

The Ghana Chamber of Mines organized a forum on Resource Nationalism at La Palm Royal Beach Hotel in Accra on Thursday, 7th November 2013. The forum assembled about one hundred and fifty (150) key personalities, comprising policy makers, natural resource experts, representatives of civil society organisations and think tanks, government officials, heads and other representatives of regulatory bodies, traditional leaders of mining communities, the media, and many other key players of the mining industry.

Mr. Nick Holland, Group CEO of Goldfields Limited, addressed the subject of Resource Nationalism from a different perspective with great emphasis on 'growing the mining pie'. His novel perspective on the subject has engaged the interests of global stakeholders in Latin America, Australia, South Africa, Peru and London.

Welcoming participants to the forum, Dr. Toni Aubynn, CEO of Ghana Chamber of Mines, noted that beyond representing its members' interest, the objective of the Chamber is to provide thought leadership on issues that affect the mining industry. He mentioned that it is time for honest partnerships and collaborations among stakeholders of the mining industry to ensure that Resource Nationalism is managed more effectively.

Nick Holland described Resource Nationalism as a controversial yet interesting topic. He recounted that he started giving serious thought to the subject when a survey results in the global mining industry revealed that it was the industry's foremost risk. He noted that an inter-governmental forum by the UN in Geneva sparked a fierce debate on the subject, pointing to the differences in viewpoints held on it. The fact that natural resources are non-renewable provides a strong rationale for countries, particularly those with fledgling economies, to want to maximize value from their resources. According to Mr. Holland, a study of 40 top mining companies in 2012 revealed that the mining industry around the world is going through tough times and in reality, margins and returns from mining are on the decline. He explained that investors have become disenchanted with the mining industry, and are redirecting their money into other investments.

The mining industry is not self-funding, and without equity investors, it is impossible to have the money that is necessary to sustain economic activity around the world. Consequently, the industry is halting new investments, and existing operations are being cut back. The speaker asserted that the impact of this emerging trend on economies around the world will be felt in the near future. He disclosed that for the past five years, Gold Fields has had a system of reporting cost, and has succeeded in persuading the gold industry around the world to recognise the

need to report on the cost. The industry has adopted a new standard following a statement issued on 27th June, 2013. This standard ensures that the Gold industry changes how it reports. The speaker expressed belief that this will help all stakeholders to better understand the economics of mining.

He stressed the need for communities and governments to focus on growing the 'mining pie' instead of focusing on how much share could be obtained from the mining 'pie'. He emphasized that mining has a multiplier effect on the economy, aside growing the GDP. He noted that a certain perception had been created where RN is viewed purely within the context of mining profits. By focusing on cash cost, and not all-in sustaining cost, the mining industry is to blame for making its 'pie' look more attractive than it really is. Instead of focusing on how much share could be obtained from the mining 'pie', communities and governments should focus on growing the 'pie'.

In concluding his presentation, Mr. Holland emphasised the need for governments to recognise that without investors there are no projects. In order to attract investors, governments need to make available reasonable rates of return. Miners also need to recognise their own responsibilities; one of which is to ensure that they create value beyond the mine itself, without which they will not get the buy-in of stakeholders. He urged labour and communities to make moderate demands and work out how they can contribute to grow the 'pie' instead of shrinking it.

The presentation was followed by a rich discussion, during which interesting issues were raised. There were calls from a wide section of the participants of the forum to augment Ghana's mining revenue laws to optimize the value accrued from mining, while giving a greater share of the proceeds directly to the mining communities. There were also calls for closer collaboration among all stakeholders in the industry to find answers to the teething challenges of the sector. It was noted that a roundtable discussion will be convened among industry players to deliberate more deeply on the issues.

Mr. Dan Owiredue, President of the Chamber of Mines, agreed with Mr. Holland that Resource Nationalism has become a real issue, having been regarded a number one risk for mining companies globally. Most mining economies have questioned the relevance of an investment community, and chosen the unilateral option of tax and royalty hikes to maximize benefits from mining companies. He made the case that Resource Nationalism demands urgent attention in order to forge a new path of cooperation among stakeholders: resource owners, owners of investable resources, and investors.

He accentuated the need for Ghana and other stakeholders to draw synergies that would boost the mining sector for mutual benefits, regardless of how intimidating nationalising resources may seem.