A Quick Guide to a sound National Minerals Policy
National Minerals Policies

National minerals policies that ensure security of supply of important raw materials and ensure the sustainability of the extractive operations as well as their products are crucial to economic policies.

Therefore it is important that each country has such a policy and ensures that it includes considerations and objectives of other relevant policies, such as industrial and trade, environment energy and climate change policies, health and safety and consumer protection policies, as well as regional development and employment policies. However, it is also important that raw material policies are not jeopardised by uncoordinated policy making in the afore-mentioned areas.

And whilst it is important to update and modernise raw materials policies and adapt them to developments of the country it should be noted that raw material investments are long-term investments and therefore are sensitive to frequent, quick and unpredicted changes.

In general one can say that the following principles need to be adhered to:

**PRINCIPLE 1: FAIR LICENCE ALLOCATION**
The award of exploration rights should be done on an objective basis and generally with a view to free and open access, absent circumstances that suggest potential multi-party interest where tendering should be considered.

**PRINCIPLE 2: WORK IT OR LOSE IT**
An exploration company should be required to make an on-going financial commitment in order to maintain exploration rights.

**PRINCIPLE 3: EXPLORATION PERIOD – SUFFICIENT FOR DISCOVERY**
The exploration company should be able to retain its exploration rights for a period sufficient to give it a reasonable chance of making an economic discovery.

**PRINCIPLE 4: RIGHT TO MINE**
The “right to mine” is the central monument of any mining code; it refers to the exploration company’s right to produce minerals, on an exclusive basis and free of third party interference, where such rights are granted on the basis of objective criteria and free of discretion, subject only to peripheral health, safety, environmental and other such operating authorisations.

**PRINCIPLE 5: MINING PERIOD – SUFFICIENT FOR MINING DISCOVERY**
The mining company should be permitted to hold mineral rights until the exhaustion of the known ore.

**PRINCIPLE 6: OBJECTIVE, FAIR AND CLEAR GROUNDS FOR FORFEITURE**
The loss of mineral rights should be limited to circumstances in which the holder has demonstrated a manifest lack of interest in the minerals rights or a manifest refusal to adhere to material provisions of the mining code.

**PRINCIPLE 7: SOCIAL LICENCE TO OPERATE TO BE ENCOURAGED**
Modern mining codes should consider mechanisms for encouraging local community engagement, but a ‘community veto’ over a project should be avoided.

**PRINCIPLE 8: TRANSPARENT AND BALANCED ENVIRONMENTAL REVIEW**
Environmental approval for proposed mines should be based on the principle that development should be facilitated, where reasonable to do so; the process should involve clear and objective criteria, with the assistance of expert input, within established (and staged) time frames, with the object of modifying impacts, where possible, and with a right of appeal or review.

**PRINCIPLE 9: RESERVE POWER OF STATE TO ENCOURAGE DEVELOPMENT**
All mining codes should consider the potential need, in limited circumstances, for state intervention to overcome regulatory, financial or other obstacles to the development or continued operation of a particular project.

**PRINCIPLE 10: FISCAL FREEDOM**
The mining company should be free to realize the value of an investment made.
Relevance of efficient governance: Linking common features of good governance and policy domains

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<td>• Basic constitutional set-up, general legal framework and legal mechanisms of consensus building and conflict resolution at all levels of government.</td>
<td>• Political system a Process by which government (at the national and local level) is selected, monitored and replaced; and o Institutional channels through which political interest groups have “voice” at the different levels.</td>
<td>• Sound aggregate macroeconomic management, including exchange rate regime and monetary policies.</td>
<td>• Regulatory framework for economic activities for different sized enterprises (large, medium, small, micro).</td>
<td>• Community development and local organizational capacity; Orderly organizational rights and opportunities.</td>
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<td>• Consistency within the regulatory framework for public sector management and the interface between public and private sector at all levels of government and state-society relations.</td>
<td>• Political representation at different tiers of government. Credibility and stability of legislative outcomes.</td>
<td>• Legitimacy and dynamics of fiscal (revenue) regime, including taxation, royalties, tax exemptions.</td>
<td>• Supportive public services at the national and sub-national level. In particular: o Infrastructure National and regional regulatory policies, coverage, collaborative funding and financing arrangements at different tiers of government; o Utilities National and regional regulatory policies, coverage, collaborative funding and financing arrangements at different tiers of government; and o Human capital and labour market institutions Supportive educational policies at different tiers of government and different educational levels.</td>
<td>• Industrial/ labour market relations that are conducive to consensus building.</td>
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<td>• Compatibility of mining-sector specific legislation with general constitutional and legal framework.</td>
<td>• Policy decision-making process. Relationships between the Legislature, government and the civil service.</td>
<td>• Public expenditure management capacity. Allocative and operational efficiency at different tiers of government (national, regional, local).</td>
<td>• Non-conflicting fiscal accountability relationships between the electorate, the legislature and the executive, and within the executive at different levels.</td>
<td>• Political representation with structured institutional channels for interest representation at all levels.</td>
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<td>• Legitimacy of property rights and ability to enforce these peacefully at all levels (national, regional, local).</td>
<td>• Capacity of the state to formulate and implement policies down the vertical chain of public authority from central government to the very local level.</td>
<td>• Regulatory framework, financial stability, and macroeconomic policies.</td>
<td>• Public administrative system and capacity at all levels (national, regional and local).</td>
<td>• Basic welfare and social system across all geographical areas.</td>
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<td>• Company legislation and ownership structures. A regulatory framework that supports all enterprises (large, medium, small, micro).</td>
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<td>• Equal opportunities in access to primary and secondary education across all geographical areas.</td>
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Source: ICMM Resource Endowment Toolkit, 2008
Euromines

Euromines is the recognized representative of the European metals and minerals mining industry. The members’ main objective is to promote the industry and maintain their relations with European institutions at all levels. Euromines provides services to its members with regard to EU policy and forms a network for cooperation and the exchange of information throughout the sector within Europe. The association also supports contacts with the mining community throughout the world.

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