



Lithium and the political crisis in Bolivia

Over the course of almost 14 years, reality shaped the Movement towards Socialism (MAS) government so much that it became the best representative of the interests of the imperialist bourgeoisie, even if the government furiously denied this discursively.

That is one of the arguments that, Pablo Poveda, a researcher at CEDLA, exposes in this new contribution about their failed lithium and other evaporite resources policy which, were improvised by the regime that ended up deposed, and its leader exiled.

In his own campaign words, former President Evo Morales boasted that some businessmen told him in Santa Cruz: "We have profited more than with other previous governments thanks to this democratic and cultural revolution."

But this pro-capitalist practice is not exclusive to the MAS government. It is common across all of the progressive governments in Latin America and is disseminated through their own media, such as the Telesur network. Their versions are based on the 11 principles of the Nazi propaganda created by Goebbels which seek to, identify a single enemy, and then identify that single enemy with all of their adversaries. At the same time this serves to deny any news that might be contrary, and turn anecdotes into serious threats.

Since 2009, the population of Potosí, led by its Civic Committee, had demanded that the former-president implement measures to improve their living conditions. Ten years later, the indefinite general strike that began on October 7, 2019 centered the protest on the way in which government's fully-owned lithium industrialization strategy was being implemented.

Potosí then requested the annulment of Supreme Decree 3786, which sought the creation of the joint-venture company between YLB-ACISA. This agreement would, deliver the evaporite resources to the German company on a golden platter for 70 years. This was, due to the low royalties that the department of Potosí would receive (3% of the gross production value) and would grant the German company with the power to produce and commercialize the raw material. In this way, the decree represented a departure in the formerly government-controlled industrialization strategy.

When the government decided to abrogate the decree with the hope that it would end the social upheaval that was unleashed by the electoral fraud, discontent was already widespread. The population was outraged at the electoral scam which sought to over extend the Presidency to 19 years.

The MAS' own social bases silently supported the social protest. They were tired of the abuse that was exerted upon them by their corrupt leaders who took advantage to benefit the group in power. Due to all these factors, there is no coherent argument which supports the propaganda messages which state that "the imperialist interests of the United States were behind the coup."

Instead, as Poveda highlights in this piece, everything points to the fact that it is dramatic staging attempt to hide the failure of the government's industrialization policy for evaporite resources. For this reason, the government began a search for foreign partners who could develop the technology that the state-owned company YLB and its predecessor, (the former Evaporite Resources Management company), could not achieve satisfactorily.

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There is no coherent argument which supports the propaganda messages which argue that “behind the coup were the imperialist interests of the United States”. Rather, everything points to the fact that it is a staging to hide the failure of the government’s industrialization policy for evaporite resources. Therefore, a search was made for foreign partners who could develop technology that the state-owned YLB and its predecessor, the former Evaporite Resources Management entity, could not achieve satisfactorily.

PABLO POVEDA

Setting the stage¹. Part of Evo Morales’ government’s political propaganda was the deliberate practice of showing great economic and social achievements as the product of the application of the economic, productive, social, community model, when, in fact, they imposed an individualistic capitalism, which competes, concentrates and excludes.

The populist character of the indigenous regime that emerged from the political crisis of neoliberalism, forced Evo Morales to present himself as a defender of popular interests. However, reality imposed itself upon the Movement towards Socialism (MAS) party until it became the best representative of the interests of the imperialist bourgeoisie², despite their furious discursive denial.

This was not an exclusive practice of the MAS government. It is common in all progressive governments in Latin America and is disseminated through their own media, such as Telesur, the multinational television channel created for the political purpose of resistance to the current world order based on the principles of Nazi propaganda created by Goebbels³.

1 For classical cinema, staging is the control of a previously planned action and generally of univocal meaning.

2 This is how Morales expressed it in the program *Conversando con Correa*, on the Russian television network RT, on November 21: “During the campaign, some businessmen, told me in Santa Cruz, ‘Presi we are going to support, we win better than with other governments, thanks to this democratic and cultural revolution’.

