



Mining Survey 2021: High Alert as Political Risk Takes Center Stage

High metal prices and strong cash flow are countered by a persistent pandemic and mounting legal uncertainty. Capital spending should remain solid but prudent as miners focus mainly on optimization.

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Introduction

The year 2021 has presented an unusual set of circumstances for the mining industry, while at the same time, old familiar dynamics have come back into play as metal prices have surged to record highs and producers are recording healthy profits.

BNamericas' latest mining survey shows that the Covid-19 pandemic, while nowhere near as destructive to mining activity now as it was a year ago, is still affecting operations and creating uncertainty. Fifty-five percent of survey respondents said the impact in 2021 so far has been moderate, while the same percentage said impacts will continue to be moderate over the coming year.

High metal prices have drawn attention to the industry in a context of financially weakened governments and a pandemic that has put enormous strain on everyday people, while exposing and exacerbating inequalities. Demands for social justice were already bubbling in a number of countries, and the pandemic has been a tipping point.

Government proposals to raise taxes on mining or take greater control of the sector are now on the table across much of Latin America, and political shifts to the left are worrying industry players. A strong majority of survey respondents consider political or legal uncertainty, increased country risk and/or resource nationalism to be top threat to the mining industry in the region.

"Next 3 years are going to be of political challenges to the establishment and mining is seen as one of the targets both for getting more taxes and for better income for the average population," wrote one survey respondent.

“Mining companies need to take an active role in convincing governments, of all political persuasions, that their contribution to the long term sustainability, wealth and stability of any country where they operate is critical, and as such, mining companies should be considered as allies, not the enemy,” wrote another respondent.

The mining industry, naturally, is on high alert, and the response is to intensify its focus on optimization and exercise great caution regarding new project decisions. At the same time, the industry is under strong pressure to transform digitally and align their strategies with climate change and other ESG goals, and the survey reveals a solid commitment in terms of resource allocation in the near term.

BNamericas' Mining Survey 2021 was carried out between May 24 and June 21 and received 222 responses:

- ▶ 24% were from people representing major mining companies, 3% were from smaller producers and 5% junior explorers; 16% providers of equipment/parts/maintenance; 15% providers of technical consulting; 8% providers of engineering; 8% from providers of strategic consulting; 6% providers of inputs/consumables; and the rest other or in some cases no answer.
- ▶ 37% of respondents identified themselves as C-level or senior management, while 20% are in commercial roles, 12% in operations, 8% in project management and the rest other roles.
- ▶ 58% of respondents said their companies are active in Chile, while 41% are active in Peru, 29% in Brazil, 26% in Mexico, 24% in Argentina, 23% in Colombia, 19% in Ecuador, 14% in Bolivia, 10% in Panama and less than 10% in the rest of the countries in the region
- ▶ 81% of respondents said they are focused on copper, 60% said gold, 48% said silver, 34% zinc/lead, 31% iron ore, 30% lithium and 30% molybdenum. 12% said “all minerals” are relevant for their organization, while smaller percentages mentioned other minerals including coal, phosphate, tin, bauxite and uranium.

The results are presented as percentages of total responses to each question and represent the total pool of responses except where specified. This report includes comments from survey participants set in italics throughout, some of which have been edited and/or translated.

The survey was carried out with support from the following entities: [AusCham Argentina](#), [Cámara Argentina de Empresarios Mineros](#), [Sociedad Nacional de Minería de Chile](#), [SCM Minera Lumina Copper Chile](#), [Cámara de Minería del Ecuador](#), [Instituto de Ingenieros de Minas del Perú](#), [Instituto Brasileiro de Mineração](#) and [Cámara Minera de México](#).



Cover image: Peruvian mining operation. Credit: Anglo American

Impact of the Pandemic

First things first. We asked survey respondents to rate the impact of the Covid-19 pandemic on their activities in 2021 to date, and 55% said the impact has been moderate, while 32% said they have felt a big impact.

As Latin America continues to battle waves of infections, business – and life – is definitely not back to normal. In many cases, the pandemic continues to prevent miners from returning to full capacity, as local workforces have been weakened, [according](#) to Joe Bormann, Fitch Ratings deputy regional group head, Latin America corporates.

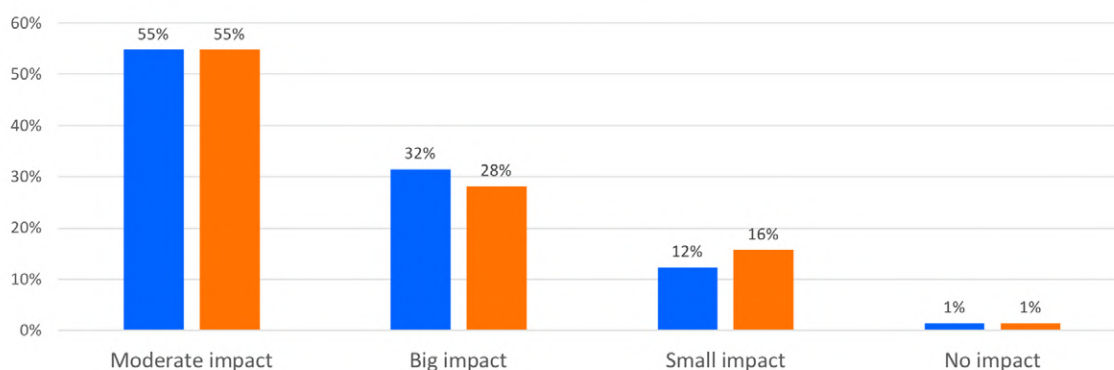
In addition, new waves of infections and lagging vaccine rates in much of the region mean social distancing protocols are still necessary, particularly at underground operations.

Many companies' 2021 guidance shows production is expected to max out at 80-90% of capacity, Trevor Turnbull, Scotiabank director of gold and precious metals equities research, [told BNamericas](#) earlier this year. "It's not enough to put anybody out of business or to destroy the margins, but 2022 is the earliest we will see mines really back at full capacity."

Still, the survey results do reflect an improved situation in the region versus last year. Our 2020 survey, taken in August, revealed that 52% of respondents had felt a big impact on their activities in the region since the pandemic began, and another 40% said the impact had been moderate.

Looking ahead, the dominate belief is that Covid-19 will continue to moderately impact activities, with 55% of the 2021 survey responses. 28% of respondents do still consider that the pandemic will have a big impact on operations and costs over the coming year.

Covid-19 Impact and Outlook ALL RESPONSES



■ In 2021 so far, how big of an impact has the COVID-19 health crisis had on your activities in Latin America?

■ How big of an impact do you expect COVID-related health protocols to have on operations/projects and costs over the next 12 months?

Strategic Focus: Optimization Continues to Dominate

The survey results show an increased perception that operational optimization will be the primary strategic focus of mining companies over the next 12 months. The results are in line with past years' surveys; even before the pandemic, optimization was consistently considered to be the main priority, and this year's results emphasize optimization even more, with 46% of total responses versus 43% in 2020.

