International Symposium on Uranium Raw Material for the Nuclear Fuel Cycle: Exploration, Mining, Production, Supply and Demand, Economics and Environmental Issues (URAM-2018)


Contribution ID: **176** Type: **POSTER**

# The Mining Sector Capacity Improvement in the Kyrgyz Republic through building effective cooperation among governments, mining companies and local communities

*Wednesday, 27 June 2018 17:00 (1 hour)*

INTRODUCTION

Mining practices began as early as the 19th century in the Kyrgyz Republic. In 1890, coal mining started in Naryn, followed by the Kok-Zhangak mine in 1896 and the Kyzyl-Kiya Suluktinskoye mines in 1898 [1]. The Kyrgyz Republic greatly contributed to the mining industry of the Soviet Union. In the history of the development of the atomic industry and energy of the USSR (Union of Soviet Socialist Republics), Kyrgyz uranium deposits played a very significant role, and the first Soviet radium was mined at the Tyu-Muyun field in the south of the Kyrgyz Republic. The first uranium ore was mined in 1946 at the Gylish uranium-coal deposit. At some point, the total extraction of minerals in the Kyrgyz Republic reached 15-18% of the total production of the Soviet Union, including 40-100% of mercury, 100% of antimony, 30% of rare earth metals and 15% of uranium [2].

The mining industry is the basis of industrial production in Kyrgyzstan. It is of great importance in the development of the economy. In 2013 the share of the mining industry in GDP was 10.1% with 47.1% of the total exports and 16.8% of tax revenues [3]. The share of foreign direct investment in 2014 was about US$113 million, which accounted for 26% of the investment in fixed assets in the mining industry [4]. At present, there are substantial deposits of gold, uranium, antimony, mercury, tin, molybdenum, coal and brown coal, oil and gas, non-metallic minerals, groundwater, and other types of minerals. So, according to the State balance of mineral resources of the Kyrgyz Republic as of January 1, 2017, there are 3555 tons of uranium. Development of mineral resources is a necessary condition for the successful development of the economy of the Kyrgyz Republic and for remote mountainous areas is often the only possible way of improving the social welfare of the population.

However, further development in the mining sector has been derailed by various problems and challenges. One of the major problems in recent years, the Kyrgyz Republic has experienced serious conflicts between mining companies and local communities. Many investors attribute the cause to the weak law enforcement mechanism of the Kyrgyz Republic in handling conflicts with the local population. This claim is partly correct. From 2005 to 2010, for example, opposition forces against mining took advantage of political instability and increased the number of confrontations with authorities [5].

DESCRIPTION

There are various causes of mining conflicts, such as environmental problems, socio- economic disparities, and health-related concerns and cultural misunderstandings. So far, the main cause of conflicts over the mining industry in the world is environmental issues. According to the EJOLT report [6], all 24 analyzed mining conflicts were partly caused by environmental concerns, including water issues.

During the period between 2012 and 2013, conflicts increased between the local population and mining companies. According to several researches [7], main causes of these conflicts were attributed to (1) environmental

problems, (2) distrust to mining companies, (3) distrust to government bodies, (4) social problems, (5) inadequate information from companies and government bodies about the proposed mining operations, and (6) lack of dialogue between stakeholders. One of the main concerns of local people was the negative impact of mining on the environment. In the Republic there are still uranium tailings, which have been left after the exploitation of various deposits during the Soviet period. According to the State Cadaster on the mining waste, there are 92 tailings and mountain dumps located in the Country. Among these tailings, 28 are radioactive and 5 are toxic. Also, 25 tailings are radioactive mountain dumps [8]. Local people near former mines worried about water and air pollution, the destruction and degradation of pastures and agricultural lands, negative impacts on crops and livestock, and damages to infrastructure and roads [9].

Opposing local communities often systematically obstructed mining preparation and operation activities by blocking access roads and engaging in violent direct actions again mining companies [10]. Some of the protestors demanded investors and government officials to recognize community's right to receiving some part of mining benefits. Some others demanded to have sufficient information about the impact of mining on local ecosystems. Many herders and others were afraid of irreversible damage on grazing areas or other local livelihood activities. Some conflicts between local communities and mining companies (e.g., Solton-Sary gold mine) intensified and company representatives were forced to leave the fields for their own safety [5] as some protestors'demands included the complete cessation of the miningwork and the termination of licenses [5].

