

# Breaking Barriers to Domestic Development

TREM11 Conference

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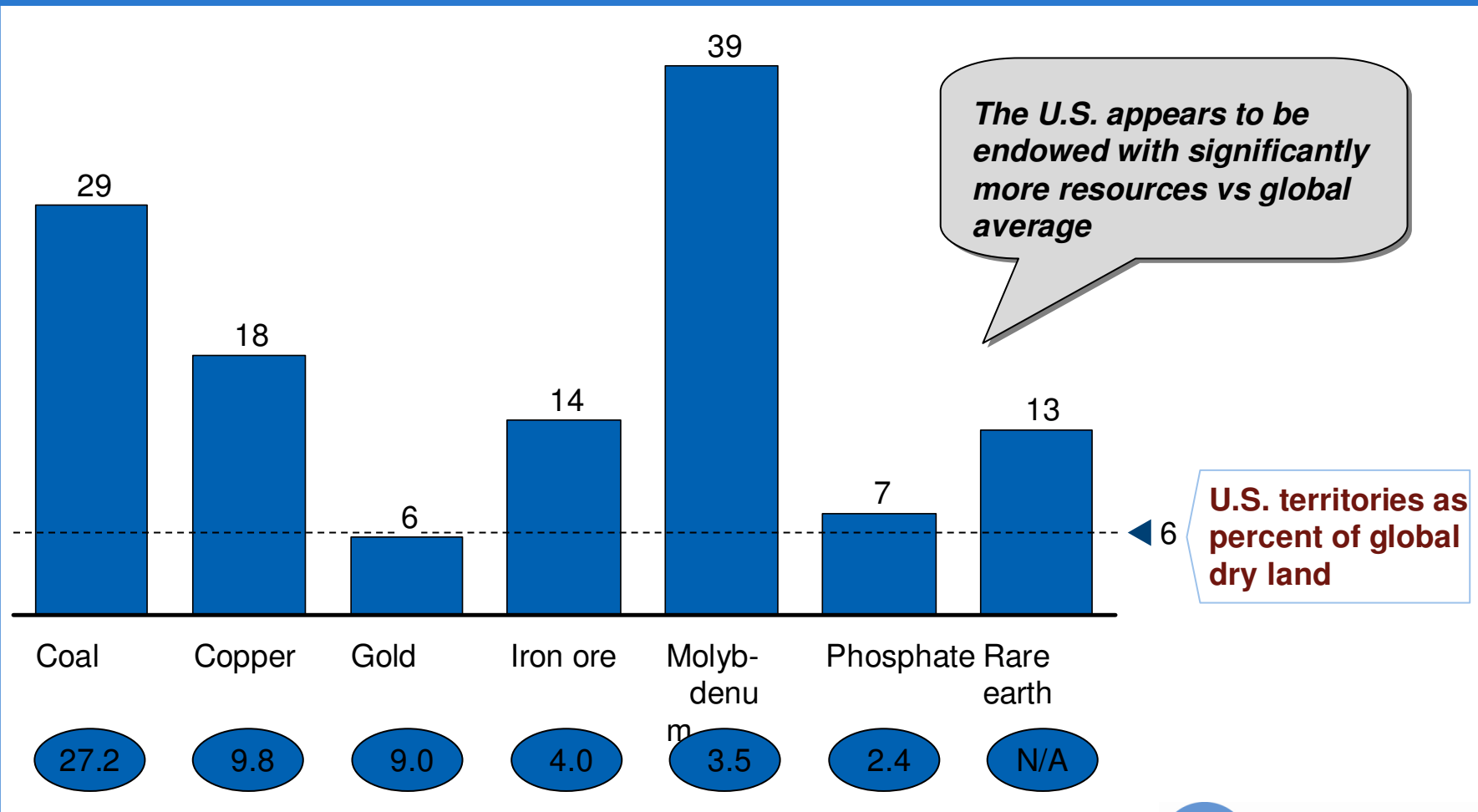
# Presentation Overview