Less emphasis was placed on the concept of ramping up operations suspended due to the pandemic, though this still took second place with 19% of responses. Combining the two, 65% of respondents say that optimization or ramping up operations will be the top priority.

The idea that organic growth would be miners' main focus over the coming year received 18% of responses, versus last year's 17%, reflecting continued caution as uncertainty about the pandemic and its economic outcomes are joined by a growing sense of political risk in some of Latin America's main mining markets.

The focus on organic growth had been gaining traction pre-pandemic, garnering 31% of responses each time in our 2018 and 2019 surveys, but that mindset has clearly not recovered yet.

Looking only at 2021, if we separate the responses of people who indicated they work for a mining company from those who represent other types of entities, some significant differences emerge. Mining company respondents placed greater emphasis on operational optimization than non-operator respondents (55% of responses versus 39%) and less emphasis on ramping up operations affected by suspensions (12% versus 23%), leaving organic growth in an albeit distant second place among the operator respondents (17%).

"The focus of companies must be on optimization of operative costs in order to face the closure of operations and reduction of production levels caused by the pandemic."

"Optimization must occur to protect after-tax profits."

“Mining will continue operating with focus in optimization of resources. I believe mining companies have learnt from previous booms, and are acting with caution today.”

“Process automation, less “people” dependency and technology will drive operational and process excellence in the years, the strategy in how to do this at mining companies will be key.”

New Projects

Despite the strong focus on optimization, the survey results show a reasonably solid belief that new project activity will increase over the next 12 months, with 45% of the total pool of respondents foreseeing an acceleration of activity. Another 22% of respondents believes new project activity will stay the same over the coming year, while 25% believes there will be a deceleration of activity.

This result is somewhat more hopeful than the 2020 survey, when we asked respondents if they expected to see an increase or decrease in new project activity “post-Covid,” and 39% said activity would increase while 32% said it would decrease.

However, if we break down the 2021 results, we see significantly more optimism around new projects among non-mining company respondents compared to those who said they work for a mining company. While 52% of non-mining company respondents said they believe new project activity will accelerate over the next 12 months, only 31% of respondents from mining companies said the same.

The sentiment among respondents who think activity will increase centered largely on higher prices and strong demand for minerals, while some mentioned they believe new projects will be centered on optimizing production and/or brownfields.

“Except for uncertainties about the mining royalty, companies will develop their projects given the high copper price cycle.”

“Demand for minerals will still push for further investments and will make projects more attractive independent of any country specific matters, such as social unrest, health and environmental legislation.”

“They [investments] will be oriented toward maximizing production using the greatest quantity of technological resources and optimizing personnel.”

“Brownfield projects will be favored. Also, projects could see a change to take into account stricter ESG considerations.”

Respondents expecting a deceleration in new project activity primarily cited politics and continued impacts of pandemic:

"Possible legal and tax changes could lead to the conducting of a new feasibility analysis."

"The crisis provoked by the Covid-19 pandemic is making companies look for mechanisms of recovery and sustainment of their operations during 2021."

"The majority of new projects are stalled due to the pandemic and political uncertainty in my country."

"Political issues are having a big impact on investment."

Mergers and Acquisitions

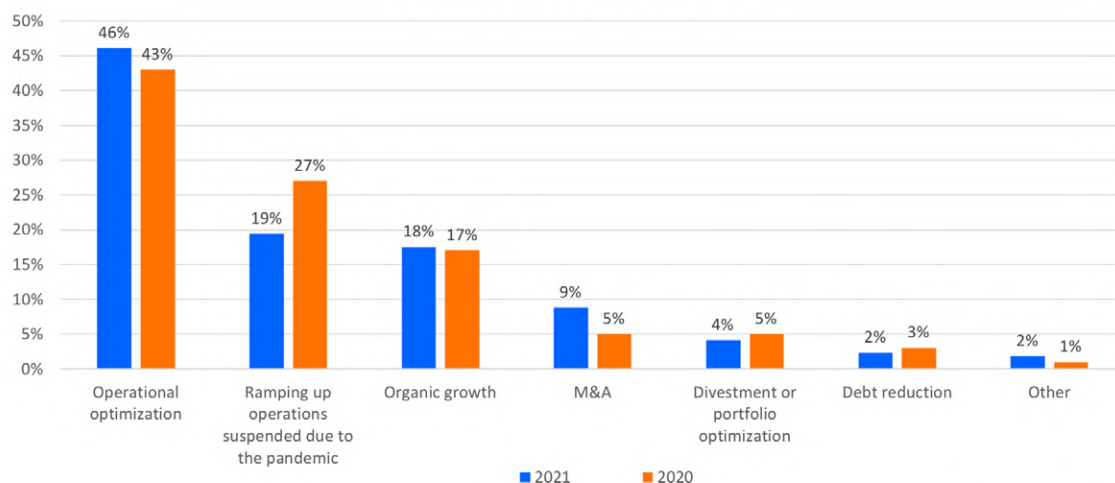
Similar to our survey results in past years, M&A received few responses as being the top strategic priority for the mining industry in the year ahead. However, as we have also seen in the past, when asked whether M&A activity will ramp up in the near term, the most popular answer is "yes;" this response garnered 47% in 2021.

There is, however, somewhat more emphasis on M&A activity levels staying the same. In 2020 there was a prevalent belief expressed in our survey that the pandemic crisis would lead to M&A as some companies struggled to survive. This idea was almost nonexistent in comments provided in the 2021 survey. This year, more than a quarter of the respondents who provided comments regarding their belief that M&A will intensify mentioned copper and/or battery metals.

Looking back at our 2019 survey, the idea that M&A activity would intensify in the near term was even stronger, receiving 60% of responses. The steady decline in 2020 and 2021 likely reflects the generalized slowdown of mining industry activity relating to Covid-19 and difficulty in deal-making due to travel restrictions.

What will be mining companies' primary strategic focus over the next 12 months?

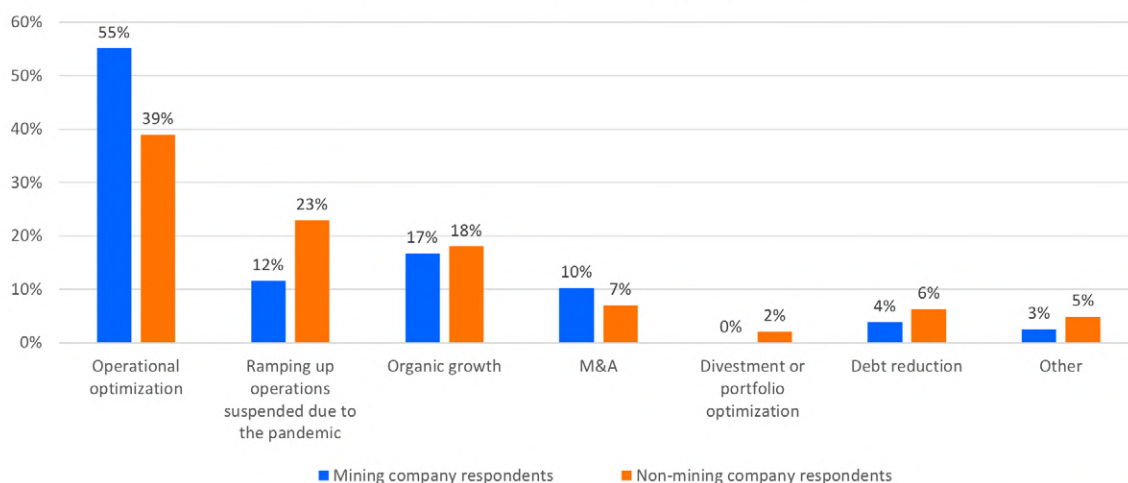
ALL RESPONSES 2021 VS 2020



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What will be mining companies' primary strategic focus over the next 12 months?