To illustrate the scale and scale of conflicts in the mine in the country, one incident can be considered, which occurred in 1998 at the Kumtor mine. To date, the Kumtor area has nation's largest gold ore deposit. Kumtor's contribution to GDP ranged from 6.8 % in 2009 to 9.4 % in 2013. Its industrial output reached 48.6 %. exports (41.2 %). The Kumtor Gold Company, which has financed the mining operation, is one of the largest investors in the Kyrgyz Republic. Its share in total capital investments of the country in 2012 was 15.6 %. Share in total gross FDI in 2011 was 51 % [11]. The rapid expansion of this mine resulted into the environmental disaster at the mine site. It made a huge impact on subsequent conflicts [9].

## METHODOLOGY

The research was based on the qualitative research method including a literature review documents, policy documents, statistical information, scientific publications, reports and web pages from non-governmental organizations. The literature review was aimed at studying the nature of conflicts in the mines in the Kyrgyz Republic and around the world between local communities and mining companies through comparative analysis and the search for positive experience in the prevention and resolution of conflicts in various countries of the world.

## DISCUSSION AND CONCLUSION

This research has attempted to understand mining conflicts in the Kyrgyz Republic and around the world through comparative analysis. Its findings show that the main causes of these conflicts were environmental problems, socio-cultural misunderstanding, socio-economic conditions, mistrust and lack of dialogue among stakeholders. It examined good practices to prevent and resolve mining conflicts in different countries. It found that some Canadian mining companies worked closely with the local population in the early stages of the project. This public engagement from the initial stage resulted into its own benefits and the improved living standard of local people as well as improved environmental conservation status [12].

The cases in Canada demonstrate that the earlier the mining company begins to interact with local communities, the better for all stakeholders. The early participation of the community gave it an opportunity to learn more about local community's concerns for the environment and their socio-economic well-beings. And those Canadian companies largely responded to the needs in a timely manner. In Canada, conflict resolution and prevention measures involve research institutions and universities that upon request conduct specific researches. This Canadian experience provides some useful insights in improving the practice of mining companies in the Kyrgyz Republic.

After independence, in order to improve the investment attractiveness and transition from a planned economy to a market economy, the Government of the Kyrgyz Republic has made several attempts to change the shortcomings of the regulatory system of the mining industry and to weaken the administrative control. In order to invite more foreign investments and effectively develop mineral resources, the State Agency for Geology and Mineral Resources began reforming subsoil use policies. As a result, a new law on the subsoil was adopted on August 9, 2012. This law, which is currently in force, (1) establishes the ownership of subsoil and mineral resources; (2) identifies the powers of state administrations, local governments, and other subsoil use regimes; and (3) establishes types of licenses and the procedure for issuing, renewing and terminating licenses [13].

In recent years, the State Committee for Industry, Energy and Subsoil Use has been working hard to reduce conflicts between mining companies. In recent years, the State Committee for Industry, Energy and Subsoil Use has conducted a number of field visits to mining areas and explained local people about the activities of the mining industry. It has held training seminars, conferences with the participation of governments, local self-government bodies, mining companies and local communities. As a result, the number of conflicts

has decreased according to my interview with the State Committee chairman D. Zilaliev on May 26, 2017. He also noted that local self-government bodies began to provide assistance in resolving conflicts [14]. This means that the close interactions among government officials, mining companies and the local community can reduce conflicts. In my opinion, the problem of conflicts in the mining industry can never be solved for good. However, it is possible to reduce or minimize them. Experience shows that the resolution of conflicts by the state force does not resolve conflicts. This oppressive action sometimes exacerbates conflicts instead [15]. In resolving or preventing mining conflicts, the state can act as an intermediary, as it is interested in business development, local citizens'social and economic development, and the minimization of the negative environmental impacts.

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## Country or International Organization

Kyrgyzstan

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**Session Classification:** Poster Session

**Track Classification:** Track 10. Health, safety, environment and social responsibility