3 The 11 principles of Nazi propaganda by Joseph Goebbels are: i) create a unique enemy; ii) indicate that all adversaries are on the side of the single enemy; iii) deny the contrary news and invent other news to distract; iv) turn an anecdote into a serious threat; v) the message must be addressed to the masses in vulgar language; vi) propaganda should be limited to a few ideas that are endlessly repeated and from different perspectives, until the masses believe it to be true; vii) repeat ideas with new arguments, to prevent the adversary from responding; viii) use various sources with fragmented information; ix) Hide the news about which there are no arguments and conceal the news that favors the adversary; x) Propaganda uses a nationalistic language of hatred to establish primitive attitudes; and, xi) Create the impression of unanimity, convincing that everyone



The industrialization of evaporite resources was a discursive resource of the MAS government since 2008

These so-called progressive governments identified a sole enemy in United States imperialism. The former Minister of the Presidency, Juan Ramón Quintana, began to spread the propaganda of the threat of the coup, due to this sole enemy's interest in lithium, after the defeat of 21F⁴.

"Today the United States disputes control over our strategic resources to preserve its power. For this reason, they, seek to control the riches of the Orinoco in Venezuela, of oil in Ecuador, of the lithium Uyuni, and the watershed of fresh water in Bolivia," Quintana said. Then, in an attempt to link all opponents, to that enemy, he pointed out that "they have lost all credibility and have become docile puppets of the United States embassy"⁵.

Likewise, he refused to acknowledge his defeat and instead opted to distract the public by, inventing

that the enemy had created a "cartel of lies", led by the media, and including Pagina 7, El Deber, Fides News Agency and Erbol. These outlets, according to him, formed a communication pipeline for conspiracy arguments in Bolivia.

During the political crisis that followed the MAS' electoral scandal, the general conspiracy-theory propaganda emerged with more force from the international press that support progressive governments. For example, on November 11, a day after Morales' resignation, RT's spanish journalist José Manzaneda said⁶: "The Bolivian oligarchy and the great interests of US imperialism want to regain control of the natural resources of the country such as gas and lithium, among others."

In several articles written by other journalists in the media who endorse the ideas of progressive governments, this script was repeated over and over again, with the intention of turning the lie into truth by virtue of repeating it.

thinks the same. (Alta Veu. December 25, 2015. <https://www.altaveu.com/opinio/1597/los-11-principios-de-la-propaganda-nazi-de-joseph-goebbels>).

4 To change the Political Constitution of the Plurinational State and allow the indefinite re-election of the President of the State.

5 He stated in the Conversation "Emancipatory Projects vs. Soft Coups in Latin America", held in La Paz on June 27, 2016 (Source: Erbol)

6 The title of the article is sensationalist, presumably, in order to turn the fact of resignation into a serious threat: "Like with a gun to his head: Evo Morales was forced to resign to avoid a bloodbath" <https://actualidad.rt.com/actualidad/333272-evo-morales-dimitir-pistola-cabeza-bano-sangre>

Perhaps the most revealing of this performance was what was done with the presence of Evo Morales himself in “Conversando con Correa” program, on the RT network. On this occasion, the former Ecuadorian president, Rafael Correa, encourages Evo Morales to point out that the United States interest in lithium was behind the coup.

Morales’ reply was: “With brother Álvaro we have a nice plan for 2020-25, (including the) industrialization of, lithium [...], what have we proposed? When we finish the industrializing lithium, in Bolivia we can define the price of lithium for the world”, but, “a group of civic leaders in Potosí rejected our plan”, but, “I realized that some industrialized countries do not want competition; first, on the issue of technological freedom. Second, they do not accept that as progressive governments, as Leftists governments, we have another economic model based on socialism, at stake is another message, but, another path to follow and (from that), solutions for our peoples”.

In this response, which expresses a foolish aspiration to determine the international prices of lithium as a raw material for batteries, a complaint against capitalist competition and the socialist imposture as a threat, he fails to draw a direct connection between US imperialism in the alleged coup.

However, the program makes statements that Morales did not say, as a way of iterating conclusions of a script that was already prepared and, with fragmented messages of the context. Some of those messages include: “Lithium played an important factor in the coup”, “Groups that hold economic power do not forgive us for the nationalization of natural resources in Bolivia”, “There are many hypotheses that lithium was an important factor in what happened in Bolivia.”

LITHIUM IN THE CONTEXT OF THE POLITICAL CRISIS UNLEASHED BY ELECTORAL FRAUD

The department of Potosí, where the lithium deposits are located, has not managed to overcome the impoverished conditions of its population, despite being one of the main sources of income for the country throughout history thanks to the mineral exploitation.