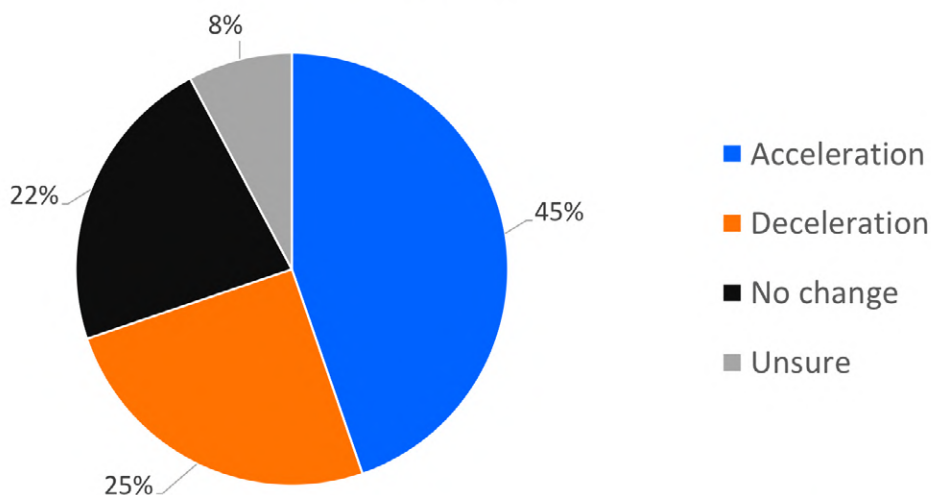
MINING COMPANIES VS OTHER ENTITIES



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Do you expect to see an acceleration or deceleration in the design and approval of new projects over the next 12 months?

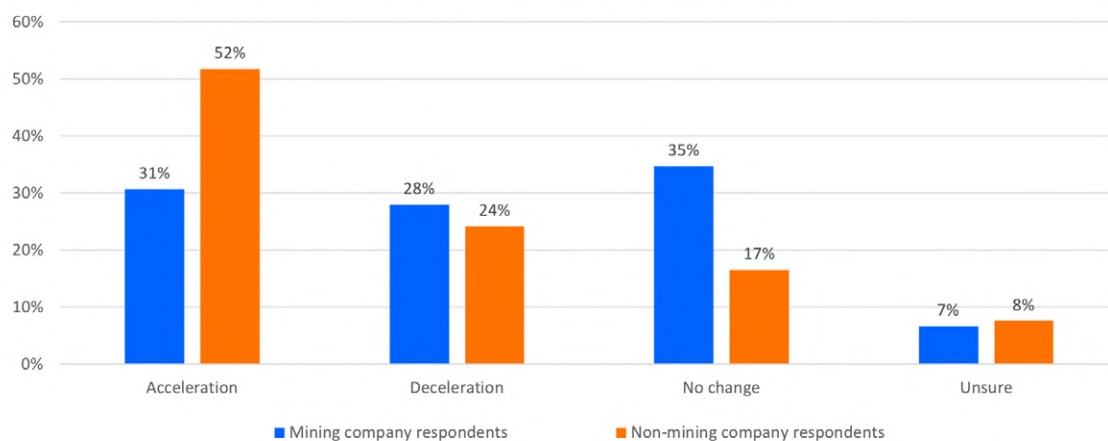
ALL RESPONSES




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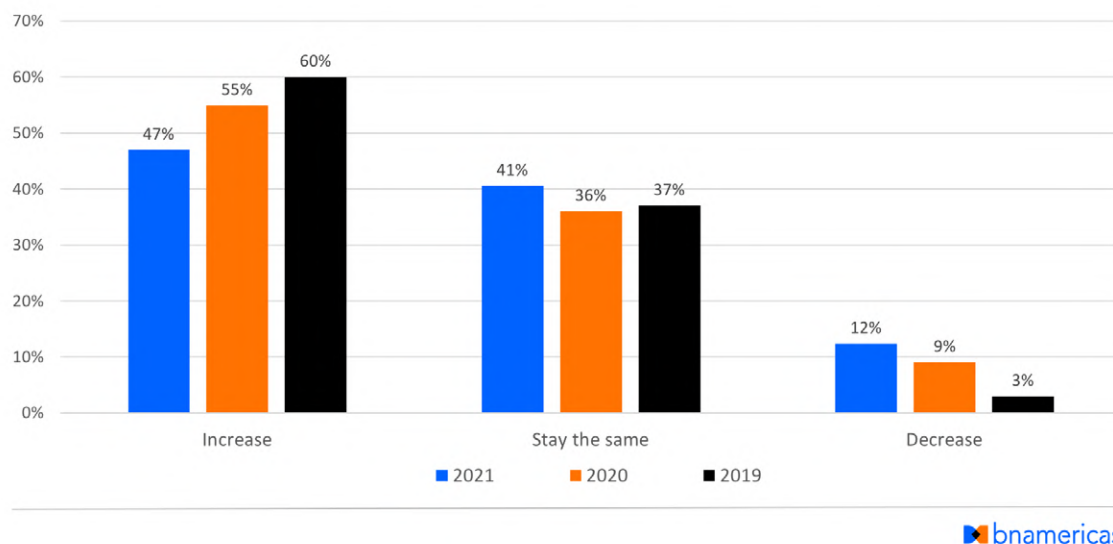
Do you expect to see an acceleration or deceleration in the design and approval of new projects over the next 12 months?

MINING COMPANIES VS OTHER ENTITIES



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In the short-medium term, mergers, acquisitions and joint ventures involving mining assets in Latin America will...



Spending Strength

Early 2020 was characterized by a brusque pullback in spending guidance by mining operators. As the pandemic set in, operations across the world were halted or curtailed, jeopardizing production. Metal prices sank to many-year lows. Fear of a liquidity crisis gripped many companies and led them to opt to protect cash reserves rather than spend. In addition, a lot of activities that require capital spending, such as routine maintenance, were simply not possible to carry out due to quarantines and personnel distancing measures.

