DRAFT PROSPECTUS
El Mirador: A New View of Corporate-Community Relations in Ecuador’s Mining Industry
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Introduction

Within the last two decades, Latin America has witnessed a rapid increase in large-scale extractivism, resulting in economic growth yet heightening concerns over the environment and indigenous rights (Bainton 2020; Buchardt et al. 2014; Gatehouse 2023). China has been featured extensively in recent scholarship of the region’s extractivism due to the state’s increasing regional presence—over $160 billion of investment since 2000—and controversial corporate practices (Wintgens 2023). The country of Ecuador offers unique insight into Chinese investment in Latin America’s extractive industry with two of five strategic mining projects being owned and operated by Chinese subsidiaries in addition to various other Chinese oil and infrastructure investments. Of the two mining projects, the Mirador project—owned and operated by the Chinese subsidiary Ecuacorriente S.A. (ECSA)—has gained the most notoriety in part due to it being the largest mine in the country’s history. The project area spans 6,685 hectares, has generated an estimated 2,500 jobs, and will extract an estimated 3.2 million tons of copper along with some gold and silver (“Mirador Mining Project” 2020). Moreover, the project has gained national and international attention because of the anti-mining resistance that has developed, featuring controversies over land rights, environmental impacts, and participatory processes (Báez Aristizábal and Sacher 2011; Massa et al. 2018; Sacher 2011; Van Teijlingen et al. 2017).

Although previous research has examined indigenous and legal resistance to the early development of the Mirador project (Beatriz Eguiguren et al. 2016; Massa et al. 2018; Van Teijlingen et al. 2017), no field work-based studies have been published on the mine since
operations began in 2019. Furthermore, studies on Latin American mining typically focus on indigenous and environmental resistance, and while these contributions are important, rarely do studies examine community relations more holistically, assessing the views of each stakeholder group. My study on the Mirador project will use such a comprehensive approach, showcasing resistance while also explaining how the Chinese company has succeeded in spite of it. Not only will this research constitute the first field work-based study on the mine since operations began, but it will also be the first to investigate ECSA’s corporate narratives as seen through corporate social responsibility (CSR) reports and social media. In my thesis, I intend to argue that ECSA has divided groups within the local community and controlled discourse over relevant issues. This has led to a decrease in organized resistance to the Mirador project despite a growing anti-extractive movement at the national level.

**Research Question and Hypothesis**

As Chinese extractive investment increases in Ecuador and the Latin America region more broadly, it is important to understand the consequences on the communities of impact. These communities are often where resistance begins and gains national attention, and conflict that jeopardizes community well-being as well as the longevity of the mining operation carry enormous consequences for the country’s political economy. My research seeks to answer the following questions: What are the strategies used by ESCA to construct corporate-community relations? What are the corporate-community relations that have emerged through Chinese investment in Ecuador’s extractive industry? To answer these questions, I will use a case study of the Mirador mining project in Tundayme, Ecuador. By analyzing the impacts of the Mirador project on the well-being of local residents, I can better assess how Chinese CSR tactics work
on-the-ground. I hypothesize that as a direct result of ECSA’s CSR strategies, the local population is socially fragmented and residents have become resigned to the mining operation.

Groups that are socially fragmented include Shuar and Colono indigenous communities as well as shop and restaurant owners. Some indigenous communities such as El Quimi have been relocated and numerically divided, and others such as Yanúa have been directly affected by noise, air, and water pollution. There are competing approaches within these communities of how to respond to such harms, leading to infighting and community dissolvement in some cases. Other communities have been better supported by ECSA with many members being employed by the mine. These varying impacts on indigenous communities have created barriers to collective organization and anti-mining resistance and led to the exclusion of certain groups within the larger Tundayme community. In terms of mestizo shop and restaurant owners, some have been able to establish informal contracts with ECSA to provide food and other products while others have not, causing resentment towards each other and the company. Overall, I hypothesize that the average resident views more positive impacts on their well-being than negative, yet with years of community fragmentation and unsuccessful resistance, residents have become more resigned to ECSA’s operations rather than giving voice to their perspectives. Thus, ECSA’s CSR tactics have “worked” for the corporation, and corporate narratives have dominated community conflict.

Data and Methods

To support my claims, I will use public opinion and corporate narratives as evidence. If my claims are accurate, public opinion will reveal many positive views of the Mirador project while criticizing the unequal distribution of benefits and detriments. Residents would also
highlight conflict within their demographic group and between groups, possibly even citing the company as the instigator of such disagreements. Strong evidence would also include residents describing failures of mining resistance and collective organization. To further back up my claims, valid evidence would include alignment between community views and corporate narratives seen through social media and CSR reports.

