



Coltan: The Venezuelan Regime’s Smuggling of “Blue Gold”



Caracas, Venezuela

March 2020

*“Nevertheless, Venezuela got off to a late start: **it wasn’t until 2009 that President Chávez disclosed that there were “important” coltan reserves in the country.** ‘That’s a mineral over which many wars have been fought in Africa, I don’t know how many, because it’s a strategic mineral, for building, among other things, these long-range rockets,’ he said.*

*“On that occasion, he did not specify projections regarding the reserves despite his assurances that they were ‘important.’ He also announced that the zone where the mineral was located, in the area of the Parguaza River in Bolívar, **had been taken over militarily because the coltan was being mined illegally, and was being smuggled out.**”*

Source: [Efecto Cocuyo \(2016\)](#)

Photographs on the cover page:

- Coltan. Source: [Flickr de Miguel Artime](#) album
- Parguaza River. Source: [Cosmogonía indígena: la comunidad Piaroa](#) (2016), Shakira Di Marzo

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1. Background

Following the financial debacle of 2008 and the resulting drop in oil prices, the regime of former Venezuelan president Hugo Chávez turned toward the exploitation of mining deposits in order to compensate for the considerable drop in oil revenues, which had fallen from USD 88.42 per barrel in 2014 down to USD 44.65 per barrel in 2015. According to information released in 2019 by the Central Bank of Venezuela (BCV), the petroleum industry's exportation of goods and services for the year 1999 accounted for 76% of Venezuela's exports, when oil was being produced at the rate of 3.1 million barrels per day (bpd), while in 2005 this relative proportion rose to 86% and by 2015 it had climbed to 98%. By February of 2020, Venezuela's oil production averaged only 882,000 bpd (a reduction of 72% compared to 1999). However, these figures may well be overstated.