- **Current US Mining Industry Position and Trends**
- **Underperformance of the US Mining Industry**
- **Challenges & Barriers**
- **Unlocking the US' Potential**

# U.S. Mining's Enviable Starting Position

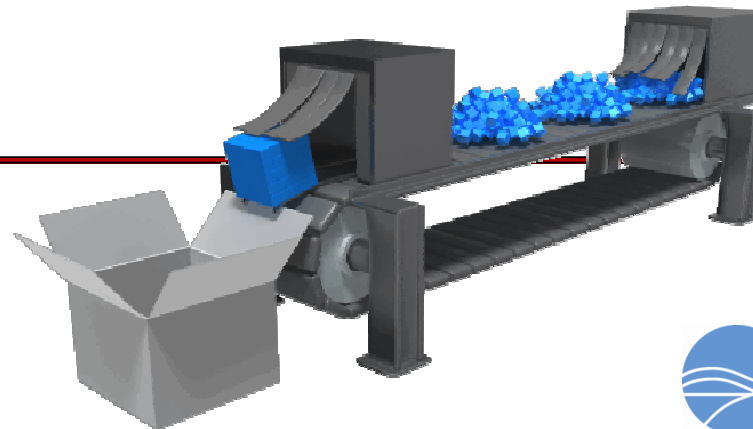
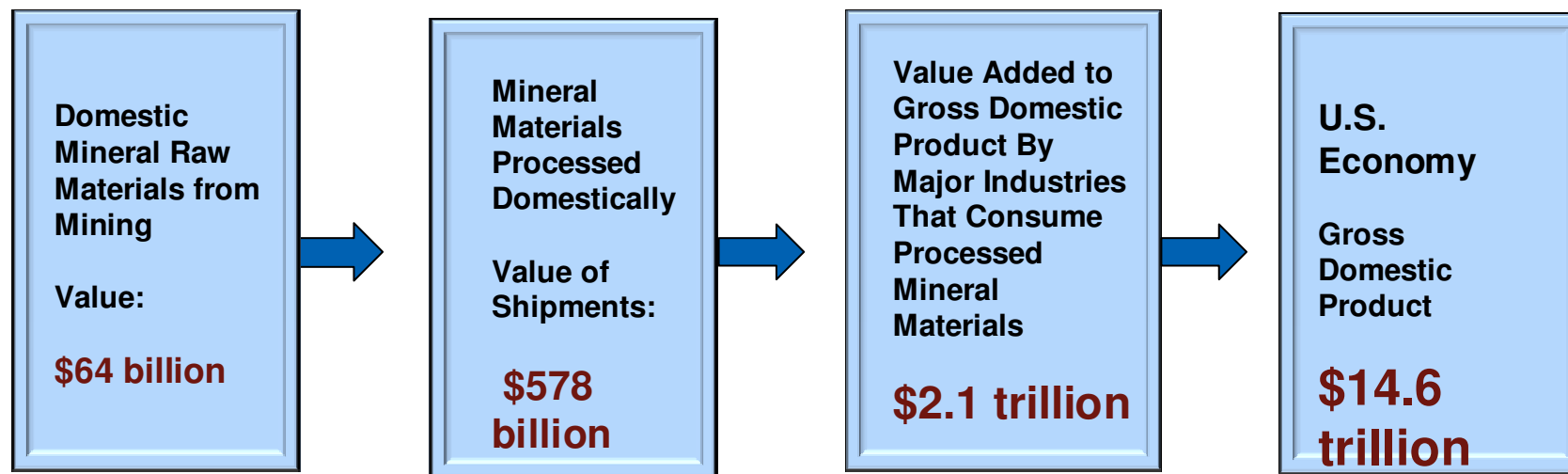
US  
Revenue  
billion, 2008