For evidence, I have already conducted over 30 surveys in the town of Tundayme, Ecuador with responses from residents, indigenous communities, government officials, and ECSA employees. I used convenience sampling to obtain survey responses, yet I attempted to get at least one survey respondent from each stakeholder group to gain a more holistic understanding of community viewpoints. While small, I believe that the sample size accurately reflects the views of many groups in Tundayme, a town of approximately 1,000 people. Survey questions were designed using previous research on the Mirador project and on CSR in the mining industry. They gauge domains of satisfaction related to various aspects of social life, community engagement, corporate and state responsibilities, and Chinese involvement in the zone. I will examine the responses using statistical analysis, investigating overall trends and perspectives of certain groups. In addition to the surveys, I will analyze ECSA’s Instagram feed from June of 2019, when operations began, to the present day. I will filter the content using key search words related to contested topics such as the environment, biodiversity, water, local employment, and more. I will then organize these posts using apparent categories and analyze overall narratives. Lastly, I will analyze CSR reports and publications made available through ECSA’s community relations office and website and examine their content against survey responses and Instagram narratives.
Historical Background

During Ecuador’s neoliberal era in the 1990s, foreign companies put pressure on the national government to make the country’s oil industry more attractive for investment. Once President Rafael Correa assumed office in 2007, he shifted the neoliberal model to a more state-centered one, nationalizing resource-based industry and expanding social programs. His spending was partly restricted by loan requirements of the International Monetary Fund (IMF), and this infuriated Correa, causing him to sever ties with the IMF and default on over $3.2 billion in foreign debt in 2008. The Ecuadorian state turned to Chinese loans for spending support, and this newfound partnership coupled with rising international prices of raw materials encouraged Correa to expand mineral extraction, ultimately leading to a new mining legal regime in 2009.

A year later, the mining company ECSA was purchased by Chinese mega-companies Tongling Nonferrous Metal Group Holdings Co., Ltd. and China Railway Construction Corporation Limited with a planned total investment of over $2 billion. Originally a Canadian company, ECSA operated in the canton of El Pangui in the late 1990s until 2005. As a junior mining company, ECSA was mainly dedicated to exploration and identification of deposits but no large-scale exploitation. A 2005 study confirmed a large copper deposit in the canton, and the reforms to the country’s mining law made the project more enticing to the Chinese conglomerate. In 2012, an environmental impact assessment (EIA) was conducted and the exploitation contract for the Mirador project was approved. In 2015, a new EIA was conducted and the contract was revised allowing for an even larger amount of minerals to be extracted and processed. Production officially began in June of 2019.
Since an EIA was conducted in 2006, local conflict surrounding the Mirador mining project has been strong. When the contract with the Chinese subsidiary was signed in 2012, opposition groups marched over 250 miles from Tundayme—the principal town of impact—to Quito. Anti-mining groups in the canton primarily consist of indigenous Shuar peoples and farmers whose territorial claims and ways of life have been threatened by the large-scale project. In 2015, the Shuar community of San Marcos was forcibly removed from their ancestral lands, and promises from the company to rebuild a “new” San Marcos were never fulfilled. Moreover, local, national, and international actors have questioned the validity of the EIAs and enforcement of the state’s regulatory regime. These stories of forced evictions, unfulfilled promises, and contested environmental impacts have fueled local and national resistance to the Mirador project.

and led to anti-mining coalition building in the zone. Scholarship on the project includes field work during early phases of construction (Van Teijlingen et al. 2017) and analysis of participatory processes, indigenous resistance, and EIA validity (Massa et al. 2018; Eguiguren et al. 2016; Sacher 2011). No scholarship based on field work has been published on the Mirador project since operations began in 2019.

