



## SPOTLIGHT ON PUBLICATIONS: EXTRACTIVE INDUSTRY INVESTMENT POLICIES



Many Latin American countries are rich with natural resources like oil, gas and minerals, and they have a wealth of experience to share in terms of the investment policies they have pursued to develop their extractive industries. This selection of publications highlights key resources documenting and analysing the following aspects of the Latin American investment policy experience: [Gas Sector](#), [Oil Sector](#), [Mining Sector](#), [Choice of Policy Model](#), and [Rents, Taxes and Royalties](#).

### ► [Natural Resources: Status and Trends towards a Regional Development Agenda In Latin America and the Caribbean](#)

Due to a dramatic rise in commodity prices in the last decade, the value of natural resource exports in Latin American and Caribbean (LAC) countries grew to unprecedented levels. This report analyses the relationship between this phenomena and economic development by identifying the principal characteristics of tax regimes applied to products derived from non-renewable resources in different LAC countries. The authors argue that the potential for natural resource exportation to contribute to development is contingent upon the quality of institutions in the exporting country, and that political consensus must be built to effectively channel revenues into human capital, innovation, technological development, infrastructure and other long-term investments for diversifying a country's industrial and export base. Achieving these long-term public investment objectives generally requires reforms to regulatory, fiscal and macroeconomic management, as well as building capacity for strategic planning and the formulation and implementation of State policies that last beyond electoral terms. The report's recommendations may be of interest for policymakers in other regions and a [Spanish version](#) is also available.

Full citation: ECLAC, 2013. *Natural Resources: Status and Trends towards a Regional Development Agenda in Latin America and the Caribbean*. Economic Commission for Latin American and the Caribbean, Santiago de Chile.



## ▶ [An Assessment of Corporate Social Responsibility Practices in the Mining and Oil and Gas Industries](#)

In this recent publication, the authors develop and explain the concept of “regulatory scripts”, defined as the practices shared by a group of organisations in the mining, oil and gas (MOG) industries in response to international frameworks and standards (or “institutional expectations”) for Corporate Social Responsibility (CSR). As well as examining data on top CSR-performing MOG companies around the world, the report also includes a set of interviews conducted with industry experts. The study contributes to the existing body of literature in the field by mapping the main CSR institutional expectations for the MOG industries, identifying predominant regulatory scripts across 20 firms, and evaluating the managerial reach/scope and limits of these regulatory scripts.

Full citation: Raufflet, E., Barin, L. and Bres, L. 2014. *An Assessment of Corporate Social Responsibility Practices in the Mining and Oil and Gas Industries*. Elsevier, Philadelphia.

## ▶ [Enforcing the Rules](#)

Like in many countries around the world, Latin American governments are trying to improve their monitoring and enforcement mechanisms concerning natural resource extraction. This Revenue Watch report identifies key improvements Latin American countries could make with regard to monitoring and enforcement, including: 1) the establishment of independent and financed monitoring institutions; 2) the creation of laws setting out the responsibilities of mining companies, and how these will be monitored and enforced in practice; and 3) the creation of new mechanisms for government and civil oversight. These proposals and other recommendations are likely to be valid for other developing countries facing the same concerns.

Full citation: Smith, E. and Roseblum, P. 2011. *Enforcing the Rules*. Revenue Watch Institute, New York.

## ▶ [Strategy and Global Initiative on Extractive Industries](#)

The United Nations Development Programme (UNDP) has recently launched its Strategy and Global Initiative on Extractive Industries which provides a framework for working with the private sector to put in place environmental and social safeguards, establish local regulations for extractive industry development and integrate their corporate social responsibility objectives with national development plans. This video publication will be of use to readers across Latin America, Africa and Asia interested in understanding how the private sector can work to compliment national initiatives for sustainable extractive industry development.

Full Citation: United Nations Development Programme. 2014. *Strategy and Global Initiative on Extractive Industries*. UNDP, New York.



## GAS SECTOR

### ► [Energy Dynamics and Regional Integration in the Argentinean Northwest and the Bolivian South](#)

Northwest Argentina and southern Bolivia both contain areas rich in gas that is highly coveted by Chile, a country without a gas source within its own borders. However, these areas face difficulties in integration, largely due to political and economic disputes between national-level and local-level governments that do not always support and promote production. As a result, the southern states import from distant markets, and the construction of new pipelines is limited or even stopped. This publication offers a complex analysis of the political factors influencing the roles of states as importers and exporters, and the possibilities for regional integration, which policymakers should consider for the design of investment policy for the regional market.