## Percent of global resources



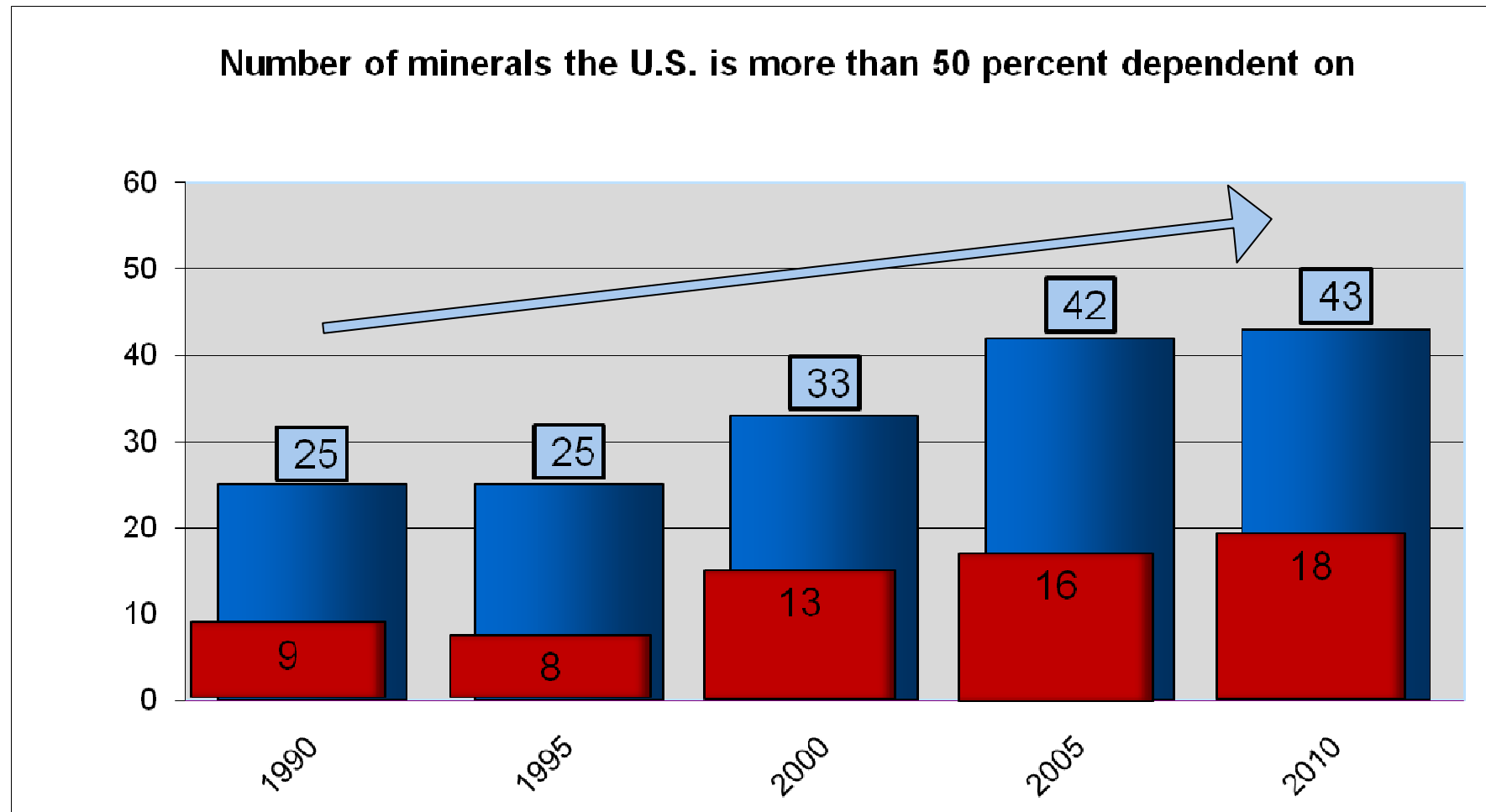
SOURCE: USGS, McKinsey Basic Materials Institute, Fraser report 2010

# Role of Minerals in the U.S. Economy



Source: USGS Mineral Commodity Summaries 2011.

