

California seen as poor for mining investment

Central Valley Business Times, 4-15-10

California and other U.S. states are appearing less and less favorable for mining investment as only four states cracked the top 20 in the "Survey of Mining Companies 2009/2010," released today by the Fraser Institute, a free-market think tank based in Toronto, Ontario.

The worst-performing state is California, which places 63rd, ranking among the bottom 10 jurisdictions worldwide alongside regimes such as Bolivia, Mongolia, and Guatemala.

"California is staring at bankruptcy yet the state's policies on mining are so confused, difficult, and uncertain that mining investment, which could create much-needed jobs, economic growth, and tax revenue, is being driven away," says Fred McMahon, coordinator of the survey and the Institute's vice-president of international policy research.

The lone exception for the weak U.S. rankings continues to be Nevada, which ranked fifth overall, falling from third place in the 2009 survey. Wyoming is the second highest-ranked state at 13th, falling from second place in 2009. Utah is ranked 15th, down from 11th place last year. Alaska is the only other state to crack the top 20, ranking 18th, down from 17th in 2009.

The Fraser Institute's Survey of Mining Companies: 2009/2010 represents the opinions of 670 mining executives and managers worldwide on the policy and mineral endowment of 72 jurisdictions on all continents except Antarctica. Companies participating in the survey reported exploration spending of \$2.9 billion in 2009 and of \$3.6 billion in 2008.

The results of this year's survey paint a bleak picture for the future of mining in America, the Institute says, with many of the survey respondents citing conflicting regulations, lengthy approval processes, and restrictive environmental regulations as problems bedeviling companies that attempt to launch new mining projects in the U.S.

"The United States needs jobs and economic growth. The mining industry is ready to provide both -- just less and less in the United States itself," says Mr. McMahon.

The majority of U.S. states rank in the middle of the pack, below most other developed world jurisdictions. Arizona placed 25th overall, Michigan 26th, Idaho 32nd, and Montana 46th. New Mexico jumped 17 spots to 41st, Wisconsin climbed 13 spots to 47th, and South Dakota fell 17 spots to 49th.

Several states showed noticeable declines, including Minnesota and Colorado, each dropping 16 spots to 53rd and 54th, respectively. Washington fell four spots to 55th overall.

Globally, however, the survey revealed different news. In 2009, the mining industry showed significant pessimism towards new investment, but this year's survey reveals a strong rebound in optimism. Almost twice as many miners plan to increase investment as hold it steady or decrease it, with 83 percent of miners saying mining prices will rise and 20 percent expecting substantial increases, according to the survey.

"As economic recovery takes hold, we're seeing greater optimism from the mining industry in terms of new explorations and long-term projects," Mr. McMahon says.

Canadian provinces hold down six of the top 10 spots in the rankings, with Quebec ranked number one overall for the third year in a row.

"Mining executives say Quebec remains an international standout for investment because its stable government policies offer them the certainty that reduces risk for long-term projects," says Mr. McMahon.

Three jurisdictions outside North America cracked the top 10. Finland placed third overall, Chile placed seventh, and the Australian jurisdiction of South Australia placed 10th. Chile is also the highest-rated Latin American nation, followed by Mexico in the 28th spot, Peru in 39th, and Brazil in 40th.

Among Australian states, South Australia has the highest ranking at 10th, followed by the Northern Territory in 14th, West Australia in 19th, and New South Wales in 20th.

Botswana is the highest-ranked African nation (21st), followed by Mali and Ghana in the 27th and 34th spots, respectively.

The bottom 10 scores belong to Venezuela, Ecuador, the Philippines, Zimbabwe, Democratic Republic of Congo, Mongolia, Bolivia, Honduras, Guatemala, and California.

The Fraser Institute describes itself as "an independent research and educational organization with locations across North America and partnerships in more than 70 countries. Its mission is to measure, study, and communicate the impact of competitive markets and government intervention on the welfare of individuals. To protect the Institute's independence, it does not accept grants from governments or contracts for research."