lubricants, refrigerants and, to a lesser extent, batteries. Energy storage technologies were on the cusp of being developed and markets were beginning to look to lithium and the location of its deposits with greater interest.

In this context, Bolivia’s neoliberal governments issued a direct invitation to a US company to exploit the Uyuni Salt Flat: Lithco. This action was to provoke one of the most important struggles in the resistance and defence of the country’s natural resources. Different sectors of society came together to prevent the salt flat’s natural resources from being carved up: the Potosí Civic Committee (COMCIPÓ), the Tomás Frias de Potosí University (UTF) and, particularly, the Single Federation of Peasant Workers of the Southern Altiplano (FRUTCAS). This popular struggle finally culminated in victory.
On coming to power, the MAS proposed a model that would make the plundering of the country's natural resources a thing of the past, instead exporting value-added products. Its first Economic and Social Development Plan set out the following formula: sovereign ownership + State management + added value + strategic partner + citizen participation and consultation + harmony with nature + redistribution = new development pattern. While these seven elements have developed unevenly since the start of the industrialisation process, it is the area of citizen participation and consultation that has been least fulfilled in practice.

Over the last 10 years, the process of industrialising Bolivia’s lithium has demonstrated the true limits of this formula. It has resulted in internal indebtedness of USD 881 million: something never before seen in Bolivia’s mining sector. In addition, the production and income generation rates set at the start of the process, back in 2008, have yet to be achieved. Although the Movement towards Socialism (MAS) government claims it will soon take advantage of the dormant El Dorado that lies within the Uyuni Salt Flat, it seems to be pursuing a mirage of abundance in which sovereignty over its resources is being challenged.

**Citizen participation and lithium**

Citizen participation is a central theme of the Political Constitution of the Plurinational State of Bolivia approved in 2009. Law 341 on Citizen Participation and Control, enacted in 2013, provided for the creation of “permanent spaces” for citizen participation and control within State-owned companies. These spaces were to be implemented within the State-owned company in charge of the industrialisation process: Yacimientos del Litio Boliviano (YLB). And yet this has never happened in practice.

As in other State-owned companies, citizen participation in YLB has been reduced to public hearings on “Accountability”, held just once a year. These presentations usually comprise between 10 and 20 slides showing some data (without any further development or analysis) on budget execution, appropriations and, sometimes, production and sales. In short, the mechanisms for citizen participation and control established in the Constitution and the law are not being applied by the company that is running the lithium industrialisation process.
In addition, within the context of the Environmental Impact Assessments, two public consultations took place with the aim of obtaining environmental licences for the potassium chloride and lithium carbonate plants. The first was held in 2012 and, in fact, was simply an informational event at which some of the concerns of the region’s organisations were expressed. The minutes of this meeting are only three pages long and do not explain the impact of the industrial evaporation ponds. There was, however, room for the State-owned company to report that it would require 20 cubic metres of water for every 100 tonnes of potassium chloride produced and that the water sources would be San Jerónimo (fresh water) and the Río Grande (brackish water).

The second public consultation took place in 2018, with a view to constructing the lithium carbonate plant. This event was attended by 152 people and the minutes are even more concise than before: they stretch to only two pages. The attendees included national deputies, mayors, councillors and members of the affected communities: Río Grande, Llica, Colchani, Pampa Grande, Colcha K, San Pedro de Quemes, Villa Mar, Zoniquera, Julaca, Pozo Cavado and Culpina K.

The participants expressed concerns related primarily to water consumption, the potential pollution caused by extraction activities, and sources of employment for the region's inhabitants. And yet the report produced by the company responsible for the consultation process included a large number of endorsements of the government initiative. It is therefore pertinent to question, here, the true intention of this consultation process and to understand it, in fact, as a mere requirement for validating the government's industrialisation project.

Finally, these 2018 minutes give a striking clarification of the nature of the public consultation: a citizen participation mechanism quite different from the consultation process required for Free, Prior and Informed Consent, something that is a right of Indigenous Peoples. Yacimientos del Litio Boliviano officials thus emphasised the nature of the public consultation without giving any further explanation or justification as to why a prior consultation process was not carried out in line with the Political Constitution of the State.
A constitutional right ignored

Rather than provide in-depth information and respond to the concerns of the local people’s representatives and authorities, both public consultations were conducted with the sole purpose of complying with the formalities necessary to obtain the environmental licence. It is important to note that the consultation required for Free, Prior, Informed and Good Faith Consent of Indigenous Peoples has constitutional status in Bolivia and must be effectively implemented before the communities are affected in any way. And yet, to date, no such consultation process has been carried out with the Indigenous Peoples that are likely to be affected by the evaporation ponds, industrial plants and water supply plants.

The organisations affiliated to FRUTCAS raised the demand for such “consent” during their Unity Congress held on 21 and 22 December 2019, when the MAS was no longer in government. Under the item “Evaporative Resources for the great Uyuni Salt Flat”, the resolution passed by the Natural Resources Commission states: “The Government [should] be reminded that all legislative and administrative measures affecting Indigenous territories, particularly the evaporative resources of the great Uyuni Salt Flat, must be framed within the context of the Political Constitution of the State and international law. In this context, we demand the application [of] the rights of free, prior and informed consent for the inhabitants of south-western Potosí”.

There has been no participation, no public control and no consultations for Free, Prior and Informed Consent in the lithium industrialisation process. Consideration needs to be given as to why a process that began with broad citizen participation ended up omitting to promote the involvement of the social organisations. Why did the MAS government never carry out a consultation process for the Free, Prior and Informed Consent of the Indigenous and peasant peoples that might be affected? Is it possible to build a new “development pattern” without effective citizen participation?

Bolivia has put its faith in the lithium industrialisation process for more than a decade now. And yet, quite apart from the errors in its architecture and its implementation, the industrialisation process is failing because the MAS government is not promoting a space for dialogue in which all actors, particularly the region’s Indigenous Peoples, can participate in
decision-making. Neither have the tools for effective citizen participation been harnessed and nor have greater revenues been generated for the country. In 2022, new companies are now expressing an interest in the Uyuni and in two other salt flats: Coipasa and Pastos Grandes. This time, the government of Luis Arce Catacora has embarked on a bidding process. There is nothing to indicate that the local populations of the region have been consulted.

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