# Trends: Growing Import Dependence of Key Commodities



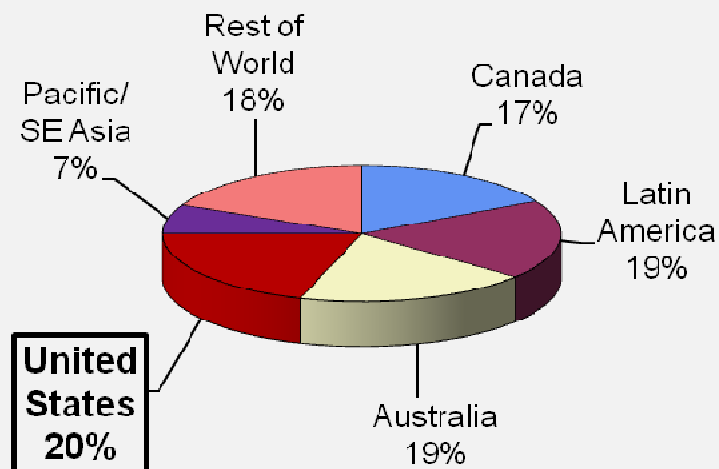
Source: USGS Mineral Commodity Summaries 1991-2011 editions

50 percent  
100 percent

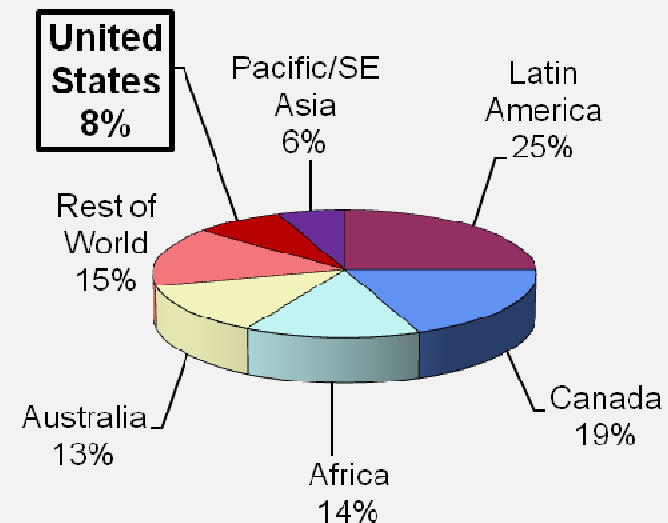


# Trends: Declining Share of Global Exploration Spending

**U.S. Share of Worldwide  
Exploration Budget Spending  
1993**  
(Percentage)



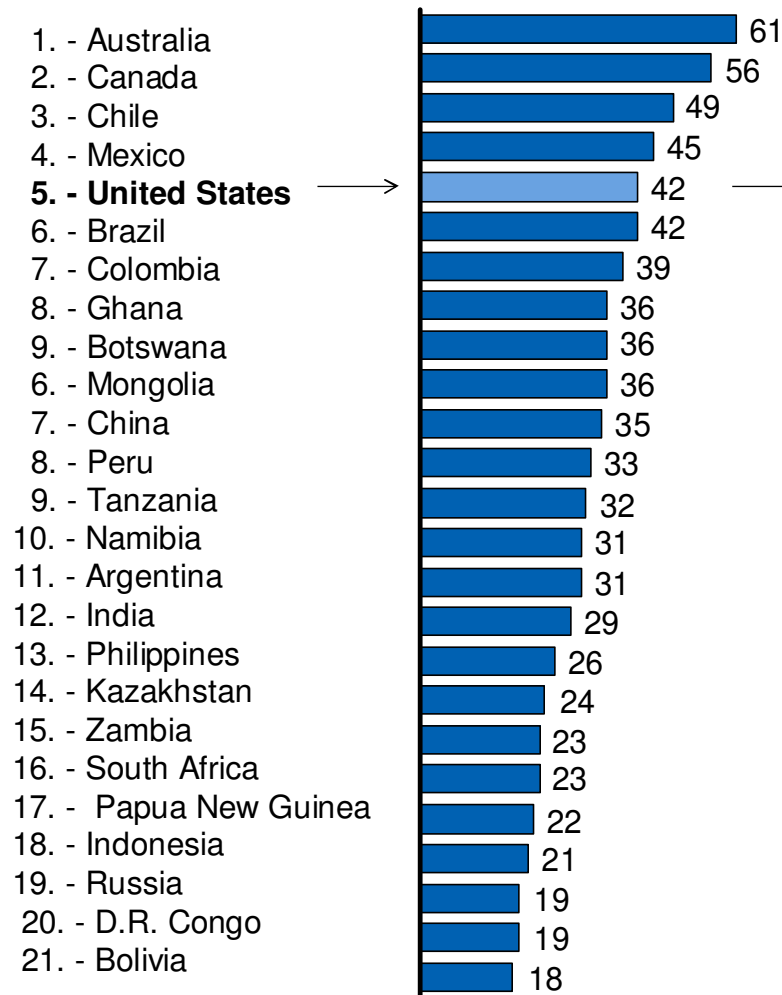
**U.S. Share of Worldwide  
Exploration Budget Spending  
2010**  
(Percentage)