**Scholarly Engagements**

1. *Latin American Extractivism and Political Economy*. Understanding Latin American political economy requires engagement with the concepts of neoliberalism and neodevelopmentalism. Scholars widely view neoliberalism, the resurgence of free-market policies in the 1980s and 1990s, as unsuccessful, supporting multinational corporations but exacerbating social inequality (Santiso 2007). In response to neoliberalism’s perceived failures, leftists were elected in Latin America during the early 2000s, shifting the development model to be more state-centered. This neodevelopmental model entailed nationalization of industry and expansion of social welfare programs, and many scholars identify this approach as more pragmatic than idealistic neoliberal or socialist ideologies seen in the past (Santiso 2007; Burchardt and Dietz 2014). This development approach has relied on state-centered extractivism, or neoextractivism, which some scholars contend challenges typical conceptualizations of dependency theory (Burchardt and Dietz 2014). However, the increasing presence of multinational corporations, namely Chinese ones, in the region’s extractive industry causes us to think about Latin American political economy and dependency theory in a new way. Multinational corporations have been criticized by scholars and other actors for not complying with environmental, participatory processes, and other legal regimes, resulting in conflict that challenges not only the extractive operation but also
state legitimacy (Amar et al. 2023; Gatehouse 2023; Irwin and Gallagher 2013). To fully understand the implications of this shift in development orientation in Latin America, it’s important that studies like Gatehouse (2023) and Amar et al. (2023) showcase community conflict and resistance to extractive industry. Thus, my study will contribute a micro-level dimension to the scholarship on Latin American political economy. This will help contextualize the rise of foreign investment in the region’s extractive industry, particularly Chinese projects.

2. Corporate Social Responsibility in the Mining Industry. Corporate social responsibility (CSR) has become increasingly relevant to scholarship of the mining industry due to frequent environmental degradation, neglect of community needs, and influence on domestic politics. Scholars typically view CSR as “greenwashing,” where corporations release false claims about environmental impacts or compensate their environmental harm—often water contamination—with development projects like building schools and roads (Amar 2023; Gatehouse 2023; Mutti et al. 2012; Velásquez 2012). The literature shows that protecting the environment is the primary concern for local communities when a new mining operation begins as it directly impacts their welfare (drinking, fishing, farming, etc.) (Gatehouse 2023; Van Teijlingen 2017; Velásquez 2012). Thus, academics such as Teresa Velásquez (2012) show that environmental impact assessments are the main way farming and indigenous communities unite and dispute corporate claims of sustainability and environmental protection. Scholars also criticize CSR for neglecting social and civil stakeholder groups, at times even dividing and silencing them. This can lead to conflict and protests that reach the national level and threaten the long-term viability of the mining operation (Van Teijlingen et al. 2017; Velásquez 2012). To address these conflicts, scholars propose different approaches that corporations should take to include community stakeholders in decision-making processes (Calvano 2007; Mutti et al. 2012;
Saenz 2018), yet academia largely ignores why corporations avoid these strategies and why community resistance to mining sometimes fails. In some scholarship, researchers discuss the implications of CSR and national development strategies on local power politics, whereby CSR serves as a tactic to reduce the role of the state as an arbiter between the corporation and the community (Mutti et al. 2012). My study gives an example of how corporations use CSR to suppress anti-mining groups. Specifically, this study analyzes the social fragmentation and withdrawal of resistance that can occur as a result of CSR strategies. Consequently, this project will shed light on how corporations in the mining industry safeguard their operations by commandeering community relations and sociopolitical narratives.

3. Community Impacts of Extractive Projects. Extractive projects, especially those in the Global South, have important impacts on local communities that can challenge indigenous organization, fracture social relations, and distort both local and national political processes. Beginning with indigenous organization, many scholars debate how to accurately portray indigenous perspectives and identities in relation to extractivism (Bainton 2020). Overall, academics view asymmetrical power and conflicting relationships indigenous peoples and multinational corporations (MNC) have to land and resources as the source of natural resource conflicts (Akpan 2006; Bainton 2020; Kung 2021). A rare type of conflict mediation has been tried in some places known as indigenous co-ownership. Though this form of equity participation seems more effective for indigenous groups to achieve their goals in resource conflicts, it doesn’t always work (Kung 2021). Co-ownership does not equate to consent to the decisions made by majority shareholders, and the broader policy and legal landscape as well as access to financial and legal expertise can determine the effectiveness of the co-ownership model (Kung 2021). This model has also shown to cause tension within indigenous groups themselves (Kung 2021).
Continuing on, there are a variety of factors that determine the social impacts of extractive projects including geographical proximity to the operations, the size of the project, community structure and history, use of a non-resident labor force, and geographical proximity to other projects (Akpan 2006; Dear 2007; Lockie et al. 2014; Warnaars 2012). Lockie et al. (2014) particularly emphasize the role of a non-resident workforce in extractive project conflicts as projects utilizing more non-resident workers can increase occurrence of typical externalities such as crime, price spikes, and housing scarcity. In general, rural projects experience less negative social impacts and resulting conflicts because there is less competition for labor and other resources as well as less opportunity for coalition building (Akpan 2006; Lockie et al. 2014; Warnaars 2012). Scholars like Warnaars (2012) cite CSR as capitalizing on existing social tensions and using that tension to divide opposition. A specific example is the formation of rivalries as various stakeholder groups jockey for corporate recognition of territorial claims or for development projects and other benefits (Akpan 2006). Another tactic by extractive corporations is the use of corporate terminologies that seek to control the narrative on relevant topics of tension. Akpan (2006) studied the use of corporate divisions of the community and observed the reiteration of those same divisions in her interviews. Academics propose various solutions to those social conflicts generated by extractive projects such as consensus organizing, community education and outreach, community advisory boards, incentives, and concessions (Beck 2008; Dear 2007). It is worth noting that there is a substantial lack of literature on the social impacts on communities once extractive projects have been completed or prematurely dissolved (Lockie et al. 2014). Lastly, there are many serious implications of extractive projects and social impacts on both local and national political processes. Moran (2009) argues that host countries receive few benefits from such projects, MNCs distort local economies, and foreign
investment often weakens regulatory regimes and, consequently, state legitimacy. Social disruptions associated with extractive projects intersect with state abandonment of its developmental role, in turn putting more pressure on local governments to act as regulatory bodies (Akpan 2006). In my study, I will engage with previous scholarly findings such as the use of corporate narratives, community perceptions of non-resident workers and their social impacts, and the implications for consensus building in a geographically isolated area.

