In Bolivia, Untapped Bounty Meets Nationalism

UYUNI, Bolivia — In the rush to build the next generation of hybrid or electric cars, a sobering fact confronts both automakers and governments seeking to lower their reliance on foreign oil: almost half of the world's lithium, the mineral needed to power the vehicles, is found here in Bolivia — a country that may not be willing to surrender it so easily.

Underneath the salt flats in Uyuni, Bolivia, lie the world's largest lithium reserves. More Photos >

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Japanese and European companies are busily trying to strike deals to tap the resource, but a nationalist sentiment about the lithium is building quickly in the government of President Evo Morales, an ardent critic of the United States who has already nationalized Bolivia's oil and natural gas industries.

For now, the government talks of closely controlling the lithium and keeping foreigners at bay. Adding to the pressure, indigenous groups here in the remote salt desert where the mineral lies are pushing for a share in the eventual bounty.

"We know that Bolivia can become the Saudi Arabia of lithium," said Francisco Quisbert, 64, the leader of Frutcas, a group of salt gatherers and quinoa farmers on the edge of Salar de Uyuni the world's largest salt flat. "We are poor
Residents of Uyuni, Bolivia, have survived for generations by collecting salt and selling it across the country. More Photos »

Salar de Uyuni, the world's largest salt flat. “We are poor, but we are not stupid peasants. The lithium may be Bolivia’s, but it is also our property.”

The new Constitution that Mr. Morales managed to get handily passed by voters last month bolstered such claims. One provisión could give Indians control over the natural resources in their territory, strengthening their ability to win concessions from the authorities and private companies, or even block mining projects.

None of this is dampening efforts by foreigners, including the Japanese conglomerates Mitsubishi and Sumitomo and a group led by a French industrialist, Vincent Bolloré. In recent months all three have sent representatives to La Paz, the capital, to meet with Mr. Morales's government about gaining access to the lithium, a critical component for the batteries that power cars and other electronics.

“There are salt lakes in Chile and Argentina, and a promising lithium deposit in Tibet, but the prize is clearly in Bolivia,” Oji Baba, an executive in Mitsubishi's Base Metals Unit, said in La Paz. “If we want to be a force in the next wave of automobiles and the batteries that power them, then we must be here.”

Mitsubishi is not alone in planning to produce cars using lithium-ion batteries. Ailing automakers in the United States are pinning their hopes on lithium. One of them is General Motors, which next year plans to roll out its Volt, a car using a lithium-ion battery along with a gas engine. Nissan, Ford and BMW, among other carmakers, have similar projects.

Demand for lithium, long used in small amounts in mood-stabilizing drugs and thermonuclear weapons, has climbed as makers of batteries for BlackBerrys and other electronic devices use the mineral. But the automotive industry holds the biggest untapped potential for lithium, analysts say. Since it weighs less than nickel, which is also used in batteries, it would allow electric cars to store more energy and be driven longer distances.

With governments, including the Obama administration, seeking to increase fuel efficiency and reduce their dependence on imported oil, private companies are focusing their attention on this desolate corner of the Andes, where Quechua-speaking Indians subsist on the remains of an ancient inland sea by bartering the salt they carry out on llama caravans.

The United States Geological Survey says 5.4 million tons of lithium could potentially be extracted in Bolivia, compared with 3 million in Chile, 1.1 million in China and just 410,000 in the United States. Independent geologists estimate that Bolivia might have even more lithium at Uyuni and its other salt deserts, though high altitudes and the quality of the reserves could make access to the mineral difficult.

While estimates vary widely, some geologists say electric-car manufacturers could draw on Bolivia’s lithium reserves for decades to come.

But amid such potential, foreigners seeking to tap Bolivia’s lithium reserves must navigate the policies of Mr. Morales, 49, who has clashed repeatedly with American, European and even South American investors.

Mr. Morales shocked neighboring Brazil, with whom he is on friendly terms, by nationalizing that country’s natural gas projects here in 2006 and seeking a sharp rise in prices. He carried out his latest nationalization before the vote on the Constitution, sending soldiers to occupy the operations of the British oil giant BP.

At the La Paz headquarters of Comibol, the state agency that oversees mining projects, Mr. Morales’s vision of combining socialism with advocacy for Bolivia’s Indians is...
prominently on display. Copies of Cambio, a new state-controlled daily newspaper, are available in the lobby, while posters of Che Guevara, the leftist icon killed in Bolivia in 1967, appear at the entrance to Comibol’s offices.

“The previous imperialist model of exploitation of our natural resources will never be repeated in Bolivia,” said Saúl Villegas, head of a division in Comibol that oversees lithium extraction. “Maybe there could be the possibility of foreigners accepted as minority partners, or better yet, as our clients.”