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Peru smelter pollution at crisis point

By Dan Collyns
BBC News, La Oroya, Peru

High in the Peruvian Andes the air is normally fresh and bracing.

But in the town of La Oroya, some 3,700 metres above the sea, a multi-metal smelter spews out thick fumes that irritate the throat and eyes.

Or at least, it used to do so - until a recent decision to shut it down because of lack of raw materials.

Doe Run Peru has run a multi-metal smelter in La Oroya for more than a decade.

It has been named one of the 10 most polluted places on earth by US think-tank, the Blacksmith Institute.

The smelter has long been a focus for dispute between the government, the company, the population and the workers about its social and environmental impact.

Now, the long and drawn-out saga may be reaching a conclusion.

When the global economic crisis hit commodity prices this year, the company fell on hard times. Banks froze its accounts in February.

In April, thanks to government intervention, a group of banks and mining companies conditionally agreed to extend it a \$175m credit line.

But the company's rescue package is on the verge of collapse because Doe Run Peru has failed to fulfil the conditions.

One of those conditions is completing an environmental remediation, which the company says will cost a total of \$500m, to bring the emissions within international norms by October.

"The process is much more complicated than we had expected," says Jose Mogrovejo, corporate vice president.



The smelter in La Oroya is one of the 10 most polluted places on earth.

“ The process is much more complicated than we had expected ”
," says Jose Mogrovejo, corporate vice president, Doe Run Peru

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"It's difficult right now to say that we can make that date."

Not fixed

Doe Run's parent company, Renco Group, has not covered a \$156m shortfall in the firm.

In a statement, Doe Run Peru says it needs more time to settle debts and invest in the town's environmental recovery.

For the residents of the town, it is a story they have heard many times before.

US-owned Doe Run Corporation bought the smelter from the state in 1997 on the condition that it would reduce toxic emissions.

It says it has spent \$300m to sort it out, but despite being given several time extensions it has failed to finish the job.

"I've lived here my whole life," says Silvia Inga, one of a group of mothers who live in the old part of town nearest the smelter's chimney.

"The gas you're breathing now, which irritates your throat; we breathe it every day. You can hardly breathe.

"The company says there are hardly any jobs for the workers, but they still pump out the gas.

"We feel bad. Some days we can't even leave the house because of the gases. My son has a high blood lead reading and it affects his vision. My little daughter just can't put on any weight."

Lead in the blood

In La Oroya, these kind of stories are common.

Mothers compare the blood lead readings of their children as if they were discussing their marks in school.

For another family living close by, the situation is equally depressing.

Antonio Villajuan, a father of seven, cannot get a job at the smelter so he helps his wife as she takes in washing from the neighbours.

"Yesterday we had to shut ourselves in the house because the smog settled so thickly outside," he says.

"If we could afford to, we'd leave."

His wife, Julia, says their children have high blood lead readings.

"We hoped the company might give my husband work to compensate us for the damage to our children's health," she says, pointing to two of their children standing in the doorway.

"This daughter has 58 and the other 60."

Those readings are up to six times the maximum safe limit set by the World Health Organisation of 10 micrograms of lead per decilitre of blood.



“ If we could afford to, we'd leave ”

Antonio Villajuan

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“ The workers aren't afraid anymore ”

Anibal Cuarhapoma, former company union leader

In 2005, a team of scientists from the St Louis School of Public Health in Missouri found that in La Oroya the majority of children under six years of age had toxic levels in excess of 40 micrograms of lead per decilitre of blood.

Many children also had high levels of other toxic heavy metals, such as cadmium, arsenic and mercury.

Government intervention

When a company such as Doe Run Peru has had such a poor record for pollution in a town of 35,000 people, many in Peru have asked why the government felt the need to broker a plan for a \$175m bail-out loan.

"What I said at the very beginning was that this was a private problem and it should have a private solution," says Peru's finance minister, Luis Carranza, in Lima.

"We asked for 100% of the shares of the company as a guarantee to be sure that they are going to finish the investment for the environment."



The river Mantaro which flows through La Oroya is badly polluted.

That means that if the clean-up is not completed within a few months, the company could be effectively nationalised, unless another deal is struck with the government.

Time to go

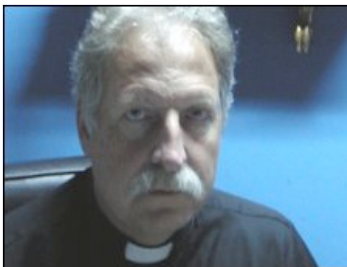
But back in La Oroya, people have already lost patience with Doe Run Peru.

Pedro Cordoba, a mechanic who works at the smelter, is in favour of nationalising the plant.

"There are many people in the region and the country who support this idea," he says.

"It would be one of the solutions and it would get rid of this company."

The company's former union leader, Anibal Cuarhapoma, says for the first time the population and the workers are united in saying if the company cannot fulfil its commitments then "it should go".



“ The government needs to be willing to force certain laws and the company [needs] to spend money to take care of the workers and the people who live here ”

Father Joseph Deardorff

"We are not against foreign investment, but we know what Doe Run stands for," he says.

"The workers aren't afraid anymore."

Beggars belief

Whilst not all the workers agree with that sentiment, there does seem to be a change of mood in a place that has long been a company town.

Many in La Oroya, including the town's mayor, Cesar Gutierrez, question what has happened to the subsidiary's profit.

"Overnight, the company has apparently gone from big profits from

the record commodity prices of the last few years to bankruptcy in a crisis that has just started," he says.

"To say they're in a total crisis beggars belief."

Big mess

Shutting the smelter for non-compliance would cost thousands of jobs and threaten several mines that rely on it.

That gets to the heart of the issue.

Many people in La Oroya have been forced to put their jobs before the health of their families. Now, those jobs are at risk as well.

"It's an ethical problem because people actually are dying from lead poisoning and it does affect the development of the children," says Father Joseph Deardorff, an American priest based in the town.

"Nobody is willing to take action when there actually are solutions to the problem.

"The government needs to be willing to force certain laws and the company [needs] to spend money to take care of the workers and the people who live here."

The Peruvian government is well aware that if the company fails to meet the conditions of its bail-out there are very few other firms that would be interested in buying such a problematic smelter.

And that would leave the government with a very big mess on its hands.

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