This year, we asked survey respondents whether conditions will allow companies to execute their capital spending plans and 58% said “yes.”

In general, we have not witnessed changes to capex guidance from what companies announced earlier in the year, suggesting that firms are in a position to weather any pandemic impacts and go ahead with spending, and possibly that conservative guidance was given in the first place.

In any case, the majority consensus in BNamericas' 2020 survey that mining industry spending would recover in 2021 appears on track to come true.

As we [reported in April](#), the combined global 2021 spending guidance of a sample of 29 key operators active in Latin America is 25% higher than the companies' actual 2020 spending, at US\$56.2 billion versus US\$44.9 billion. This would represent a hearty resumption of the upward spending trend that emerged around 2018 and which was put on hold in 2020.

Many survey respondents this year called for mining companies to invest now and take advantage of high metal prices, while many others said they believe spending will focus primarily on maintenance, optimization and some brownfield growth projects.

Meanwhile, 24% of respondents said they are unsure whether spending plans will be executed, and 17% said plans will suffer reductions. Comments abounded regarding caution in spending due to political uncertainty, while some mentioned possible price volatility and concern over real economic reactivation.

"Capital spending for operational continuity cannot be postponed, even more so if there is related production which is important at these levels of market prices."

"Budgeted capital continues according to plan. New investments are being rigorously reviewed according to current ideologies and public policies."

"It [spending] will be moderate and oriented toward optimizing production with less risk because of the pandemic."

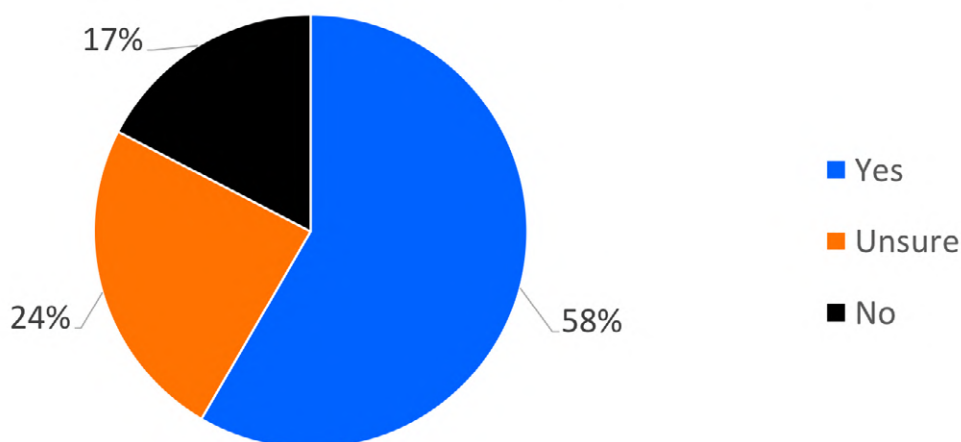
"Capital spending this year is expected to be conservative. No significant transactions should occur due to the instability observed in the region."

"We are seeing an important uptick in quoting/order intake. Actual spending will increase significantly from Q3 and thereafter."

Still, just 34% of survey respondents said their companies plan to increase spending in 2021, while 44% said there would be no change in spending levels. Considering that 72% of 2020 respondents said their companies' investment plans had been impacted by the pandemic, this appears to indicate that there could be a risk of little overall investment increase during the year.

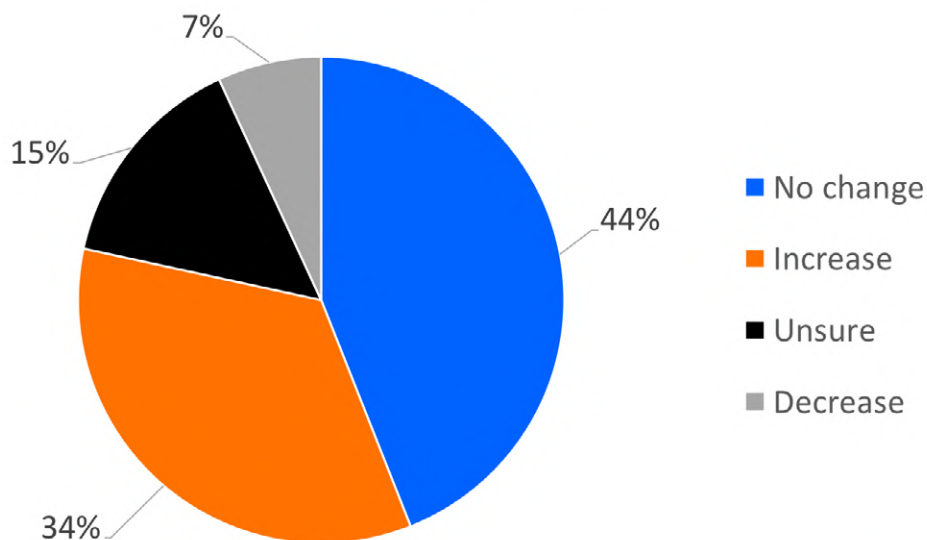
Mining operator respondents answered “increase” and “no change” at a slightly lower rate than people representing other types of entities. Miners had a higher rate of “unsure” answers, and, as we will discuss below, the same was true regarding the question about whether respondents’ companies will seek financing soon. We believe this reflects the uncertain operating environment facing mining companies and that many are choosing to wait and see before making such decisions.

Do you believe that pandemic and market conditions will allow operators to successfully execute their spending plans in 2021?



Is your entity planning an increase or decrease in investment in 2021?

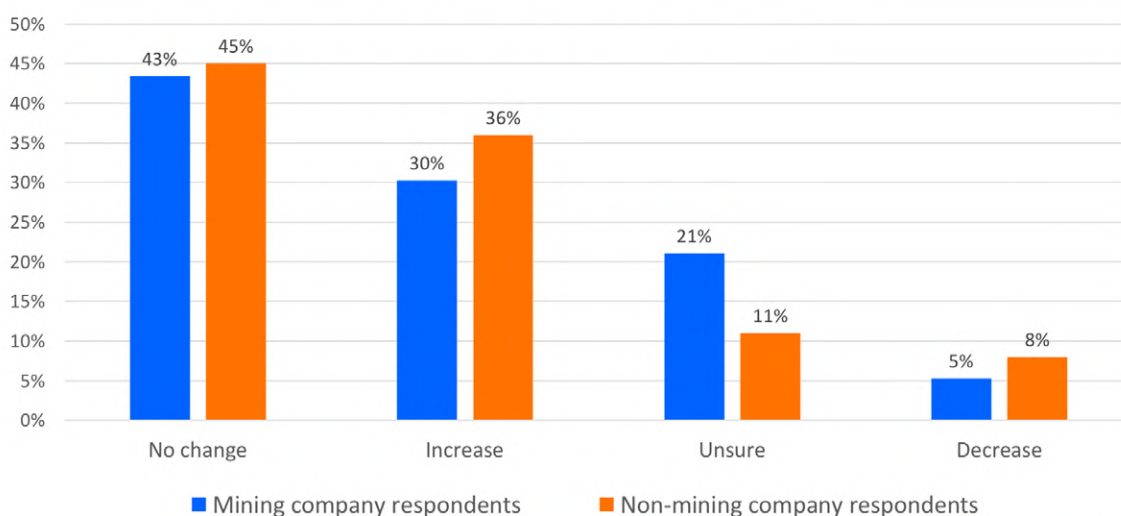
ALL RESPONSES



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Is your entity planning an increase or decrease in investment in 2021?