The Multidimensional Poverty⁷ index for Potosí

in 2017 was 68.5%⁸, 7.5% above the national average, Potosí is the second poorest department in Bolivia after Beni (69.3%).

Faced with this situation, since 2009, the Potosí population led by the Civic Committee, had demanded measures from the now ex-president to improve their living conditions. Demands included aspects of infrastructure, environment, productive development, mining, health and education. However, the indefinite general strike which began on October 7, 2019 focused the protest on how the 100% state-owned lithium industrialization strategy was being implemented.

As a result, Potosí requested the annulment of Supreme Decree 3786, which created the joint-venture company YLB-ACISA, a company made up of the state-owned company Yacimientos de Litio Bolivianos and the German company ACISA. This was requested on the basis that the agreement deliver the evaporite resources to the German company for 70 years, due to the low royalties it afforded for the department (3% of the gross production value) since the German company was given the authority to produce and commercialize the raw material. In other words, the decree marked a shift in the industrialization strategy in charge of the Bolivian government.

On November 4, 15 days after the crisis began, the government decided to repeal the decree, hoping that this would end the social revolt which was unleashed by the fraud. However, the discontent of the Bolivian population was generalized and outraged by the electoral fraud which had sought to give Morales a fourth term, allowing him to hold 19 years in the Presidency. The MAS’ own base silently supported the social protest, tired of the abuse they received from their corrupt leaders who took advantage of them for the benefit of the group in power.

As for the German company ACISA, founded in May 2018, it is a subsidiary of ACI Systems GmbH,

rious spheres of social life: monetary income, durable goods at home, education, internet access, school attendance, school lag, health, access to employment, job stability, working hours, paid work, income and cost of the food regulations basket, retirement pension, overcrowding, housing material, services, union participation, personal safety. Escóbar, Silvia; Hurtado, Giovanna; Arteaga, Walter. 2019. Inequalities and poverty in Bolivia: a multidimensional perspective. CEDLA. La Paz, Bolivia.

8 Escóbar, Silvia et al, 2019. CEDLA, La Paz, Bolivia.

7 It refers to the absence of individuals and groups in the exercise of their fundamental rights in the va-



Until today, the potassium plant installed near the Salar de Uyuni has not yet entered into operations at its full capacity.

a company dedicated to the production and distribution of photovoltaic panels. The ACISA subsidiary was created for the field of research and development, project management, environmental management, finance, marketing and sales, being its strong point the interconnection with research institutions, industrial associations and high technology companies.

In other words, the company has no experience in the production of raw material for batteries, nor in the production of batteries. That in addition to not having capital. The government hoped that this German company could articulate their interests with that of German industry, which requires the raw material for lithium batteries, in order to renew its automotive transport system⁹.

It is clear that demand of the Potosí people did not obey the conspiratorial interests of the only enemy, created by propaganda. On the contrary, it responded to the abandonment of the lithium industrialization policy which, in turn, implied the repeated surrender of the objective of overcoming

the primary export pattern advocated in the development policy developed by the Morales regime.

THE FICTION OF LITHIUM INDUSTRIALIZATION

The report produced about the Salar de Uyuni reserves, presented by the American company SRK Consulting¹⁰, and released by YLB on February 21, 2019, indicates that there are 21 million tons geological reserves of lithium.

These were calculated based on geological studies. However, to become true or proven reserves, they require a technology that allows calculating a cost that makes the project profitable at market prices. For this reason, in its reports the United States Geological Survey (USGS) does not consider these Salar de Uyuni reserves as proven resources.

In 2010, the former National Evaporite Resources Management entity (now YLB) argued that the lithium reserves were estimated at 100 million tons and that the country was home to “a sea of lithium”.

⁹ With regard to the battery industry in the European Union, a recent initiative was launched to install a battery plant in Germany with a large investment coming mainly from France, because importing them from Asia increases costs and dependence on the automotive industry.

¹⁰ SRK is a company that offers expert advice and solutions for clients who require specialized services in the fields of mining, geotechnics, hydrogeology, tailings, dumps, and the environment. It is so named because it bears the initials of the names of its three founders: Oskar Steffen, Andy Robertson and Hendrik Kirsten who established SRK in Johannesburg.



The Chinese company CAMC was in charge of installing the Industrial Plant for potassium salts.