Full Citation: Carrizo, S., Ramousse, D. 2010. Dinámicas Energéticas e Integración Regional en el Noroeste Argentino y el Sur Boliviano. (Energy Dynamics and Regional Integration in the Argentinean Northwest and the Bolivian South). *Revista de Geografía Norte Grande* 45 51-62.

### ► [The Natural Gas Industry in South America: Situation and Possibilities for Market Integration](#)

The author presents both regulatory and physical barriers that obstruct gas sector integration in Latin America, highlighting the importance of having a long-term vision to overcome these barriers. It recommends that integration be improved beyond simple pipeline interconnection in countries in which interregional trade is poor. To do so, it suggests strengthening bi-national interconnection processes by establishing a supranational body to undertake coordination tasks, implement long-range prospective studies, and harmonise regulatory frameworks. This is a useful publication for public officials and policymakers in South Asia and Africa who are considering inter regional integration as part of an extractive industry investment strategy.

Full Citation: Kozulj, R. 2004. *La Industria del Gas Natural en América del Sur: Situación y Posibilidades de la Integración de Mercados. (The Natural Gas Industry in South America: Situation and Possibilities for Market Integration)*. Serie Recursos Naturales e Infraestructura, N° 7. Economic Commission for Latin America and the Caribbean (ECLAC), Santiago de Chile.

### ► [Conflict Points of Energy Cooperation and Integration in Latin America](#)

This study analyses how cooperation and energy integration have progressed in Latin America, including the conflicts that have emerged related to gas and energy supply. The author argues that regional integration should include not only good infrastructure and pipeline interconnection, but also a strong institutional structure amongst partners that efficiently supports and controls operations. The study concludes that identifying conflict factors helps to implement institutional frameworks and strategies for adequate infrastructure uses, offering an interesting consideration for policymakers from countries in their initial phases of regional integration.

Full Citation: Ruiz-Caro, A. 2010. *Puntos de Conflicto de la Cooperación e Integración Energética en América Latina y el Caribe (Conflict Points of Energy Cooperation and Integration in Latin America)*. Economic Commission for Latin America and the Caribbean (ECLAC), Santiago de Chile.



### ► [Extraction, Territory and Inequities: Gas in the Bolivian Chaco](#)

In this case study from the Chaco region of Bolivia, the authors explore the relationship between gas extraction, inequality and asymmetrical power relations, and potential changes that social movements could push forward. The study concludes that indigenous-led social movements seeking institutional and policy modifications that are linked with territorial projects were less successful than others. Finally, they recommend that the different players should unify their initiatives, as well as their very concept of justice, to reduce the conflicts that come up in this context of inequality. The study will be especially useful in the analysis of the effects of social movements and conflict in other regions.

Full Citation: Bebbington, H., Bebbington, D. 2010. Extracción, Territorio e Inequidades: El Gas en el Chaco Boliviano (Extraction, Territory and Inequities: Gas in the Bolivian Chaco). *Umbrales* 20 127-160.

### ► [People, Power, and Pipelines: Lessons from Peru In the Governance of Gas Production Revenues](#)

This case study of Camisea's natural gas project in Peru highlights the role of international financial institutions (IFIs), such as the World Bank, in ensuring an efficient allocation of resources generated by extractive industry revenues. Key intervention areas by IFIs include strengthening governance conditions prior to financing, building capacity amongst sub-national governments to undertake long-term strategic planning, improving transparency and building public awareness. Another key function of IFIs is the systematic evaluation of investments and lesson sharing across programmes and projects. The author's recommendations will be useful for policymakers and government officials working on similar issues in other regions of the world.

Full Citation: Munilla, I. 2011. *People, Power, and Pipelines: Lessons from Peru in the Governance of Gas Production Revenues*. Oxfam America, Boston.