MINING COMPANIES VS OTHER ENTITIES



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Digitalization and Decarbonization

One of the most pressing challenges facing the mining industry in 2021 is decarbonization. Over the last year or so, the issue has catapulted to the forefront of conversations around the future of mining as investor sensitivity to climate action has heightened considerably.

Most leading mining operators have [set net zero carbon targets](#) for 2050 or 2040, in line with the Paris Climate Agreement, and smaller companies are also highly aware of the imminent need to take action. While most greenhouse gas reduction projects to date have focused on direct emissions, which are broadly within miners' control, we are starting to see work on addressing scope 3. Both [Vale](#) and [Anglo American](#) have recently announced trials of technologies to reduce shipping emissions.

Decarbonization is a major culture shift for the mining industry that is clearly being taken seriously, with companies such as Vale even [linking](#) executive financial incentives with the company's climate agenda.

Surprisingly, only 37% of total survey respondents (and 32% of mining company respondents) said their companies plan to increase budgets for greenhouse gas reduction over the coming year. Another 41% said that decarbonization spending levels would not change.

However, last year's survey showed that the majority (70%) recorded no impact to GHG budgets despite the pandemic crisis, indicating that this year's plans can be compared to a relatively solid base level of spending on climate change.

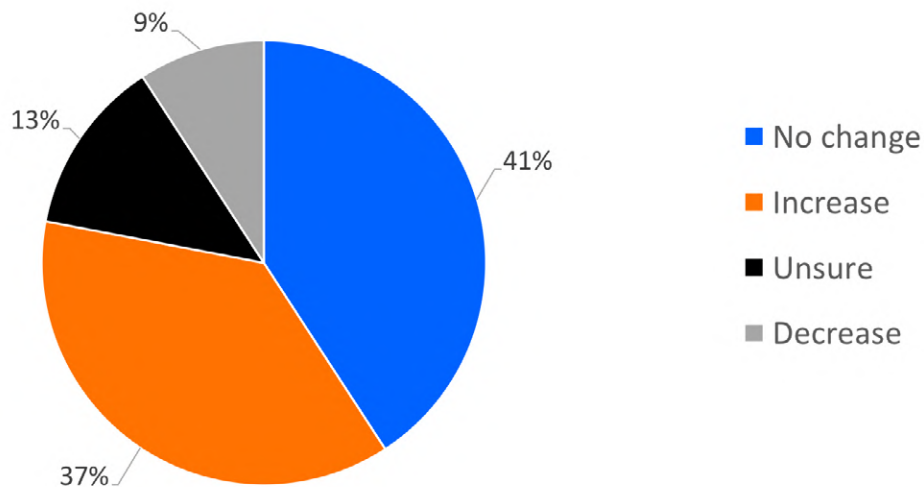
Digital Transformation Gets a Boost

Another pressing challenge for the mining industry received a much bigger boost this year. Sixty-two percent of respondents said their entities plan to increase their allocation of resources to new technologies and/or digitalization over the next 12 months, while another 28% said budgets would stay the same, for a combined 90%.

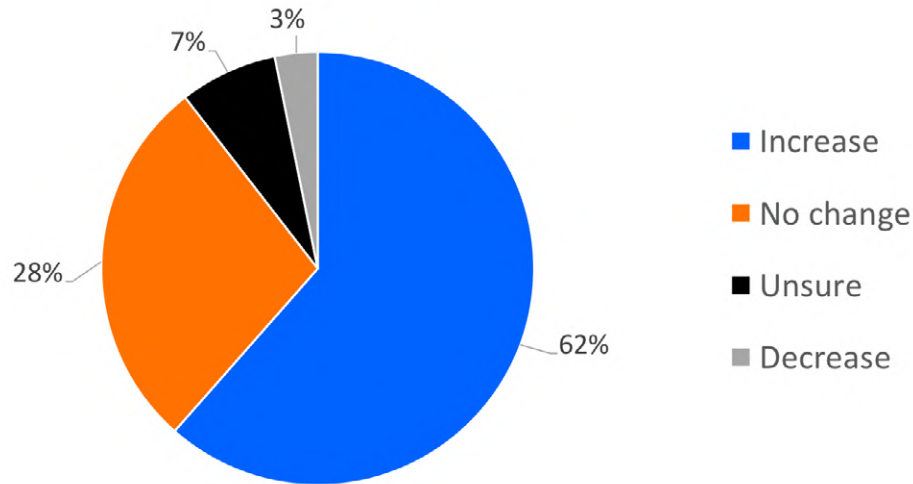
This compares to plans in 2020, when 37% said budgets would increase and 25% said stay the same. This year only 3% said digitalization spending will decrease in the year ahead, versus 22% in 2020.

We see two main drivers behind this intensification of mining's [digital transformation](#), which of course has been gradually taking place for several years already. One is the increased focus on operational optimization, which was already the underlying reason that digitalization has been underway and has become ever more urgent for the reasons outlined above (Strategic Focus: Optimization Continues to Dominate). The second is the pandemic itself having underscored the feasibility and benefits of remote operations, and having such systems in place now seen as a hedge against future crises.

Which of the following best describes your entity's plans regarding allocation of resources at the corporate level to greenhouse gas reduction over the next 12 months?



Which of the following best describes your entity's plans regarding allocation of resources at the corporate level to new technologies and/or digitalization of operations over the next 12 months?



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Financing

The outlook for financing conditions among the total pool of respondents was divided, with no one option taking the majority. The largest chunk of answers, 39%, was that financing conditions for mining investments in Latin America will stay the same over the next 12 months, while slightly more respondents said conditions will improve rather than worsen (34% and 27% of responses, respectively).

The outlook is somewhat less optimistic than the one expressed in our 2020 survey, when 40% said conditions would improve. However, that opinion was measured at a time of great uncertainty, when 45% of respondents said that conditions were worse than they had been a year earlier, pre-pandemic.

Where we start to see bigger differences is among the 2021 answers from mining company respondents and non-mining company respondents. Only 26% of the former believe financing conditions will get better, while 39% of the latter group said the same.

