



Newsletter No. 17

# Desde la Colombia Minera



Ministerio de Minas y Energía  
República de Colombia

Bogotá, November of  
2010



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Minister of Mining and Energy

**Tomás González Estrada**  
Viceminister of Mining

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Director of Mining

## MINERAL PRICES

Mineral	Average October 25 to 29 of 2010
Cooper LME(US\$ / Ton)	8.370,20
Nickel LME (US\$ / Ton)	23.125,00
Gold LME (US\$ / Oz Troy)	1.334,35
Silver LME (US\$ / Oz Troy)	23,73
Platinum LME(US\$ / Oz Troy)	1.695,00

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## NEWS

### ● VI INTERNATIONAL MINING EXHIBITION

The VI International Mining Fair organized by the Governor of Antioquia, Ministry of Mines and Energy of Colombia and the House Asomíneros of ANDI, the event that took place from 6 to 8 October in Plaza Mayor - Medellín, Antioquia.

The opening remarks was led by the Minister of Mines and Energy Carlos Rodado Noriega, the Minister of Environment, Housing and Territorial Development, Beatriz Uribe Botero, the Governor of Antioquia, Luis Alfredo Ramos and President of the Andi, Luis Carlos Villegas.

### ● VISIT OF MINISTER OF MINES AND ENERGY TO LIMA

The Minister of Energy and Mines Carlos Rodado Noriega, along with the Director of Mines, Dr. Beatriz Duque visited Peru at the various institutions that have jurisdiction over the mining issue in that country.

### ● DISCUSSION SESSIONS OF MINE SAFETY POLICY AND SAFETY ORDERS

With great success, the Bureau of Mines conducted during days 6, 7 and 8 October 2010, in the framework of the VI International Mining Exhibition, working

## ROYALTY, THE COLOMBIAN DEVELOPMENT FOR ALL

*"Royalties benefit all Colombians, who have savings to contribute to macroeconomic stability and social and intergenerational equity are fundamental principles of the draft legislative act."*



Colombia is a major challenge: to reduce regional imbalances and the number of poor people. In the words of President Juan Manuel Santos, the goal is to move from poverty to seven million Colombians out of poverty to another four million in the next for years.

So when the President Santos speaks of the five locomotives that move the country refers to those sectors: agriculture, infrastructure, innovation, housing and energy that must be prioritized to meet Democratic Prosperity, that aspiration we voted more nine million Colombians in the last elections.

Undoubtedly, establish strategic priorities for action can give direction to our national project and focus efforts and resources that translate into concrete, tangible for Colombians.

The Ministry, as leader of the locomotive called energy, is responsible not only for ensuring the country's energy supply in the short and long term, but to leverage the regional and national development and technological innovation processes. Although it seems a heavy burden, is more a matter of redirecting resources to those sectors or regions of our country that need further attention.

But, how? It is well known that mining and energy sector has been strengthened in recent years as one of the main drivers of the national economy. The attraction of foreign direct investment, the development of large power generation projects and the increased production of hydrocarbons and minerals, have helped boost the economy and show positive figures, mitigating the effects of the global economic crisis.

It is precisely this increase in hydrocarbon production and mining that has represented large revenues for the country and regions in the form of royalties. But unfortunately, has not been reflected in great works, but rather, has atomized into small projects of little impact, difficult to track and even more to measure.

It is in those moments when we wonder specifically, what were invested 40.2 billion dollars of royalties drawn between 1994 and 2009? Do those funds have really promoted the development of departments and municipalities producers? The answers are not clear. Therefore, the Government has introduced a bill to amend the Stock Act, under three key concepts: intergenerational equity, social equity and regional equity.

sessions attended by mining investors recognized experts in the field of mine safety, scholars in the field of mining engineering and the general public, whose main purpose was to receive the relevant suggestions, comments and observations of the Security Policy document Mining National Implementation Strategy document of the Security Policy and the National Mining Update draft technical regulation on safety in mining operations, specifically the 1335 Decree 1987, which would create the public consultation process through the website of the Ministry of Mines and Energy.