## OIL SECTOR

### ► [The Wealth of Nations: How Well do Countries' Petroleum Strategies Align?](#)

This study analyses the hydrocarbon market strategy of countries in terms of their reserves and production. It finds that countries with smaller reserves and production tend to open their markets and accept partnerships with international companies, while the hydrocarbon-rich countries tend to restrict access to outsiders. These findings support the recommendation that countries with large reserves should try and attract foreign investment in order to combat their tendency to not search out partners. The publication will be useful to readers in South Asia and Africa as it offers an overview of oil investment policies and an interesting analysis of the factors pushing countries to choose specific combinations of policies.

Full Citation: Roberge, R., Collins, T. 2007. *The Wealth of Nations: How Well do Countries' Petroleum Strategies Align?* PriceWaterhouseCoopers, Phoenix.



### ▶ [Does Ownership Matter? The Performance and Efficiency of State Oil vs. Private Oil \(1987-2006\)](#)

This study uses econometric analysis to compare state-owned National Oil Companies (NOCs) and private International Oil Companies (IOCs) from both OPEC and non-OPEC countries to assess if there are differences in performance based on state or private ownership. The author's key finding is that IOCs perform better than NOCs in non-OPEC countries, but the opposite is true in OPEC countries. Both the findings themselves, as well as the industry overview that the author provides, will be useful for policymakers from South Asia and Sub-Saharan Africa considering the important question of state or private ownership in extractive industries.

Full Citation: Wolf, C. 2009. *Does Ownership Matter? The Performance and Efficiency of State Oil vs. Private Oil (1987- 2006)*. Cambridge Working Paper in Economics 0828. University of Cambridge, Cambridge.

### ▶ [Explaining Hydrocarbon Nationalization in Latin America: Economics and Political Ideology](#)

The authors of this publication demonstrate that in Latin America there is surprisingly no relationship between the ideologies of political leaders and oil sector nationalisation, given that historically presidents on both the left and the right of the political spectrum have pursued both nationalisation and privatisation strategies. Instead, they argue that the political and economic contexts, especially into which new presidents take office, seem to be determinant. For example, unlike in Bolivia and Venezuela, nationalisation is not likely to occur in Brazil or Chile because their extractive industries are already partially controlled by the state and provide significant resources for public investments.

Full Citation: Berrios, R., Marak, A. and Morgenstern, S. 2010. 'Explaining Hydrocarbon Nationalization In Latin America: Economics and Political Ideology' in *Review of International Political Economy* 13(2).

## MINING SECTOR

### ▶ [International Minerals Statistics and Information](#)

This web-based publication contains the collection of worldwide regional reports of the Mineral Yearbook that the [US Geological Survey](#) (USGS) publishes annually. The reports have sections on economic conditions of the regions, and data on trade, production, consumption, and exploration that can be downloaded as an Excel spread sheet, Word document, or PDF format. This publication will likely be most useful to researchers as an objective data source.

Full Citation: USGS. 2010. *International Minerals Statistics and Information*. US Geological Survey, Virginia.



### ► [Mining: Partnerships for Development Toolkit](#)

The purpose of this toolkit is to help private companies and local and national stakeholders to evaluate the social and economic impacts - both positive and negative - of mining in the communities and countries in which they work. It covers issues like partnerships, context analysis, programme improvement, and presenting results. Through eight modules, the toolkit uses worksheets and other didactic materials to give users hands-on tools for immediate use, and will be useful for any stakeholder living in countries where mining takes place.

Full Citation: ICMM. 2010. *Mining: Partnerships for Development Toolkit*. International Council of Mining and Metals, online publication.

### ► [Sustainable Development in Latin America and the Caribbean: Trends, Progress, and Challenges in Sustainable Consumption and Production, Mining, Transport, Chemicals and Waste Management](#)

This publication presents several experiences of good practices in environmentally-sustainable development, including a section on the mining sector. It argues that mining not only helps to generate infrastructure, but also it is an important source of economic dynamism in Latin America (LA). However, mining has also had negative impacts on LA's legal framework, regulatory structure, tax system, royalties, and value chains. The publication will offer readers an interesting perspective on the mining sector and sustainable development.

Full Citation: Division for Sustainable Development and Human Settlements of the Economic Commission for Latin America and the Caribbean (ECLAC). 2009. *Sustainable Development in Latin America and the Caribbean: Trends, Progress, and Challenges in Sustainable Consumption and Production, Mining, Transport, Chemicals and Waste Management*. ECLAC, Santiago de Chile.