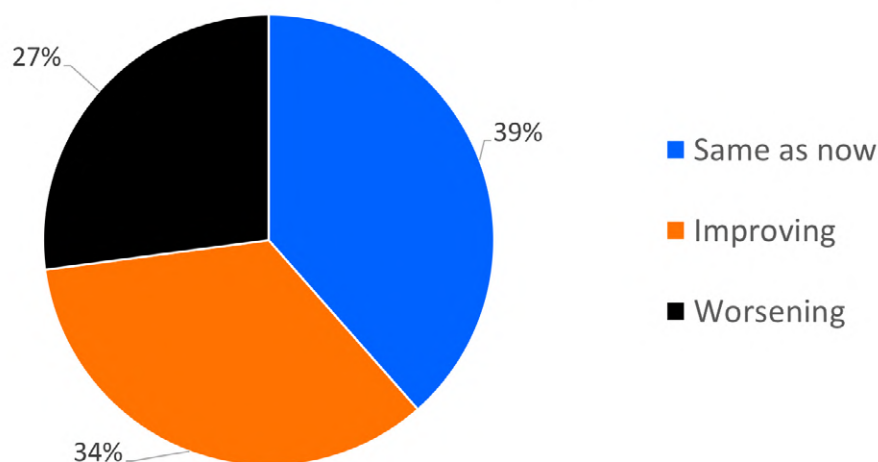
The results show a higher proportion of respondents in general are unsure whether their company plans to raise financing than last year. This is particularly true among mining company respondents (54%). This may be because a high number of respondents this year did not have access to information about their companies' financing plans. It also may reflect a higher-than-usual hesitation among mining operators to make a decision about whether to seek financing as they watch to see what happens with political developments and economic recovery over the coming months.

It is also worth noting that a much larger proportion of non-operator respondents said their entities will not raise cash over the coming year (42%) compared to operator respondents (24%). Until more mining operators decide whether to raise capital and spend, the other entities represented in the survey, which are mainly support entities to operators, appear to have decided to wait on the sidelines.

Among the respondents who said their entities are planning to seek funding over the coming year, the majority of those who provided details (62%) said this will be equity capital, while 29% said they would seek debt and the rest said they plan both types of financing.

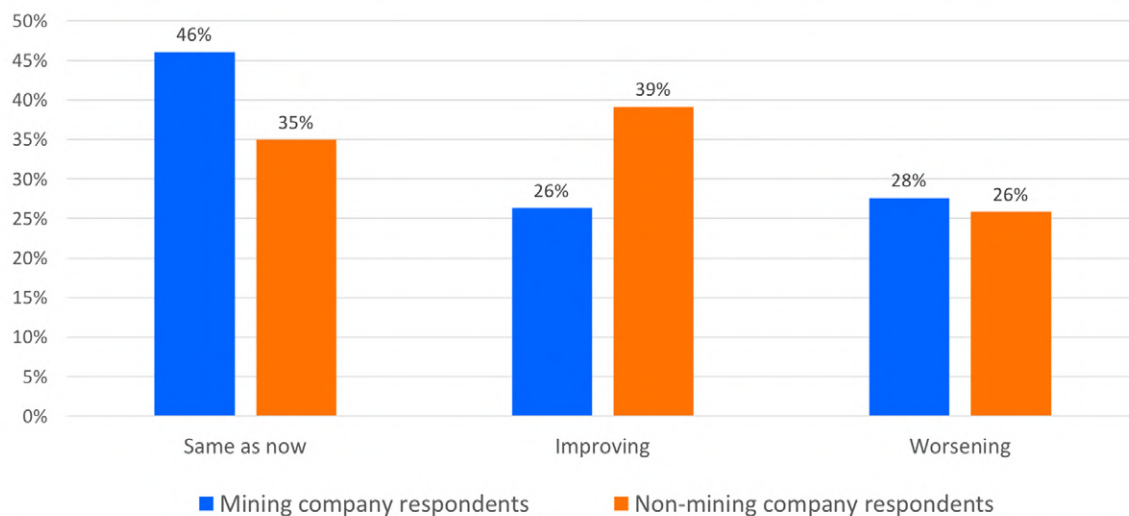
How will financing conditions for mining investments in Latin America look over the coming 12 months?

ALL RESPONSES



How will financing conditions for mining investments in Latin America look over the coming 12 months?

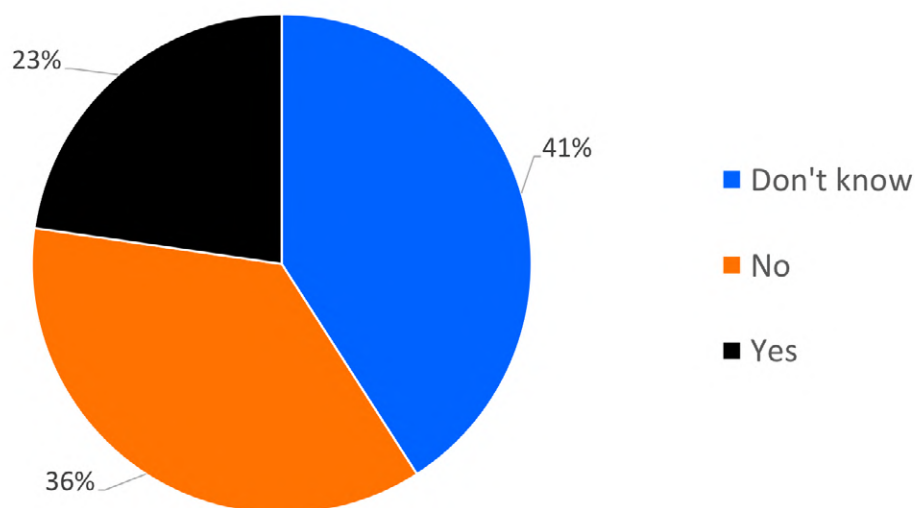
MINING COMPANIES VS OTHER ENTITIES



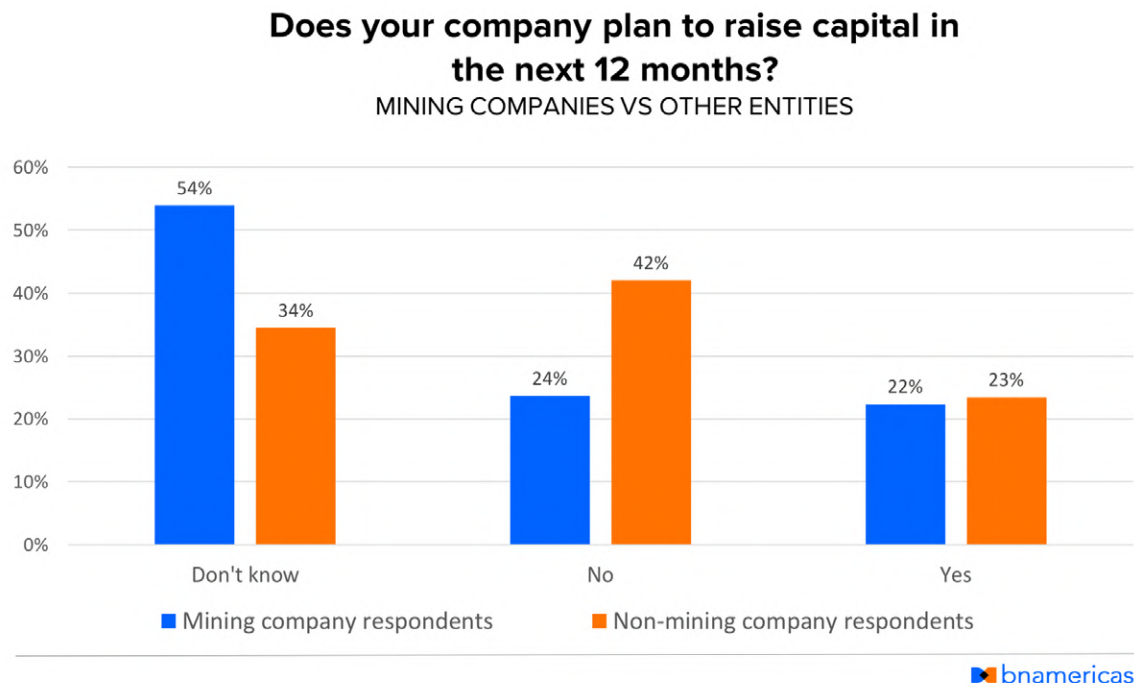
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Does your company plan to raise capital in the next 12 months?