**Chapter Outline**

**INTRODUCTION**

**Historical Background**
- Latin American extractivism
- Chinese investment in Ecuador since Correa
- Mirador project and national protest
- Environmental and indigenous movements

**Research Question**
- Main RQ: What are the corporate-community relations that have emerged through Chinese investment in Ecuador’s extractive industry?

**Argument**
- After four years of the Mirador mine being in operation, corporate-community relations are much calmer, and there is no sign that resistance could halt operations. In general, community members approve of the Mirador project, having received development projects and other benefits, yet perceive harmful effects on the environment and a lack of local jobs. Despite this overall sign of ECSA’s CSR “success,” the corporation’s strategies should not be perceived as a model for future CSR replication as the community has been socially fragmented and certain community groups have been disadvantaged. Rather than transitioning from resistance to support, many locals against the operation have resigned from the conflict, seeing no potential for future change.

**Methodology**
- Survey data
- Statistical analysis
- Content analysis of short-answer responses using key words unique to each question
- Media content analysis
- Look at Instagram of ECSA since 2019
- Filter through key words such as environment, biodiversity, well-being, COVID, pandemic, concerns, jobs, employment, infrastructure, bridges, schools, roads, events
CHAPTER 1: LITERATURE REVIEW
Latin America Extractivism and Political Economy
Corporate Social Responsibility in the Mining Industry
Contemporary Political History of Ecuador
Environmental and Indigenous Politics in Ecuador
Conclusion

CHAPTER 2: ECSA’S CORPORATE NARRATIVE
To begin, I will analyze and assess ECSA’s corporate narrative as crafted through CSR reports, social media content, and local events. I will discuss how the company approaches contested topics including environmental impacts, job availability for locals, and community relations.

CHAPTER 3: STAKEHOLDER ANALYSIS OF THE MIRADOR MINING PROJECT
In this chapter, I will analyze different stakeholder groups in the conflict surrounding the Mirador project. I will begin with general takeaways from the survey responses and analyze the opinions of various demographic groups (e.g., agricultural workers think X, younger people think X). This will hopefully show the nuance of community perspectives rather than the extremes portrayed in the media on the conflict. In another subsection of the chapter, I will explain indigenous heterogeneity in relation to Mirador, examining the responses of the Chuwubia, Mirador, Yanúa, Etsa, and Quimi communities. I will include a subsection on the women of Tundayme, including the impacts of territorial transformations on women, the laboral situation of women, and female support and resistance of Mirador. I will close the chapter with a discussion of industry and institutional perspectives, highlighting the strong relationship between ECSA’s community relations office and the parroquial (local government).

CHAPTER 4: CORPORATE-COMMUNITY RELATIONS
In this section, I will use insights from the first two chapters as well as previous research to discuss present day community relations in Tundayme. I will discuss survey results that relate to Ecuadorian perceptions of the Chinese and draw similarities and differences between Chinese CSR and the CSR of other multinational corporations in the region’s mining industry. Lastly, I will explain how these CSR strategies and results of community fragmentation affect national indigenous and environmental movements and overall how they impact the country’s political discourse.

CONCLUSION

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