They implied that having control of the reserves could produce control over the markets, and that, therefore, the market had to wait for Bolivia to develop the exploitation of lithium. In this way it reflects Morales's same desire to control the world prices of the raw material.

The 100% state-owned technology for the production of lithium carbonate developed by YLB, has not been able to produce the raw material at the degree of purity that allows it to be used for battery manufacturing. Due to the characteristics of the deposit (the magnesium content is too high in relation to the lithium context), it is not possible to easily obtain 'battery grade' lithium carbonate with the classic evaporation methods used in Chile and Argentina.

Adding to this difficulty is the fact that battery technology has evolved towards a solid electrolyte, which replaces lithium carbonate with lithium hydroxide as the raw material used to manufacture batteries.

For this reason, the state-owned company shifted its industrialization strategy: first, the capacity for lithium carbonate "industrial production"¹¹ was reduced from 30.000 tons to 15.000 tons per year. Likewise, the now nullified contract, signed with the German company ACISA for 70 years, established

that lithium hydroxide would be produced from the waste left from the production of lithium carbonate, thereby increasing the cost of the raw material.

Companies in Chile and Argentina are looking for methods to produce lithium hydroxide without the need to produce lithium carbonate, due to these same considerations. On the other hand, it is easier to produce lithium hydroxide from rock deposits than from brine, which is enabling the development of these types of deposits by some companies.

Consequently, we can corroborate the failure of the production of 'battery grade' lithium carbonate, in the commercialization phase.

Regarding lithium carbonate, YLB's reports indicate that, in addition to selling minimal quantities from the pilot plant, its quality is insufficient in order to be used as a raw material for batteries.

Furthermore, recently an Indian company with representation in the United States bought 200 tons of "battery grade" lithium carbonate, which was supposedly verified in a laboratory (unilaterally defined by YLB) on the spot contract¹² trading. The buyers were shocked when the laboratory they contracted for analyzing the product, determined that the lithium carbonate sold by YLB was not in fact 'bat-

¹¹ Industrial production is understood as obtaining large volumes of raw material.

¹² Contract for the purchase / sale of raw material for its respective payment and delivery after the signing of the contract.



The Chinese CAMC was the subject of complaints for its relationship with Gabriela Zapata

tery grade', and that it would require an additional refining process, which increased the cost, ultimately, discarding the possibility of the future purchase of this raw material in the future¹³.

It is important to note that the expectations which center lithium as the main source of income for the Bolivian government are overstated. At the price of 10.000 dollars per ton of lithium carbonate, this would represent an income of 150 million dollars from the sale of 15.000 tons.

Thus, the rent from departmental royalties would be 4.5 million dollars (3% of the Gross Production Value: 15% for the producing municipalities and 85% for the department), which is insignificant when compared to the gas revenues, which in their worst moments, generated a fiscal income of 2 billion dollars (50% of the gross production value). Today these values have declined in an accelerated manner due to the fall in reserves and the closing of markets.

On the other hand, research from the Center of Studies for Labor and Agrarian Development (CED-LA)'s, 2014 report, "A present without a future. The lithium industrialization project in Bolivia", indicated that at prices of 5.000 dollars per ton of lithium carbonate and 200 dollars for potassium chloride, the total income of the pilot and industrial plants of these products would have an annual income of 105 million dollars, of which 59 million dollars would correspond to the profits of the state company and

3 million dollars to royalties. Industrialization of lithium under these conditions, cannot be contemplated as an alternative to replace the ailing incomes of the exploitation and export of natural gas.

By way of concluding then, there is no coherent argument that supports the propaganda messages that 'the imperialist interests of the United States were behind the coup'.

Rather, everything points to the fact that it is a dramatic facade designed to hide the failure of the state's industrialization policy for evaporite resources.

For this reason, the company is seeking foreign partners that can develop the technology that the state-owned YLB and its predecessor, the former Evaporite Resources Management, could not satisfactorily achieve. But, this also sends positive signals to foreign investment by promoting the opening of a strategic natural resources.

The purpose of Jeanine Añez' transitory government is to carry out new elections, nullify the fraudulent process carried out by the deposed government, and call for other elections within the next four months in order to allow for the constitutional succession. The next government then will assume the responsibility and must define the course that lithium industrialization will take. Hopefully they will keep its industrialization in the hands of the government, due to the strategic nature of the resource.

La Paz, November 25, 2019

13 Interview with an official of a Hindu company that bought the lithium carbonate.