ALL RESPONSES



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Threats to the Mining Sector

Politics are commanding center stage in terms of the risks facing the mining sector in the year ahead. Forty-five percent of respondents said political or legal uncertainty is the biggest threat to the industry over the next 12 months, while another 30% chose increased country risk or resource nationalism as the biggest threat, for a combined 75% of respondents indicating these related issues are the top risks.

The results stand in stark contrast to the 2020 survey, when these two answers received a combined 38% of responses, closely followed by future waves of pandemic with 31% of responses. Just 10% of respondents in 2021 said pandemic risks constitute the primary threat to the mining industry.

This is perhaps no surprise given the political processes that have taken place since last year's survey in Chile and Peru, the top two countries where survey respondents are active. Once considered among the safest mining jurisdictions in Latin America politically, both have seen the status quo upended over the last year or two.

Chilean voters approved in October 2020 the drafting of a new constitution, one year after destructive protests demanding social justice. In April 2021, the vote for the members of the constituent assembly that will create the new document resulted in a more left-leaning composition than many had predicted, and this has given further lift to left-wing candidates eyeing the November presidential election. Meanwhile, Chilean lawmakers have proposed a new [royalty](#) on copper and lithium production, which analysts have [calculated](#) would result in an additional charge of 22% of gross revenue for a mine producing copper concentrate when the copper price is at US\$4.00/lb. Debate is ongoing over the final form any royalty increase will take.

In Peru, after a few years of continual political scandal and outrage over corruption, socialist school teacher and union leader [Pedro Castillo](#) proved victorious by a tiny margin over establishment right-winger Keiko Fujimori in the recent presidential election, the results of which have still not been certified. While Castillo has spoken of nationalizing the mining industry – and tax reform is most certain to be on the agenda – the president significantly softened his rhetoric ahead of the June runoff election and is unlikely to be able to pass radical reforms given the country's highly fragmented congress where his party, Perú Libre, does not have a majority.

Mexico has also seen the status quo challenged since the arrival of President Andrés Manuel López Obrador at the end of 2018. AMLO's huge policy shifts in the energy sector and infamous cancelling of the contract to build a new Mexico City airport left many investors wary. In the mining sector, AMLO's government was considering a nationalization of lithium assets, though has apparently backtracked, and has halted new concessions, while environmental permitting has become more onerous.

In Argentina, currency controls, major macroeconomic problems and a poorly-controlled pandemic have been joined by a proposal from center-left lawmakers to declare lithium of strategic importance and hand control of production and sales to the federal government. Argentina's minerals in general are the property of the provinces, and most of the country's lithium-rich salares are conveniently located in mining-friendly Salta, Catamarca and Jujuy. While Argentina at the federal level is in favor of mining, it is unclear what new rules could be created for lithium miners if the proposal comes to fruition.

Miners in Brazil, too, are facing tax pressures and uncertainty. In March, Pará state, home to Vale's massive Carajás mine, [increased](#) its tariff known as TFRM on iron ore, copper, manganese and nickel production, tripling Vale's annual payment. Additional proposals in the national congress aim to raise income tax for mining companies, while lower house lawmakers in June created a working group to present a proposal for a new mining code by September. Brazil is also debating a general tax reform which could [impact](#) the tax credits miners can apply to equipment purchases.

Colombia, meanwhile, has been mired this year in violent anti-government protests which threaten to undermine the government's ongoing [efforts](#) to attract investment with concession auctions and diversification of the sector.

Selected comments from respondents who consider the main threat to the mining industry to be political or legal uncertainty, or increased country risk or resource nationalism:

"Covid has provided the correct environment for nationalistic groups to prosper so they will get more presence in governments."

"The sector must modernize more quickly to diminish risks."

"The issue of communities, social movements and water resources are also high risk."

"There is a trend toward populism that is very strong and [it is] difficult to counter ideas of how mining works, being so capital intense."

"Much more short term uncertainty, as has not been the case for a long time."

"New policies (e.g: mining in indigenous reserves) could create global barriers for Latin American products."

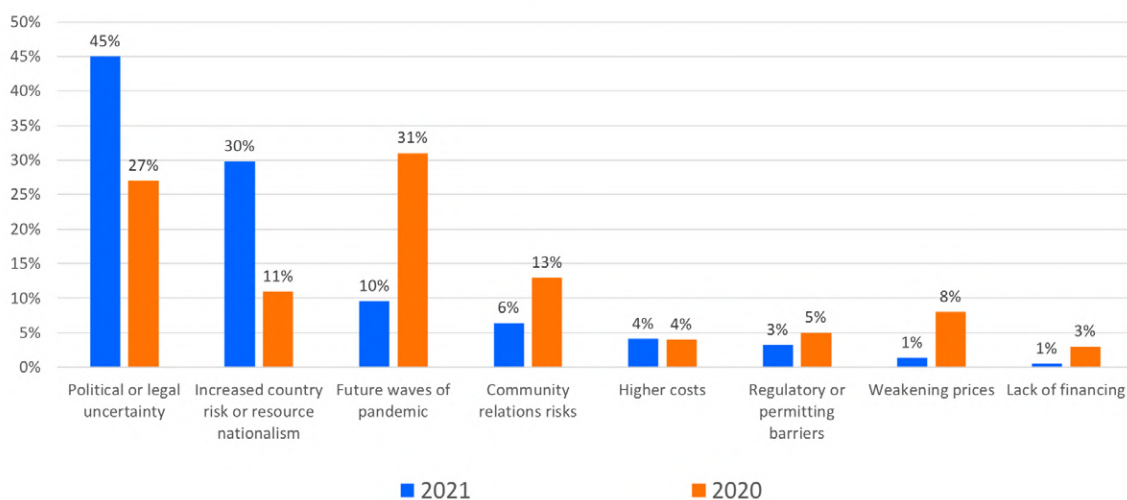
"Other risks identified are environmental permits and social license, given the current ideological environment."