- **I SUBCONSULTIVE MEETING OF LAND AND ENVIRONMENT WITH BLACK COMMUNITIES**

In the frame of the sessions XXVII and XXVIII of the Consultative Commission National of High Level of the Black Communities, realized in the city of Bogota the days 16 of January and 26 of February of 2010, the Ministry of Mines and Energy purchased the commitment to realize a Consultative of high level on the mining subject.

- **COLOMBIAN CONGRESS OF MINING IN THE SIXTEENTH VERSION**

The School of Mines, Universidad Nacional de Colombia from Medellín and the Colombian Association of experts in geoenvironment and Mines and Petroleum Economics AGEMPET are in the process of preparing the Colombian Mining Congress at its sixteenth release.

- **RESOLUTION No. 18 1714 ABOUT STATEMENT OF AN SPECIAL RESERVE AREA**

By Resolution 18 1714 of 29-09-2010 was declared a special reserve area in the municipalities of Tiquisio and Rio Viejo, south of Bolivar, in areas known in the region with the names of "Mina Hedionda and Bogota, which covers an area of 1042.6 hectares.

- **ENTITIES AND NATURAL PERSONS DISQUALIFY**

The Ministry of Mining and Energy facilitate the information of enterprises and natural persons that are disqualified for contract with the state, owing to the fact of the expiry declares on mining topics.

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## SECTOR INFORMATION

- [BULLETIN OF THE DAY ROYALTIES.](#)

## MORE INFORMATION



Intergenerational equity is based on generating savings for times of shortage, promote countercyclical economic policy and maintain stable spending over time. The idea is to avoid the adverse effects suffered by the country to the coffee boom, when not taken the precaution of saving in times of plenty and then, in times of shortage, was not sustainable at the same level of expenditure and came the crisis.

For its part, seeks to social equity investment income prioritize mining and energy projects that benefit the poor, those living in coastal areas, border and most isolated country.

Finally, regional equity recognizes that underground resources are the property of all Colombians and therefore, should promote regional development in all its departments and municipalities.

Faithful to these principles, the idea is to fund regional projects for economic, social and infrastructure, investment in science, technology and innovation, continue the territorial pension savings, and add a key ingredient, that is, generating public savings.

Aware that the current scheme does not ensure a profitable investment of royalties and socially inequitable, the bill proposes the abolition of the National Endowment Fund and create a new structure based on a General System of Stock.



Under the new system, to the relief of local authorities, departments, municipalities and districts in the territory are exploited non-renewable natural resources as well as sea and river ports through which are transported such resources or products derived there from, continue to receive a share of the royalties.

The fundamental change is the creation of two funds, one Savings and Stabilization and a Regional Competitiveness and at the destination of ten percent of the resources of the General System of Royalties (net of securities for funds) to projects science, technology and innovation.

The Savings and Stabilization Fund, to be administered by the Bank of the Republic was fed by the royalty income that are above the expected range, or in other words, the surpluses generated by the sector. Thus, in times when revenues are below budget, is a dissimulated fund resource to finance public projects.

For its part, the purpose of the Regional Competitiveness Fund, administered by the National Government is to finance regional development projects. The distribution of resources will be based on poverty criteria, efficiency, equity and regional population

This fund is divided into two, the Regional Compensation Fund, which will run for 20 years, will provide resources to the poorest regions of the country, with priority to coastal and border areas, those with higher rates of unmet basic needs. For its part, the Regional Development Fund, of indefinite duration, will have access all areas of the country through investment projects submitted by groups of municipalities or departments.

Thus, through these funds, strengthened the integration of local authorities around common projects, promote the coordination and investment planning of resources and prioritization of major development projects.

As shown, the draft legislation will distribute more equitably the resources of the royalties, according to the country's most pressing needs: investing in the development of the country's poorest regions, continue with pension saving territorial development fund regional economic, social and infrastructure; to invest in science, technology and innovation, and generate public savings for times of scarcity.

In the First Committee of the Senate with 14 votes in favor and three against, and it gave the green light to the draft legislation, and expect to complete its passage through Congress, we can say that we have satisfied the General System of Stock.