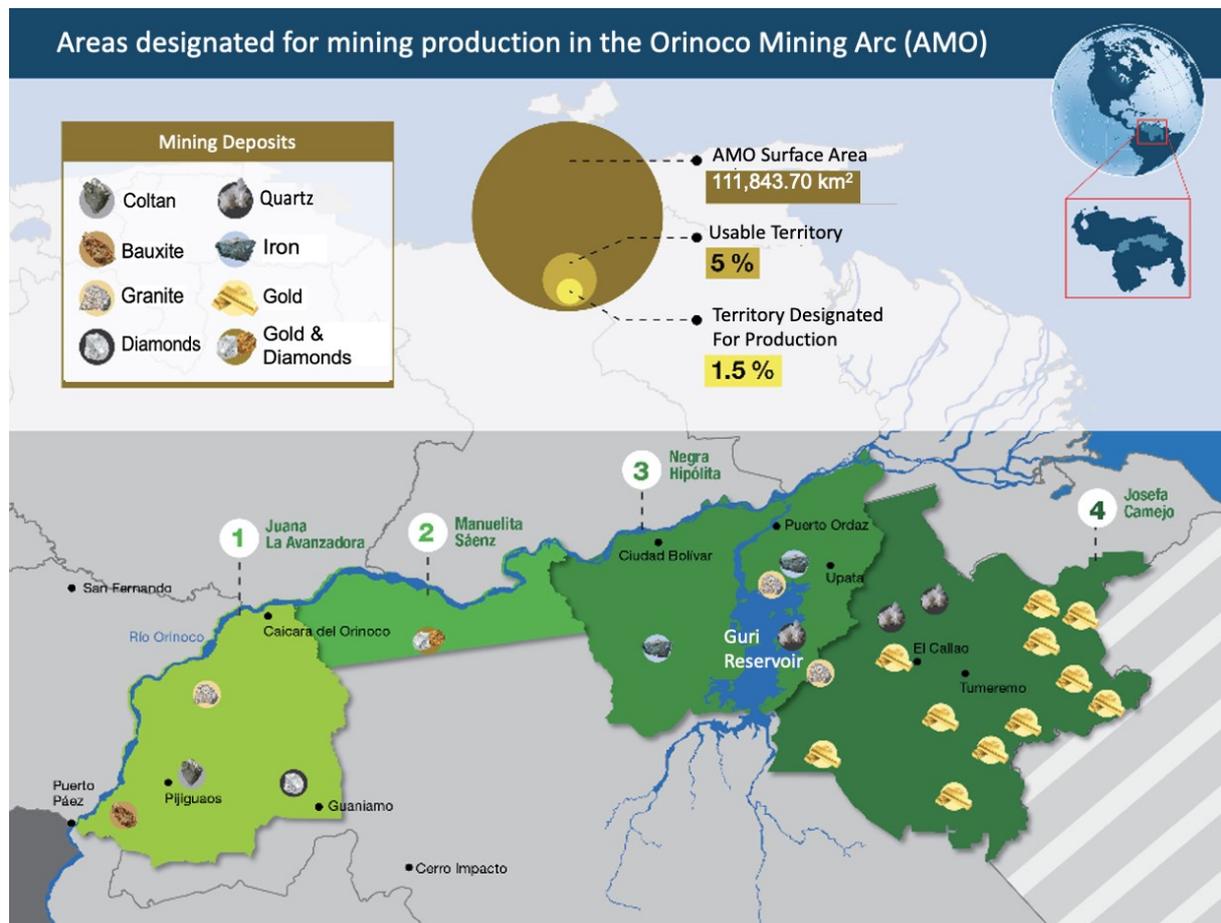


Figure 1. Orinoco Mining Arc (AMO). Source: Adapted from Wikipedia (2020).

Chávez proposed exploiting deposits containing gold, diamonds and columbite-tantalite, a metallic ore more commonly known as coltan. Thus began an unrelenting lust for mining in Venezuela, which included the reformulation of legal standards in this matter, the creation of public-private partnerships, with domestic as well as international private partners, entry by Venezuela's armed forces, through the creation of the Military Corporation for Mining, Oil and Gas Industries (CAMIMPEG), into an activity that was totally unfamiliar to them and out of their realm, and the creation in the year 2016 of the National Orinoco Mining Arc Strategic Development Zone, better known as the Orinoco Mining Arc (AMO), by Decree No. 2.248. Figure 1 shows that the AMO is divided into 4 blocs consisting of a surface area of 111,843.70 km² (12.2% of Venezuela's territory), of

which approximately 5% (5.592 km²) is the total exploitable part of the Orinoco Mining Arc, while 1.5% accounts for mining activity planned for the first phase of the project (1.676.65 km²), that is to say, a surface area greater than that of the Venezuelan state of Vargas.

The regime has been “awarding” concessions to companies based in Russia, Iran, Canada, Great Britain, South Africa, the United States, China and Australia, in the Mining Arc, within its 112,000 square kilometer space, for the exploitation of coltan, gold and diamond deposits. In the case of coltan, the mining companies have reportedly moved into Bloc 1 of the Mining Arc, named after *Juana La Avanzadora*,¹ which has a surface area of 23,717 square kilometers. All of this is supposed to be a kind of parallel alternative to the Venezuelan oil industry’s debacle, which would allow the Nicolás Maduro regime to have access to a new and highly valuable source of revenue, administered entirely according to his will, and subject to no checks and balances.

As a result of this improvised, chaotic and legally questionable policy, Venezuela’s current mining activities are characterized by: illegal exploitation inside legally protected natural areas and indigenous territories,² activity by complex mafia networks that bring in foreign and domestic illegal miners, drug traffickers, politicians partial to the regime and active military officers that serve as guarantors of “institutional” pacts with Colombian guerrilla groups (FARC and ELN). Added to this, there are indigenous communities that have found it necessary to participate in the coltan mining business for different reasons: fear of the power of the rifles surreptitiously aimed at them, modern-day slavery and the need to survive on their own lands. They are being affected by the greatest humanitarian, political, social, economic and environmental crisis Venezuela has ever experienced throughout its entire history.

2. Coltan

Coltan is the name commonly given to columbite-tantalite, a complex mineral containing, as the name suggests, columbite and tantalite. The main component of columbite is the rare-earth metal columbium, now better known as niobium, with chemical symbol Nb, while that of tantalite is tantalum, likewise a rare-earth metal, with chemical symbol Ta. Tantalum is a strategic element, hence the high price of coltan in world markets, due to its demand in the manufacture of electronic devices, global positioning systems (GPS), medical devices, advanced weapons systems, mobile telephones and video game sets, as well as throughout the aerospace industry. Niobium, the rare-earth metal extracted from the columbite, which is contained in coltan, is also of strategic importance, as it is needed in the production of superalloys used in jet engines and rocket motors. Because of its extremely high commercial value, and its bluish color, coltan is often called “blue gold.”

