

Pedro Francke: the three options being evaluated to change mining taxation

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<https://www.dipromin.com/noticias/mineria/pedro-francke-las-tres-opciones-que-se-evaluan-para-cambiar-la-tributacion-minera/>

The economist and member of the Peru Libre technical team, Pedro Francke, affirmed - in an interview with radio Santa Rosa - that he has the support of Teacher Pedro Castillo and that the Bicentennial Plan was worked in conjunction with members of Peru Libre.

"I am the economic spokesperson appointed by Pedro Castillo and by the campaign team and we work together with the Teacher Castillo. He has endorsed what we have said, he has called for economic and financial stability. I think there is a conjunction of very clear ideas", he said.

When asked about the statements of Vladimir Cerrón, secretary general of Peru Libre - regarding that the guests should be aware of the space they occupy - he indicated that the Bicentennial Plan has been worked with representatives that Peru Libre appointed and that there is the one that has won the second round.

"It is normal that in an electoral campaign all political forces seek to differentiate themselves from the others and in my opinion, we sometimes make judgments that are not exact. It was essential that after the first round some kind of political agreement be made. It is logical that the left are not identical, but for that the Bicentennial Plan was drawn up, that is defended and that is what it won in the second round", he specified.

He also added that he considers private investment important "especially from honest businessmen" although - he stressed - that what is wanted is greater mining taxation "because we need greater tax pressure to improve education and health."

About Castillo's endorsement

The economist reiterated that he does have the support of the presidential candidate and proof of this is that he has been exposed in up to two balconies given by the candidate, as well as in the press conference with international correspondents.

"Some say we don't know if Francke has the backing of Pedro Castillo. It bothers me to talk about this, but excuse me, I accompanied Pedro Castillo to the presidential debate and helped him to present his ideas, then he was kind enough to put me on the balcony at a rally. After the electoral result, on Monday or Tuesday there was another presentation to the people, then there is a message that calls for monetary and financial stability. Yesterday, there was a press conference in which I was at his side. I honestly don't know what else to do, we are working on specifying the plans and putting together a larger team", he explained.

The creation of public companies

When asked about the possibility of creating state-owned companies - as indicated in Vladimir Cerrón's ideas and which was initially presented as the Peru Libre government plan - the economist indicated that this is not contemplated in the Bicentennial Plan.

"It is not in the Plan, but my point of view is rather pragmatic since, I do not believe that everything private is bad and everything of the State is better, but I also do not believe that everything private is always great and public is bad", He said.

"(Do you consider that the means of production, as proposed by Cerrón, pass into the hands of the State?) It must be remembered that according to the Constitution, public companies are created by express law, that is, with a majority vote in Congress, therefore, the Executive Power cannot create public companies", he added.

Mining taxation: the options that are evaluated

The economist explained that specific calculations are being made to change mining taxation and even three ways of implementing this change are being analyzed.

"We are doing the specific calculations and it has to be graded based on price and profit. At the current copper price there is a fairly large profit. My estimate is that copper alone is \$ 9 billion of additional revenue. We are doing the calculations and there are several options, "he said.

One option - he said - is through royalties, which can be to vary the rate or the calculation.

Another alternative is through an additional tax or through the modification of the Income Tax rate.

"We are aware that mining companies must continue to win, no one pretends that they stop making profits. That is a basic floor and I think it is positive that mining companies are aware of this", he added.

Change of the Constitution

The economist considered that there are issues in the economic chapter of the Constitution that should be changed.

"I do believe that there are (some issues) economic chapter that should be changed, (such as, for example) that foreign investment has the same rights as national investment. There is no Constitution of the American or European continent that has it, it would be necessary to think about it", he said.

He also said that it does not have an anti-foreign investment bias.

"The United States reserves or establishes rules or preferences, which is not a prohibition. China, for example, was very successful in demanding technology transfer and others demanded the hiring of professionals from the country. There are various policies that can be implemented so that foreign investment gives you more advantages", he noted.

He also considered that the change to the Constitution occurs "because there are various elements that are insufficiently developed or inadequately raised in it, which have to do with issues of social rights, economic chapter and the political order that is extremely important for the balance powers.

There are other issues such as -for example- decentralization since it was an advance, but there are things that need to be improved”.