### ► [Best Practices in the Mining Industry: The Case of the Peñoles Group in Mexico](#)

This publication offers an introduction to some of the best practices that evolved as the mining industry responded to environmental, social and economic criticism. Using a case study from the Mexican company *Grupo Peñoles*, the author describes some of these best practices, such as community participation, environmentally-friendly policies, and a focus on generating long-term development outcomes in the communities in which mining takes place. The publication will be useful for civil society actors in other regions who are seeking positive examples of mining company action that they can promote in their own countries.

Full Citation: Chaparro, E. 2007. *Buenas Prácticas en la Industria Minera: El Caso del Grupo Peñoles en México (Best Practices in the Mining Industry: The Case of the Peñoles Group in Mexico)*. Serie Recursos Humanos e Infraestructura 125. Economic Commission for Latin America and the Caribbean (ECLAC), Santiago de Chile.



### ► [CSR and Mining in Latin America](#)

By presenting case studies from Peru, Guatemala and Argentina, this bilingual (English and Spanish) report analyses conflicts between local communities and the mining industry in Latin America, and offers strategies for improving relationships and avoiding conflict. The case studies offer useful lessons learned for private sector, government and community members in other mining-rich regions who are working on improving community-private sector relations.

Full Citation: Russel, E. 2010. *CSR and Mining in Latin America*. Business News Americas, Santiago de Chile.

### ► [Haiti's Wealth of Untapped Mining Resources Must Benefit the Poor](#)

The mineral wealth of Haiti, which includes gold, copper and silver, is estimated to be worth more than US\$20bn. However, the author of this article warns that some mining contracts have been granted behind closed doors, without scrutiny or participation by Haitian civil society or even parliament. Opening this kind of opportunity to foreign investors without proper laws, enforcement and transparency mechanisms in place has created much anger among the population and some politicians. Many countries across Latin America, Africa and Asia are at the early stages of developing regulatory frameworks to manage mining investments, and this article provides useful insights into the some of the potential barriers to this process.

Full Citation: Prospery R. 2014. 'Haiti's Wealth of Untapped Mining Resources Must Benefit the Poor' in *The Guardian Global Development Blog*, online publication.

## CHOICE OF POLICY MODEL: PRIVATISATION, NATIONALISATION, OR SOMEWHERE IN BETWEEN?

### ► [Privatization and Nationalization Cycles](#)

This publication presents an evaluation of nationalisation and privatisation cycles in resource-rich countries. The authors analyse evidence on the causes and outcomes of these two investment models, state-led and private-led, reviewing primary sources and case studies to illustrate different policy choices. They also describe how international and domestic factors, like prices and national institutional set-ups, influence the decision to adopt privatisation or nationalisation. The paper will be useful to policymakers considering which model to adopt in their own context.

Full Citation: Chang, R., Hevia, C., Loayza, N. 2009. *Privatization and Nationalization Cycles*. World Bank, Washington, DC.

### ► [The New Latin American Oil and Gas Scene: Taking the High Road Or the Low Road?](#)

In this short paper, the author analyses why the Latin American countries under examination had different, and in some cases contradictory, responses to commodity price increases, especially during 2008, and how these approaches impact foreign investment. Some countries opted to increase tax and royalties or even to nationalise their industries, while others opened their markets to the private sector. External factors and also specific ideologies and policies are considered. The publication will be useful to actors in other regions seeking to understand how governments use extractive industry investment policy as a response to shocks.

Full Citation: Eljuri, E., Maduro, C. 2009. *The New Latin American Oil and Gas Scene: Taking the High Road Or the Low Road?* Law Business Research Ltd., London.





## RENTS, TAXES AND ROYALTIES

### ► [Institutional Analysis of Governance and Contracting in the Oil Sector: Cases of the Andean Region](#)

The author presents an institutional overview of the tax structures, governance and contracts of the hydrocarbons sector in the Andean region. He argues that contract breaches by the state are exacerbated when the sector grows, because of the fragility of legal restrictions and judicial independence and the lack of decentralised authority. To improve regulation and control, the author recommends developing autonomy between state agencies in terms of dividing out different roles as resource owners, tax collectors, regulators and operators. The recommendations presented in the paper are particularly relevant to South Asia and Africa that, like many parts of Latin America, suffer from weak rule of law.