When delivered at the mines, before the original rocks are broken down to separate out the ore, and prior to refining the coltan further to obtain higher concentrations of tantalum (Ta) and Niobium (Nb), the price of coltan may start as low as

¹ It is customary for the regime to name places, official projects and entities, events, and even ships and aircraft after battles and heroic figures of Venezuela’s War of Independence (1810-1823)

² Previous reports may be accessed at SOSOrinoco.org.

USD 10 per kilogram at places such as the indigenous communities of Agua Mena and Tierra Blanca, near the Parguaza River, in Cedeño municipal district, in the state of Bolívar, where coltan is mined manually, but may go as high as USD 40 per kilogram when it is commercialized by organized groups in the states of Bolívar and Amazonas. Nevertheless, by 2012 the international price of the refined product (high-purity coltan) had risen considerably to anywhere between USD 400 and USD 1,000 per kilogram. What is certain is that the price of coltan is determined by an opaque and inefficient market and is very volatile because it is extracted in small quantities and its price is not quoted on the boards of the international commodity exchanges, which means that coltan is usually traded through random individual bilateral transactions. A peculiar feature of coltan originating in these Venezuelan deposits is its unique radioactive markings,³ which facilitate its identification. This means it may be possible to determine whether or not a coltan shipment has originated in Venezuela, rather than Colombia, given this characteristic.

2.1 Coltan production

According to statistics from the year 2017, Ruanda is the world's largest producer of Coltan, with 390 metric tons (MT), accounting for 30% of annual world production, followed by the Democratic Republic of Congo with 370 MT, Nigeria with 190 MT, Brazil with 100 MT, China with 95 MT, and Ethiopia with 60 MT, while the rest of the coltan-producing countries together account for 65 MT. Information provided by the regime indicates that Venezuela started exploiting coltan deposits in the state of Amazonas following the installation of the El Mineral complex. In May of 2018, it exported coltan for the first time, selling 5 MT in Italy for USD 330,000. However, a report in *Efecto Cocuyo* denounced that those 5 MT should have been sold for USD 2,000,000, considering that the price at the time was USD 400,000 per MT. How does one explain that difference of USD 1,670,000?

2.2 Exploitation, commercialization and the “chain of command”

The entire coltan mining and distribution chain in Venezuela operates cloaked in a haze of apparent legality, but is really nothing more than a completely criminal operation that we do not hesitate to categorize as “contraband,” and which involves mine operators, intermediaries and end customers. It operates like a mafia and includes generals and other officers of Venezuela's National Bolivarian Armed Force (FANB), in addition to organized civilian groups that also participate in the commercialization of this precious ore, and are party to the smuggling activity connected with its extraction.⁴

The purity of Venezuelan coltan, with respect to its tantalum (Ta) content, ranges between 34% and 38%, depending on its location in Venezuela, consistent with the method used for determining the purity of coltan mined in the Democratic Republic of Congo, which has 80% of the world reserves. In the state of Bolívar, for example, the mine operators that extract the unrefined coltan ore later sell it in bulk amounts to intermediaries at a price that falls anywhere between USD 30 and USD 50 per kilogram.

³ Confidential eyewitness interviewed in 2020.

⁴ Confidential eyewitness interviewed in 2020.

The coltan ore is then transported on trucks or SUV's, cleverly disguised by mixing it together with regular soil or clay in the shape of granules that vary in size between 2mm and 5mm. This is made even easier because coltan's appearance draws little attention, as few people know what it looks like.⁵ It is important to know that the extraction of this ore is done using very rudimentary procedures and basically involves picking up the material from the surface manually using shovels, and it does not require costly excavations that might draw attention. This makes it possible for many poor communities to perform the task of collecting the material using only picks and shovels, and loading it into sacks, making it appear that this is merely an artisanal activity that has no environmental impact.

