

Centromin through debt-equity conversion, a process with which Peru has as yet had little or no experience. A figure of US\$630 million has been cited frequently in media reporting, although Boliden has stated that this may not necessarily reflect their actual position. To date the government has rejected Boliden's offer, although discussions apparently have continued.

On the subject of privatization of public mining enterprises the government has been issuing rather mixed signals. The intention has been announced to privatize a range of smaller state enterprises, although explicit identification still is lacking. It cannot be stated at the moment that any clear intention exists to privatize mining sector operations. Nonetheless, while the major state companies have been incurring very substantial losses, it remains true that the state controls many rich properties which could be quite attractive to private operators, assuming sufficient access to capital and the necessary administrative freedom to operate efficiently. In the longer term, it is possible that the general tendency of government policy and the influence of the international lending community will support the logic of privatization.

One current concern of government that would be shared by any potential sources of renewed credit among international financial institutions is that of environmental regulation. While implementation of a new environmental code has been delayed pending clarification of penalties, designation of authority and other matters, the trend of the future is clear. The near-total disregard for environmental effects which prevailed in the past will not continue. While this will be interpreted as a problem and an obstacle by some, advantages may very well accrue to those who can most readily adapt to more progressive norms. While much improvement can be obtained simply through implementation of more modern processes and replacement of old, worn out equipment, it can be predicted that many serious environmental problems will prove more long-lasting.

In recent years, problems of inadequate maintenance and replacement of equipment, plant and infrastructure have been compounded in some cases by the necessity to accelerate removal of high-grade reserves just to cover short term obligations. While there is clearly great need, it has not been possible as yet, given financial realities, to translate a large proportion of the need for new equipment into effective demand.

The consequence of recent problems, in the case of small producers, has been almost uniform paralysis. Some medium producers as well have been forced to suspend operations. One result of this reality has been that a large number of small property holders and former operators are engaged in a rather desperate and in some cases probably hopeless search for sources of finance and/or joint venture partners and/or outright