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# Colombia Minera



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REPÚBLICA DE COLOMBIA

## Pillars of Colombia's Mining Policy:

### 1. Mine Resources Management

The Ministry of Mine and Energy seeks to improve the mining institutional effectiveness, in order to be perceived as a stronger and more responsible institution.

### 2. Improvement in the productivity and competitiveness of the Mining Sector

—Small local scale Mining—. The Ministry of Mine and Energy, aims for a more profitable, organize and safe mining development. It is working for the harmony and balance of the mining development with nearby communities to the operation area, including ethnic groups. Also, working hand by hand with the environmental authorities inspires the mining development to prevent and minimize the environmental impact.

### 3. Advertisement of the Mining Country

The Ministry of Mine and Energy, searches to strengthen the bonds of trust with companies, investors and the international and national banks, to facilitate the dialogue with experts on international mining knowledge and create new opportunities for the development of the mining industry in Colombia.

*“One of the sectors in Colombia that attracts more foreign investment is the mining sector”*

## Competitiveness Enhancement of Colombian Mining

*“Mining investment is a essential factor in employment generation in rural areas, the development of infrastructure and the generation of wealth”*

Guy Sallesse

The Economic and Commercial Counsellor of the Embassy of Canada in Colombia.

During the IV version of the International Congress on Mining, Oil and Gas, that took place in Cartagena de Indias at the beginning of July, experts analyzed the present situation of the international capital flows in the three sectors. One of the main conclusions is that the exploration and operation of Colombian subsoil resources have all the best conditions to attract foreign investors.

The latter is to a large extent determined by the perception of security improvement, as a result of the “Democratic Security Policy” implemented under the government of Álvaro Uribe Vélez, the macroeconomic balance — a growth of 7.5% in 2007 and an inflation rate of 5.7% —, political stability, and a qualify and competitive human capital resource. “it also offers, attractive incentives such as free trade zones and stability contracts, created to promote foreign and national investment in the country, such as tributary benefits, special international trade regimes and export incentives” Please refer to: [link](#)

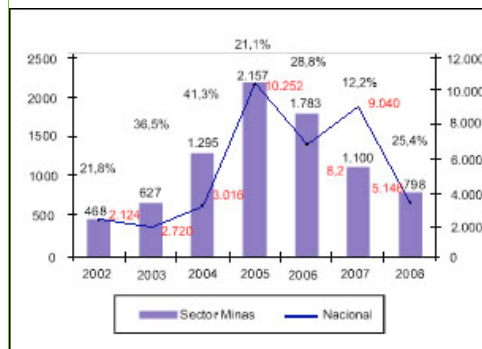
Considered as a growth opportunity, mining investment has been possible due to: “the active participation, experience, capacity, and capitals of national and foreign investors who cover all the stages of the mining cycle, from the exploration and exploitation of the resources, to operating profit, transformation, transport and commercialization of products”. Please refer to *the Mining Promotion Policy, page no. 5.*

Mining companies that are carrying out production operations in Colombia, such as *Glencore, BHP Billiton, Drummond, Coalcorp, Xstrata, Anglo Gold Ashanti, Anglo American*, among others, are generating tax revenue to the nation, royalties to the producing regions, and foreign exchange currencies affecting positively the trade balance. As well as other companies than have had an important exploratory activity in the country such as, *Greystar Resources, Companhia Vale do Rio Doce, Rio Tinto, Cordillera Exploraciones Mineras, Barrick* and other junior firms



Mining Indicators	2006	2007
Mining GDP contribution to GDP	2,58%	2,57%
Mining exports in million dollars	US\$5,208	US\$6,669
Mining exports share in total exports	21,35%	21,2%
Foreign Direct Investment	US\$1,783	US\$1,100
Royalties	US\$369	US\$468,5

Foreign Investment in Mining  
Foreign Investment 2/(2004—2006)  
Million Dollars



Percentages represent the share of total foreign investment in mining in national investment

Hernán Martínez Torres  
Minister of Energy and Mines

Exploración minera, Barrón and other joint mine.

According to statistics of the Ministry of Mines and Energy — MME—, the direct foreign investment into the mining sector, during year 2007, was of 1.100 million dollars, with GDP growth of 8,2%, amount that in the first trimester of 2008 ascended to 798 million dollars, so it is highly likely to cause an important growth during the current year. The impact that has represented foreign investment into the mining sector and the general GDP is shown in the following charts:

This industry, that has proven to be an important source of income to the national state treasury, it is highly potential, because of the fact that the nation has not been explored substantially. Therefore, Colombia has a comparative advantage against other countries with traditional mining trajectory such as Chile and Peru.

Nevertheless, the country must invigorate in order to become one of the most important mining industries of continent (UPME Colombia: Mining country, National Mining Development Plan. Vision 2019. January 2006). Therefore, the MME is committed to guarantee a responsible mining: legally modern, clean, safe, highly technological and sustainable. With effective practices such as *Law 963 of 2005* — Legal Stability for Investors in Colombia; the fulfillment of *Law 685 of 2001* — The Mining Code; audits to the mines; workshops and training in new technologies design for entrepreneurs, executives and employees. As well as to delegate more control and increase national presence on government delegated as mining authorities; and the guarantee of a technical operation with a rational use of the mining resource and under acceptable conditions of security and mining hygiene.

Finally, the MME in order to enhance its competitiveness presented a proposal to make amendments to the Mining Code, such as: improvements in the extension of the exploratory phase, a payment of an exclusive and anticipated canon (eliminating the differential rates depending on the area), information about free areas (before being object of a concession contract request), integration of areas to be object of titles of different nature, among others. All these actions and political outlines, are set up to enhance competitiveness, stability and trustworthiness among investors and the generation of wealth and welfare for the community.

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