The coltan smugglers and their intermediaries organize daytime and nighttime operations for transporting the coltan from its place of origin, in the states of Bolívar and Amazonas, to its final destinations, which may involve going through intermediate points such as the city of Caracas, while being mindful of all the military checkpoints along the way, for which they keep a list that keeps track of who will be on duty at the respective checkpoints at a given time, and thus guarantee successful delivery of the coltan at its final destination. Furthermore, the commercialization of coltan entails hiring private security guards to safeguard the shipment as well as the person involved in its commercialization.⁶ There are frequent reports that the Bolivarian National Guard blocks off straight sections of the highway between Caicara and Puerto Ayacucho so that light aircraft can use them for landing and taking off. Final destinations for the coltan that is smuggled out of Venezuela may include countries such as the United States, Thailand, South Korea, Colombia, Brazil and markets in the Middle East, and the sale and purchase transactions involve triangulations and confidential contracts.

3. “State-owned” mining, contraband and the Colombian guerrilla forces

The Orinoco Mining Arc has served to justify the creation of joint public-private partnerships for operating in the coltan-rich areas of Bloc 1, known as *Juana La Avanzadora*. A case in point is Empresa Mixta Minera Ecosocialista Parguaza, a joint public-private partnership between the government's Corporación Venezolana de Minería (CVM) and the privately-owned Faoz Corporation Ltd., which was awarded a “concession” consisting of 10,201 hectares (102.01 km²) in the Agua Mena-Parguaza sector, north of Puerto Ayacucho and east of Puerto Páez, in the state of Bolívar. Faoz Corporation Ltd. was created on 29 July 2016, just seven days before entering into the partnership agreement with the Maduro regime, yet the principals in this company had no known experience in mining operations or in handling coltan. Its representative is Luisa Herminia Alcalá Otero, age 69, who previously worked for Petróleos de Venezuela, S.A. (PDVSA). Other joint public-private partnerships were also awarded concessions in Cedeño municipal district, in the state of Bolívar, as for instance Empresa Mixta Minea Metales del Sur, with private participation by Energold Mineral, a Canadian company, and Empresa Mixta Oro Azul Inc., which is a public-private partnership between the

⁵ Confidential eyewitness interviewed in 2020.

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government's CVM and the private firm Supercal Ltd., a private company, and was awarded a 20-year concession consisting of 8,159 hectares.

However, according to a report on the [InfoAmazonia website](#),⁷ in addition to the Venezuelan government's "capital investment" for exploiting the coltan-rich territories, the coltan mining business is being shared with the Colombian guerrilla forces that operate in the Parguaza region. Furthermore, the Venezuelan military lends protection to these Colombian guerrilla forces in exchange for participation in the business (Figure 2). The coltan extracted by members of the Agua Mena communities is purchased by the Colombian guerrilla forces at a fraction of the international price. Meanwhile, these Colombian guerrillas are also extracting coltan illegally from the area known as Los Gallitos, and are transferring it along already established smuggling routes into Colombia by way of Puerto El Burro, where it is loaded onto boats that deliver it in less than 15 minutes at Puerto Carreño, the capital of the Colombian department of Vichada. Another route used for smuggling coltan out of Venezuela goes from the river port of San Fernando de Atabapo to Puerto Inírida, in Colombia. This route leading out of Venezuela's Atabapo municipal district demonstrates that there are also surface coltan deposits around San Fernando de Atabapo, which we did not attempt to identify on the map (Figure 3). The same report states that there is "mutual respect" between Venezuela's armed forces and Colombia's guerrilla forces, given that whenever they cross paths, neither one interferes with the other's activities involving extortion or smuggling. There are also unconfirmed reports that coltan is being extracted from other more remote corners of the state of Amazonas.

⁷ <https://colombia.infoamazonia.org/>



Figure 2. Soldier of the Bolivarian National Guard (GNB-Venezuela) showing a coltan fragment. Source: "El mineral soñado de Hugo Chávez y el gran negocio del coltán." *El Espectador*. 14 November 2009.

