

## Latin America: Resource conflicts

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May 2024

Latin America is renowned as a region abundant in all manner of natural resources, to include the large oil reserves of Venezuela and Ecuador, the vast mineral deposits in Chile and Peru and, of course, the lush and expansive tropical rainforests across the Amazon basin.



The value of these resources, while being a key driver for economic growth, has also brought with it many conflicts. Disputes often start over extraction rights, environmental impacts and fair distribution of benefits. The prize, however, is big, involving various stakeholders, including local communities, indigenous groups, national governments, multinational corporations and foreign nations, all with separate interests. The impact of these conflicts can be felt beyond Latin America's borders, presenting concerns for the global community. International issues range from deforestation, biodiversity loss and violation of indigenous people's rights. The world's reliance on the region's oil production, minerals and other commodities also has implications.

### **Background: Latin America's resource wealth**

Venezuela's oil reserves have long been observed as some of the largest in the world. Bolivia holds significant deposits of lithium, a major component of the batteries that power EVs (Electric Vehicles) and renewable energy systems. Brazil and its rainforests make it a prime source for timber, which has also made it a global environmental and ethical concern regarding deforestation.

It is widely acknowledged that the region's resources have significantly contributed to the development of its countries, but some refer to it as a 'resource curse', where such reliance interferes with the balance of economic development, leading to instability and unrest.

## **Stakeholders and protagonists**

Among this complex landscape of Latin America's resource confrontations, the stakeholders are made up of local and external entities, all with their own directives. Internally, stakeholders consist of national and regional governments looking to make the most of resource revenues, while at the same time, manage domestic and regional expectations. Those communities and indigenous peoples affected by the extraction activities of resources insist on sustainable practices and the equal distribution of reward, often calling for environmental preservation and respect for their rights.

Externally, large international corporations play a crucial role - they are solely focused on the pursuit of increased margins and profits through the extraction of resources like oil, minerals and timber. These multinationals do collaborate with local governments but often face opposition from internal communities and activists. Both China and the US also have significant interests, seeing Latin America as a means to fuel their own economic growth and political status. The United Nations (UN) and the World Bank assist in mediating conflicts and work towards promoting sustainable resources management practices, and the evolving needs for social justice.

## **Current resource conflicts**

The current resource conflicts in Latin America underscore the intricate problems between economic development and environmental conservation. The Amazon rainforests of Brazil are a significant deforestation concern for environmentalists. Illegal logging, agricultural expansion and infrastructure development, lead to loss of biodiversity and contribute to climate change. Numerous indigenous tribes are also directly impacted, losing both homes and traditional ways of living.

In the Andean region, Chile and Peru are ensconced in intense disputes regarding mining activities, in particular for copper and lithium, important components for EVs and various other electronic products. These activities have caused water depletion and pollution, affecting the health and livelihoods of many communities.

In Venezuela and Ecuador, oil extraction has resulted in environmental degradation and local unrest, as spills contaminate water and agricultural land resources. The governments seem to be in a constant struggle to balance economic benefit with safeguarding the environment and this has led to various responses. Some sought to reform regulations and enforced stricter protections, others focused purely on financial gain. International bodies and environmental organisations step-in frequently advocating fair practice and supporting local communities.

### **Economic and political implications**

Where the economy is concerned, these conflicts can both spur and stifle growth. Regions that are rich in resources are often comforted by the boosts seen in GDP and employment as a consequence of investments and extraction. However, an over-reliance on such revenues can make countries susceptible to commodity price fluctuations, which can lead to economic woes. Geopolitical implications are just as significant. Resource disputes can disrupt a government, especially when societal discontent due to resource management reaches breaking point, causing protests or a more critical regime change.

The dynamics of resource economics have an underlying influence on regional power structures and relationships. Countries that are privileged to be rich in resources like oil, lithium or other rare minerals, have the ability to wield influence, encouraging foreign direct investment (FDI) and strategic partnerships. FDI has also been attributed to exacerbating conflicts, as corporations and governments align interests solely with financial gain to maximise profits. The US, China and the EU have ingrained geopolitical interests in Latin American resources and all play a part in influencing regional and international policy. Such interference often prompts swift intervention from bodies like the UN, who look to protect the region from international legal and ethical foul play.

### **Potential future scenarios**

*Best-case scenario:* If Latin America finds a way to achieve effective management of resources and conflict resolution, it could see an era of overwhelming prosperity.

This scenario involves the addition of fair and clear open resource allocation policies, enhanced protections of assets and growth that is equally shared between all stakeholders. Governments, companies and communities could join forces to guarantee that all exploitation contributes toward sustainable and realistic goals.

*Worst-case scenario:* Adversely, without significant reform to existing practice, resource conflicts could spiral out of control, leading to more environmental degradation or worse, escalated regional wars. This scenario would ultimately bring a rise in corruption, damaging institutions, further exploitation of resources and widespread civil unrest.

*Likely outcomes based on current trajectories and policies:* When one considers the current situation, it is possible to see that some improvements could occur, but challenges will remain. There would, perhaps, be tighter environmental regulations implemented and the addition of community inclusive project planning. However, the international community will have to continue in its support for the region to overcome diverse political interests and resistance.

## **Conclusion**

The region's vast natural wealth, if managed, could bring promise of a new era of prosperity and environmental stewardship. The existing conflicts and dependencies on these resources does paint a worrying picture. The international community's participation is vital, and it is only with concerted and willing efforts towards fair practices and adhering to legal frameworks that Latin America will be able to take a step back from the brink of conflict. The outcome would be a testament to the world and its ability to manage the balance between the economic need for natural resource wealth and the sacrifice on the environment and, more importantly, those people that live in it.

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