"Fair regulation can imply risk at the beginning, but if it is carried out well, the sector will become sustainable over time."

"In previous years it was the social factor, today the political situation."

What is the biggest threat to the mining sector in Latin America over the next 12 months?

ALL RESPONSES 2021 VS 2020



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Investment Climate

Despite all the noise, Chile emerged as the strong favorite when respondents were asked which country presents the best climate for mining investment in the near-medium term, with 50% of total responses. This preference proved even stronger among mining company respondents, 60% of whom chose Chile as the best jurisdiction.

Nearly 40% of the total respondents who chose Chile commented specifically using the words “stable” or “stability,” many noting that their opinion is in spite of recent events and some saying they are vigilant regarding possible changes. Others mentioned clear rules, strong institutions, good geology and Chile’s maturity as a mining country.

Selection of comments from respondents who answered Chile:

"Strong democracy for many years; great geological potential; educated and professional work force; large middle class."

"It has clear legislation and is a mature country in the mining sector."

"Because of the way in which it has handled Covid in the area of large-scale mining."

"More stable conditions than the neighbors, institutions are still respected. Constituent assembly will make changes to the constitution, but all within a clear institutional framework."

"Although Chile is much less politically stable than it was just 5 years ago, it's still better than most other LA countries. Chile is the least bad."

"Although Chile is facing some uncertainties it is still the most important player in copper and with clear regulations and institutions... so far."

Brazil and Ecuador tied for second place with 10% of responses each. Ecuador appears to be a bright spot in the region. Right-leaning Guillermo Lasso won the presidency earlier this year, and miners are hopeful. But even under Lasso's left-leaning predecessors, Ecuador was carefully crafting a legal and institutional framework to support mining investment and, while it has not been without hiccups, Lasso inherits a moment of great potential for the future of mining in the country.

Perception of Ecuador has also been helped along by multiple discoveries and the arrival of several majors. Lasso will have to address rising "judicialization" of mining projects. Meanwhile, the national assembly's biodiversity committee has issued proposals that would put greater restrictions on mining projects.

Selection of comments from respondents who said Ecuador is the best jurisdiction:

"Large resources and change in political scenario."

"They have become aware of the mining potential they have, the intention [is] to promote the development of projects."

"Election over... and reason prevails."

"There is a break, there are no threats beyond those that are known and managed."

"Stable economy and real opportunities with untapped resources."

As mentioned above, Brazil is experiencing pressure toward higher taxes and changing regulation for miners, but this has only come into play very recently. A previous discussion to rewrite the mining code, under Dilma Rousseff, caused uncertainty at the time but ended up going nowhere, and Rousseff's successor Michel Temer managed to close the case by applying a moderate royalty increase.

This, along with the creation of a national mining agency and reorganization of concession management allowed Brazil to launch into promotion of the mining sector to investors characterized by concession auctions, a program strengthened by current President Jair Bolsonaro.

Selection of comments from respondents who said Brazil is the best jurisdiction:

"Constitutional stability."

"It is the least unstable country of those listed, and the social issues around mining are lower in comparison to the other countries."

"It has a government clear on avoiding populism and has been pragmatic in its decisions."

"Availability of resources and logistic infrastructure."

"Few social problems."

Peru's decline in favor is the biggest shift visible in the answers to this question in the survey. Over the past decade of our survey, most years Peru has been number two after Chile. But recent years have seen Peru spiral into a political crisis, with two presidents ousted and growing public disapproval of the political establishment as corruption investigations – sparked by Lava Jato – revealed case after case of wrongdoing.

Even so, the country's institutional framework remained sound and the perceived threat to the mining sector small, until the arrival of Pedro Castillo, who, as mentioned above, represents a hard shift to the left at a time of great hardship for many Peruvians amidst the impacts of the pandemic. What's more, the election itself was so close that it still has not been made official a month later, leading both sides to protest.

Still, 8% of respondents said Peru is the best place to do business:

"It is the country that has provided the most security. But this could change."

"Monetary stability."

"The worst of the pandemic restrictions have passed and the mining policies are favorable for investment."

“Peru has a solid mining industry and has more potential than Chile.”

“Even with political uncertainty, mining has begun to project itself socially, in order to improve relations with the people in its areas of influence.”

Mexico tied with Peru, also receiving 8% of responses, an improvement over last year’s result. However, conditions in the country have generally gotten more difficult for mining operators in recent years, with the main issues being AMLO’s near halt on new concessions, heightened permitting requirements, more sensitive community relations and the administration’s failure to control organized crime.

Comments from respondents who said Mexico is the best jurisdiction:

“Legal and social stability.”

“In the other countries, ignorance of the industry makes negotiations difficult.”

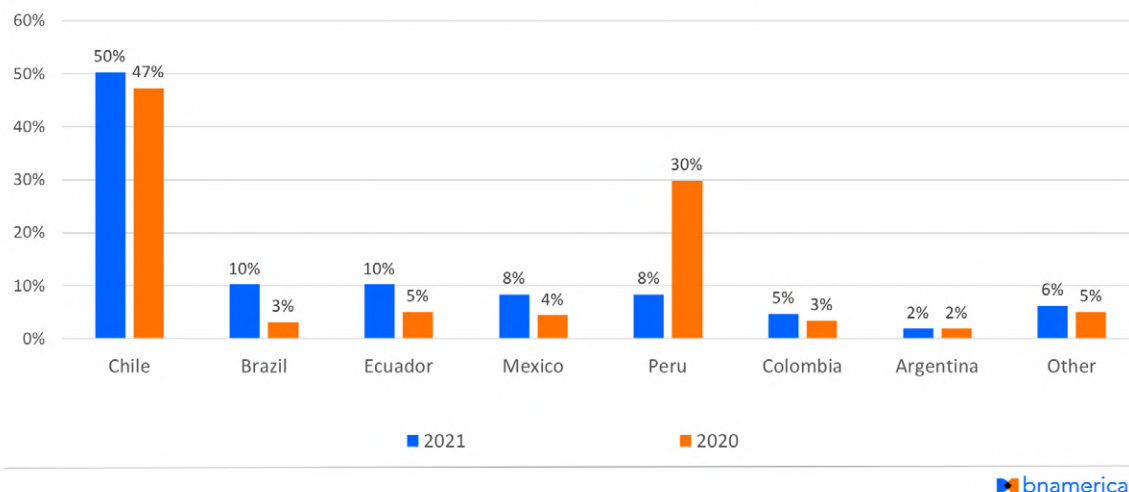
“It’s the only country where mining development is not threatened by taxes and expropriation.”

“Because it has a less unstable political scenario and is geographically close to the region’s big market.”

“It’s a mineral rich country with lots of untapped areas to explore.”

Which country presents the best investment climate for mining investment in the near-medium term?

ALL RESPONSES 2021 VS 2020



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