

It's All at Stake: AMLO and Mining

by Veronica Yepes on July 2, 2018 · Leave a Comment



Mining Metal Ore

The day about which the industry has been speculating for at least a year has come and now miners know the answer to the billion-dollar question: who will be shaping the industry's future for the next six years? AMLO won a landslide victory with 53.5 percent of the vote, effectively ending the PAN-PRI presidential duopoly. But not all answers are immediately clear for the mining industry. What is the outlook for mining under the new President and most importantly, what is the industry asking for?

Keep reading to find out!

AMLO: Now What?

On the campaign trail, the newly elected President of Mexico, Andrés Manuel López Obrador, expressed his intention to seek reconciliation within the mining unions. "We will seek unity for miners," said AMLO. "We will also strive for an agreement with mine owners and Mexican steel producers. We will support Mexican companies."

This agreement has been announced to reach out to key mining leaders such as Germán Larrea, CEO of Grupo Mexico, and Alberto Bailleres, Chairman of Grupo BAL, just to mention a few. "I implore you to work together, with no grievances or grudges, to take our dear Mexico out of the predicament in which it has been submerged," said the newly-elected president to El País.

The desire for reconciliation also refers to the possible return to the country of Napoléon Gómez, former leader of the Los Mineros union and living in exile in Canada since 2006. "Other unions have expressed discomfort with this and we will follow suit as it is not

possible that someone that states that he is against corruption will allow someone like (Gómez) to stand as Senator,” said Carlos Pavón, leader of the National Mining Metallurgical Union (SNMM).



The Industry Call: It's All At Stake

The election's outcome is now clear, but there is still a lot of uncertainty about how the future of the industry will develop under the next administration. To provide clarification and in an exclusive preview of the 2019 edition, Mexico Mining Review asked industry leaders about their suggestions and requests for the new administration.

From lawyers to consultants, and operators to explorers, read what mining key decision makers have to say on how to catalyze mining in Mexico.

Operators:

For operators, it is all about stability and order. “Chaotic changes in regulations and investment climate are destructive for everyone involved. We follow the rules, so we expect the government to uphold the rules. I would support whichever government can deliver this kind of stability,” said Fred Stanford, President and CEO of Torex Gold.

But stability is not only about politics; tax certainty is also fundamental, especially when it comes to foreign investment. “I would think the next leader would find it to be in his best interest to invest in issues like the tax rates, which are quite high,” explained Mitchell Krebs, President & CEO of Coeur Mining. “If Mexico wants to continue attracting foreign capital, it should re-examine its tax structure as it now stands out as being on the high end,” he adds.

Explorers and Geologists:

Reconsidering some regulations is key, especially to keep up with technological advancements. “I would encourage a review of the existing regulations, such as the requirements to complete environmental impact statements for low-impact techniques such as man-portable drilling,” said David Jones, Director of Minaurum Gold and Founder/Director of Acapulco Gold. “The authorities need to make distinctions to make processes easier. The regulations could be revised to encourage low-impact activities.”

The regulatory review should transcend and also reconsider and simplify the procedures for granting mineral concessions, suggested Jesús Herrera, Director General of Detector Exploraciones. “It is key to clarify the regulations regarding land ownership and mineral concessions so there are binding rules regarding the environment and the impact that mining can have on local communities,” he says.

Law Firms:

For lawyers, it is fundamental to ensure public officers have the highest qualifications and industry knowledge so policies can be implemented in the most beneficial way. “We must have officials who comply with the law and understand the nuances and importance of mining in Mexico,” said Alberto Vázquez, Senior Partner at VHG Servicios Legales.

It is also crucial to have an administration that is dedicated to protecting the industry against opportunistic accusations, according to Vázquez. “I would like to see an administration that really defends the mining industry and NGOs that are held to the same transparency obligations as mining companies themselves,” he said. Mariano Calderon, Partner at Santamarina + Steta agreed. “The government must be the first player to intervene and assist with the problems and communication issues involving communities to prevent a new project being halted by a long litigation process,” he explained.

Consultancies:

What about mining and the digital revolution? That is the exact question that consultancy firms believe the next administration should answer. “The three levels of Mexico’s administration have the responsibility to foster Industry 4.0,” said Bruno Juanes, Chief Innovation Officer at Deloitte Consulting Group. “This entails smart automation that generates data for people’s security, engagement with the community, reduction of carbon footprints and other trends. The government needs to bet on all the trends of Industry 4.0.”

Stock Exchanges:

For financial actors, such as stock exchanges, the most important thing is fostering the growth of mining. “I think it would be interesting to include certain incentives in the agenda to motivate companies to seek funding from the BMV,” said José-Oriol Bosch, CEO of BMV Group. “We think it is important for the government to consider the BMV as a pillar of financing in the country.”

Given the industry’s importance in Mexico’s economy, its promotion should be a priority. “It would be beneficial to place mining higher on the priority list across all governmental levels. We believe there is an opportunity to elevate the importance and national pride of the mining industry at all levels of government,” said Rob Peterman, Vice President of Global Business Development at Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSXV).