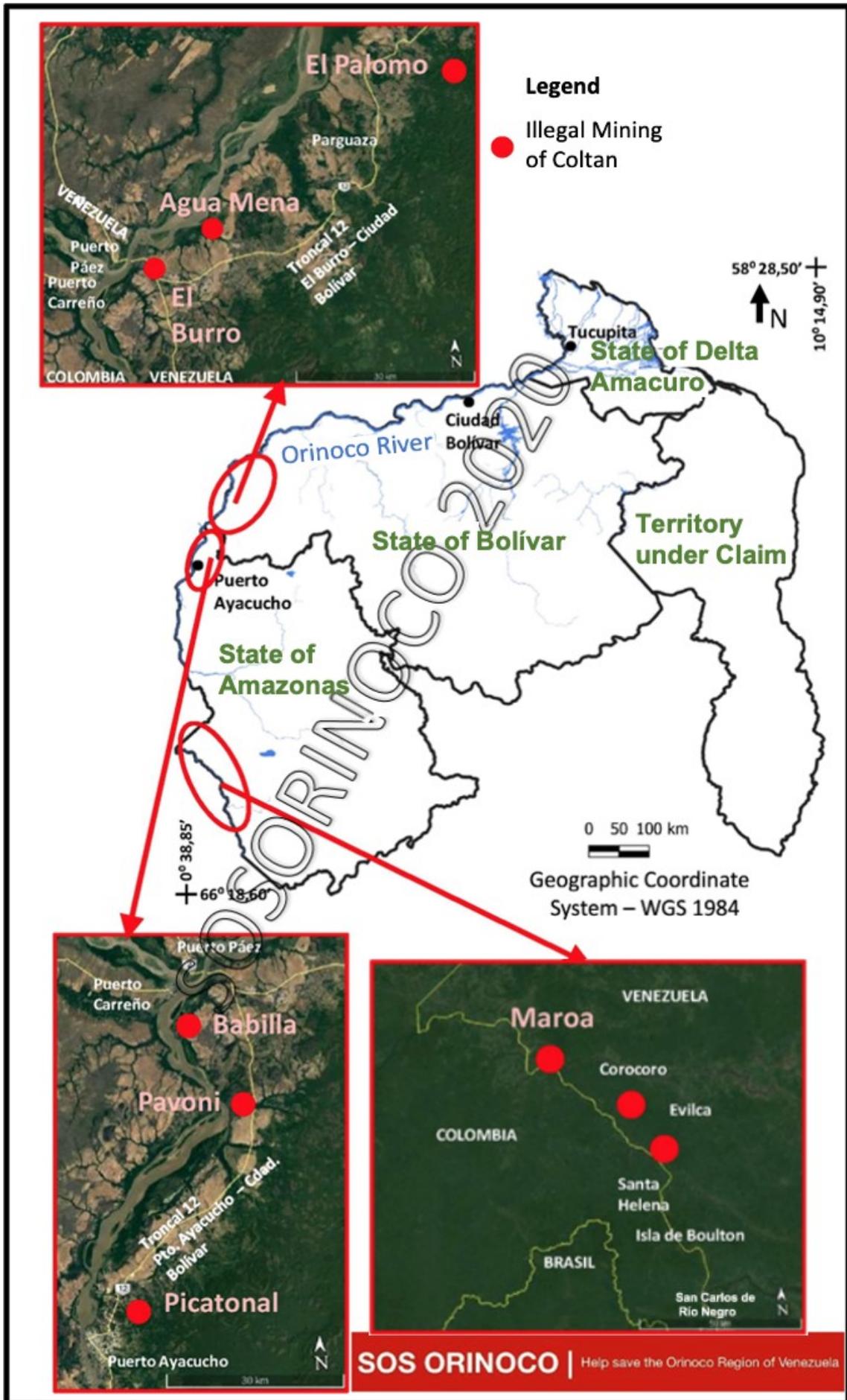


Figure 3. Illegal mining operations in southern Venezuela (Venezuela 2020).

Currently, Venezuelan coltan is being offered for sale on websites such as TradeBoss.com by Iconserca Group, C.A., which guarantees shipment and confidentiality “in an anonymous setting that is free of any conflicts,” from Colombian ports to anywhere in the world. Venezuelan coltan is undoubtedly being traded outside the law, without proper invoicing, customs documentation or certificates of origin, virtually under conditions of anonymity provided by phantom companies. Most certainly, a good portion of the coltan sold as being “Colombian” actually comes from Venezuela. Considering its unique radioactive markings, it must certainly be possible to track down its origin.

In conclusion, far from being a legal activity that would bring in revenue to the National Treasury, the coltan mining operations are nothing more than an activity that is totally immersed in corruption and has as its purpose the enrichment of individuals: military officers, politicians, financial backers and technocrats, most of whom are partial to the regime, and members of the Colombian guerrilla forces, who use this as a way to finance the operations of their criminal organization. At the cost of causing highly deleterious impacts on society, this activity has no purpose other than to fill the pockets of these players and further promote their other illegal operations.

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