Full Citation: Monaldi, A. 2008. Análisis Institucional de la Gobernabilidad y la Contratación en el Sector Petrolero: Casos de la Región Andina. (Institutional Analysis of Governance and Contracting in the Oil Sector: Cases of the Andean Region). In: Castilla, M. et al. (eds). *Hacia la Integración Energética Hemisférica: Retos y Oportunidades (Towards Hemispheric Energy Integration: Challenges and Opportunities)*. CAF, Caracas; IDB, Washington, DC.

### ► [Income Taxes, Mining Taxes and Royalties: A Summary of Selected Countries](#)

This short report compiles basic information about income taxes, mining taxes, and royalties for a selection of countries worldwide. It also includes information about deductions and credits, and describes when rates differ by type of mineral. The easy-to-read format permits a quick analysis of the different tax and royalty structures within any given country, and facilitates comparison across countries. Overall, it is a useful tool for researchers in the mining sector to undertake initial analysis of regulation, institutional structures, and contract dynamics in the sector.

Full Citation: PwC Global Mining Group. 2010. *Income Taxes, Mining Taxes and Royalties: A Summary of Selected Countries*. PriceWaterhouseCoopers, Phoenix.

### ► [Undermining the Poor: Mineral Taxation and Reforms in Latin America](#)

Lowering royalties and taxes has been promoted as a way to attract foreign investment in the extractive sectors. This report analyses the tax exemptions provided to mining companies by focusing on the cases of Peru, Guatemala and Honduras, countries with some of the lowest tax and royalty rates in the world. This publication takes a critical look at this strategy, illustrating the other side of the argument that lowering taxes may bring increased investment, by showing that these benefits could come at a cost. It concludes by offering specific recommendations to policymakers for fair taxation. In this publication, readers in South Asia and Sub-Saharan Africa will find an alternative perspective to consider when evaluating different extractive industry tax and royalty options.

Full Citation: Christian Aid. 2009. *Undermining the Poor: Mineral Taxation and Reforms in Latin America*. Christian Aid, London.



### ► [Global Oil and Gas Tax Guide](#)

This report offers an overview of taxation in 57 countries, representing all regions of the world, and includes sections related to fiscal regimes, legal regimes, exploration and exploitation periods, taxes and royalties rates, income taxes by hydrocarbon type, and financing and transactions details. It is a well-organised publication that allows for making easy comparisons across countries. Published annually, this is a useful tool for researchers to complement their analysis of regulation, institutional structures and contract characteristics in the oil and gas sectors, and for policymakers who are assessing possible tax structures.

Full Citation: Ernst & Young. 2011. *Global Oil and Gas Tax Guide*. Ernst & Young, London.

### ► [Oil and Mining Rent in Selected Countries of Latin America](#)

The objective of this study is to calculate the generation and distribution of oil rent in Argentina, Bolivia, Ecuador, Mexico, and Venezuela, and of mining rent in Chile and Peru, for the period 1999-2006, though only focusing on upstream operations. The author highlights changes in the pattern of policy choice during the period, analyses the different variables that affect rent generation for each sector, and then evaluates rent distribution. This will be an interesting publication for policymakers considering issues related to oil and mining rents in their own countries.

Full Citation: Campodónico, H. 2009. *Renta Petrolera y Minera en Países Seleccionados de América Latina (Oil and Mining Rent in Selected Countries of Latin America)*. ECLAC, Santiago de Chile.

### ► [Template to Collect Data on Government Revenues from Natural Resources](#)

The International Monetary Fund (IMF) has recently published a draft template that seeks to standardise collection of data on government revenues from natural resource exploitation. The IMF template, open for public consultation, aims to facilitate the collection of revenue data in an analytically relevant and cross-country comparable format. This publication includes a useful explanation of how to translate [Extractive Industries Transparency Initiative \(EITI\)](#) country reports into the template using the examples of Azerbaijan, Mongolia, Mozambique and Peru. The IMF is now calling on national authorities and international agencies to start using the template on a pilot basis.

Full Citation: International Monetary Fund (IMF). 2014. *Template to Collect Data on Government Revenues from Natural Resources*. IMF, Washington, DC.

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