Source: *Mining Engineer Magazine* (USGS analysis); Metals Economics Group

# Positive Business Environment Diluted By Key Challenges

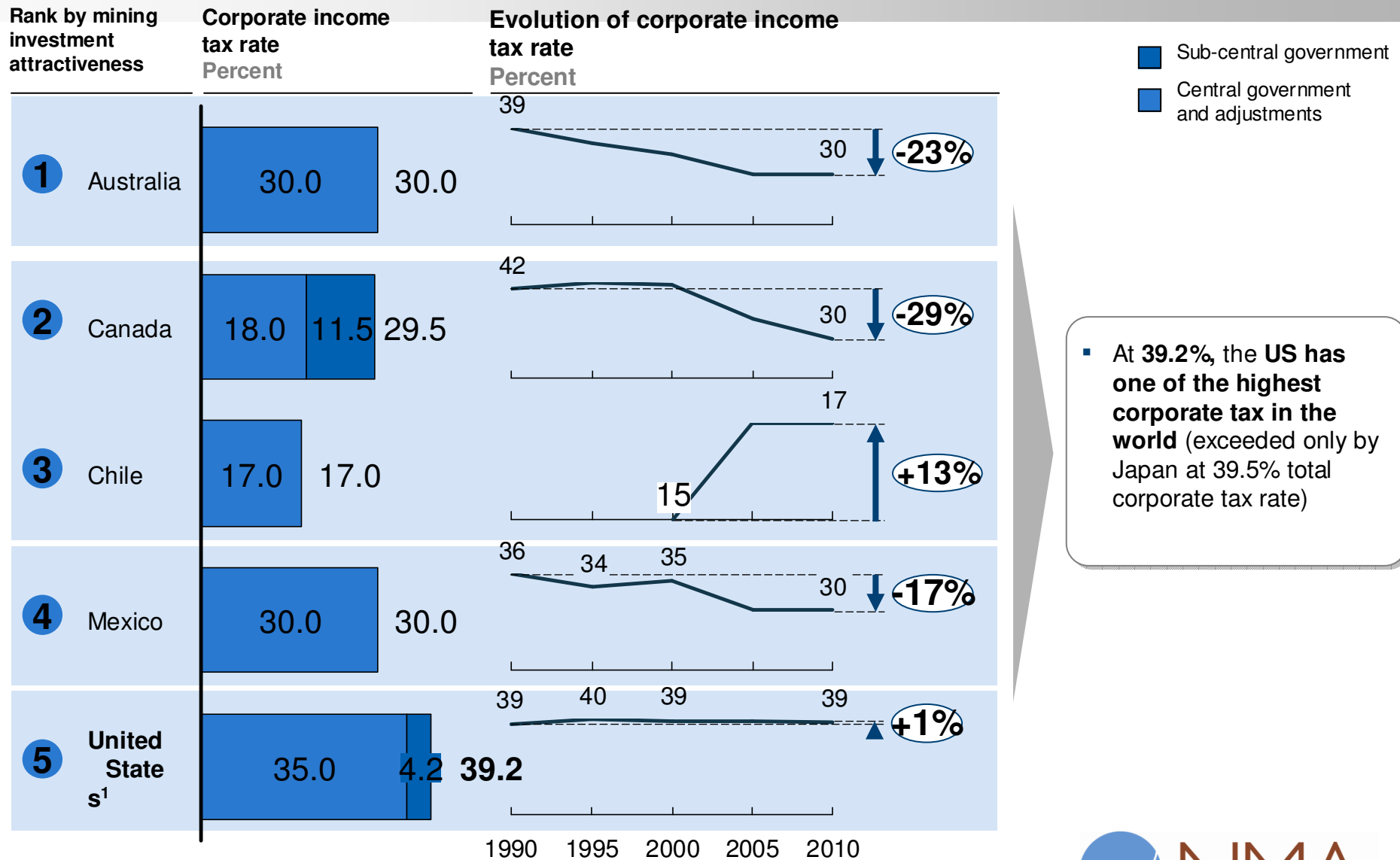
Country Index (Number of points out of maximum 70)



