

Humala Will Respect Existing Mining Contracts, Adviser Says

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By Helen Murphy and Alex Emery

June 8 (Bloomberg) -- Peru will respect existing contracts with mining companies, said an adviser to the Andean country's President-elect Ollanta Humala. Mining stocks rose on the news.

"We will respect accords with companies that have tax stability contracts," Kurt Burneo, Humala's chief economic adviser, said today in an interview in Lima. "There's an extraordinary situation with high prices, and the state has the legitimate right to charge taxes, not expect a handout."

Southern Copper Corp., Peru's biggest copper producer, gained 2.1 percent to \$31.95 in Lima trading. Volcan Cia. Minera SAA, Peru's largest zinc and silver miner, added 5.6 percent to 3.04 soles.

Peruvian mining stocks plunged on June 6 on concern that Humala will raise mining royalties and increase government control over natural resources. Lima's Exchange suspended trading after the Lima General Index fell the most since 1981.

Humala's government will ask mining companies to pay more taxes on surging copper and gold prices, Burneo said. Humala, a former military rebel, won the June 5 election against Congresswoman Keiko Fujimori.

On the Comex in New York, copper futures for July delivery fell 4.1 cents, or 1 percent, to settle at \$4.1085 a pound at 1:16 p.m., the biggest decline since June 1. The price has climbed 48 percent in the past 12 months.

Gold futures for August delivery fell \$5.30, or 0.3 percent, to settle at \$1,538.70 an ounce at 1:48 p.m. on the Comex in New York. The metal has gained 24 percent in the past Year on the Comex in New York, reaching a record \$1,577.40 on May 2.

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