## Business enabling/deterring factors

- Human Capital
- Currency Stability
- Corruption
- Political System
- Economic System
- **Tax Regime**
- **Permitting Delays**
- **Social Issues**

# Tax Regime: Among Highest Globally



<sup>1</sup> The sub-central rate is a weighted average state corporate marginal income tax rate.

8

SOURCE: Behre Dolbear report "2010 Ranking of countries for mining investment", OECD



# Permitting Challenges

Permitting delays in the United States are the most significant risk to mining projects: average 7 to 10 year period required before mine development can commence

*Behre Dolbear Rankings, 2010*



## Permitting Delays

(Based on time required to get permits)

### Best

Mexico

Australia

Chile

Ghana

### Worst

United States

D.R. Congo

India

Russia

# Permitting: Ranked Worst Globally

- “The permitting process is **cumbersome, complex and unpredictable.**”

- *National Research Council, 1999*

- Permitting delays ranked as “**No. 1 policy factor** that impedes growth of domestic mining industry” by 80% of mining CEOs.

- *NMA Survey of Public Policy Needs, 2003*

- “The United States is **ranked lowest** due to the average 7- to 10-year period required before mine development can commence.”

- *Behre Dolbear, “Where Not to Invest”, 2010*

- Wait is at 7 years and growing for proposed nickel mine in Michigan

- *Wall Street Journal, Feb. 2010*

- 10 years for a cobalt mine in Idaho to receive USFS approval

- *Formation Capital, Congressional Testimony, Feb. 2011*

# Social Issues

- **Difficulties in Obtaining Social License to Mine**

- “Social issues continue to be the highest risk facing the development of minerals in **every country**”
- “A major issue, particularly in developed countries in the ‘not in my backyard (NIMBY)’ syndrome where **prosperity outweighs the knowledge of the public’s need for minerals.**”
- **Regulatory issues in developed nations will slow new projects** in these politically stable countries **due to the general populace’s ignorance of the need for adequate minerals supplies for continued economic development.**



# RECONNECTING



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# Minerals Make Life



## Objective:

- Secure changes to public policy that enable growth of domestic minerals mining by:
  - Educating key audiences on importance of domestic minerals to U.S. economy, security and innovation
  - Engaging policy community, including employees, third-parties and end-users of domestic minerals

[www.mineralsmakelife.org](http://www.mineralsmakelife.org)

# Program-at-a-Glance

Objective	Audiences	Approaches	Messages	Channels	Measurement
<b>Improve Public Policy Outcomes for the U.S. Minerals Mining</b>	Public Policy Community	Educate	Minerals Mean Economic Growth	NMA Database  Media (Traditional, Digital and Social)  Leadership Events	Increased Support for Favorable Policies  Opinion Shift
	Influencers, Third Parties, End-users	Leverage	Minerals Mean Innovation for the Future	Mining Tours  Strategic Alliances	Increased Awareness of Minerals' Importance  Increased Partnerships
	Educated/ Attentive General Public	Engage	Minerals Mean Security	Direct Contact  Phone  Direct-mail  Web	Increased Share of Voice  Message Penetration