# MINING OF MINERAL RESOURCES, AN OPPORTUNITY FOR ROMANIA

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In a country with rich mining tradition, such as Romania, mining will always be of present interest. Formal sources show that out of the approx. 650 mines operated until 1997, more than 520 are currently closed down. The potential of mining is indicated by the European trends and examples. EU seeks to lower the reliability of our continent on the massif import of raw materials. But for such achievement, each country will have to put a great effort in terms of decisional and legislative aspects. For Romania, the mining potential of Alba County is important from the perspective of revitilising this sector, which could generate thousands of jobs and economic development at national level.

**Challenges for the mining industry at worldwide level**

- Metals demand is growing
- Following the mining of most valuable deposits, the concentrations are on-decrease
- The mining at higher depths require increased safety standards and increased investments
- Big mining companies have worldwide operations and responsabilities
- Technical challenges require international cooperation, often involving several fields (technical, environment, community development, social)

**Constraints regarding the regulation of mining projects**

- Governmental policies for controlling mineral resources
- Higher expectations of the local and regional communities in relation with the mining companies and authorities
- Higher concern of all countries for sustainable development
- International policies for reducing the emissions and power consumption
- Strict community regulations (EU)
- Use of the best available techniques

**European initiative for securing the access to mineral resources and raw materials**


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**Implementation of Raw Material Initiative policies**

So far 10 countries implemented specific policies regarding key raw materials: Bulgaria, Czech Republic, Finland, Germany, Greece, Great Britain, Norway, Portugal, Sweden, Hungary. From those 5 countries consider gold-silver as critical raw materials: Germany, Holland, France, Great Britain

**Risks identified in relation with the implementation of investments in mining industry**

**Excessive bureaucracy – *Arbitrary delays, by exceeding the legal due terms.***

In many cases, excessive bureaucracy related to mining projects' permitting process leads to great delays in obtaining various permits and endorsements or in the progress of certain procedures stipulated by law. The terms provided by the law for obtaining various endorsements and permits are all passed, them being very much exceeded.

In the past, there were numerous situations when the "institutional fear" in making decisions blocked for months or years the natural course of permitting process procedures. There is a real need in the future for the institutions involved in the decisional process to collaborate among each other, so that the legal terms – estimated by the Project's implementation timeline – to be complied with.

***Excessive interpretations of the legal provisions, requirements which go beyond the legal framework.***

Excessive bureaucracy regarding the decisional process was also expressed through requirements which exceed the legal framework, thus leading to big delays, or through unnatural interpretation of the legal provisions. There are cases when the legal provisions are not specifically defined and these situations lead to the tergiversation of decisions and arbitrary interpretations.

There are also cases when documentations, procedures or conditioning were imposed and which are not covered by law; all they do is to delay decisions. For the purpose of avoiding making decisions, they are sometimes transferred from superior decisional level without any reason in this regard.

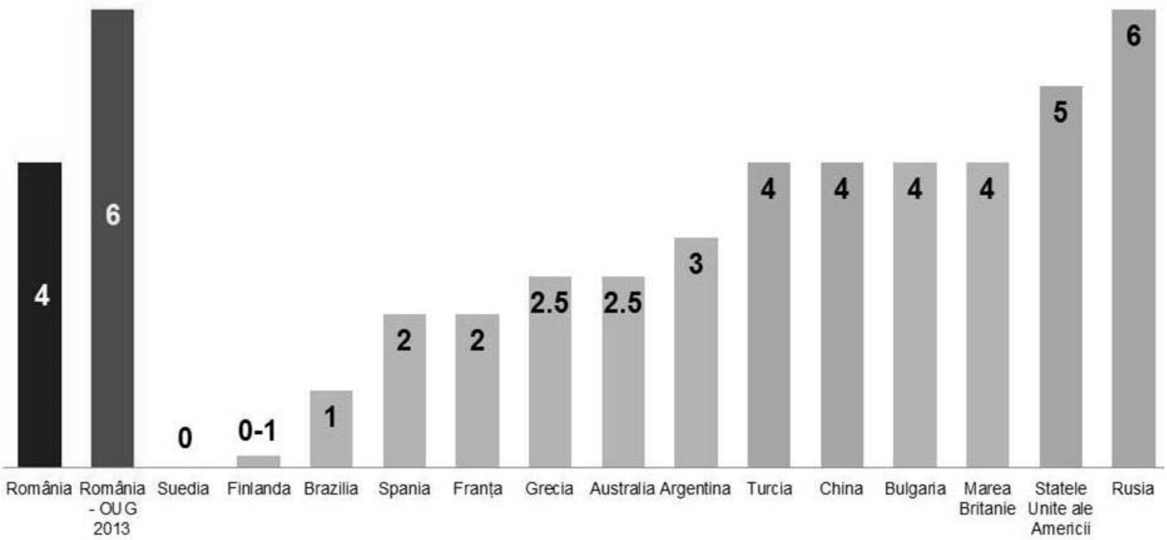
***Difficult and cumbersome legislation, without clear terms, makes it harder to implement mining projects***

The mining projects are among the most difficult to implement due to insufficient detailed legislation and contradictory legal provisions (such as from mining law, environment law, forestry regulations, meadows law, etc), redundant or without clear terms. The improvement and harmonization of the legislation is essential to draw major investments in mining industry.

Due to the lack of clear provisions, many phases of the permitting procedures for mining projects' investments are currently ruled only by interpretation, which lead to big delays in implementing projects and unstable environment for investors.

***Legislative initiative against mining projects***

Besides the need to improve legal framework in order to attract mining investments, there is also the risk of delays and administrative blocking due to some contradictory legislative initiatives. As such, there are some legislative initiatives for blocking mining investments or law drafts which could have a negative impact on the mining projects' implementation timeline.




1. *Price Waterhouse Coopers – Tax on profit, royalties and other mining fees, 2012*
2. World Bank – Mining royalties – A global study of their impact on investors, Government and civil society

**Mining revival, a national priority**

The Ministry of Economy, Mr Constantin Nita stated during a visit paid in Alba County at the end of May 2014, that „in maximum one month, the national program for mining revival will be publically disclosed"; he also mentioned that „some mines could be reopened". But for now, Romania doesn't have a current and improved mining law to encourage and to create a modern legislative framework for relaunching mining.

According to the statutory principles provided by Romania Constitution, the State, owner of the natural resources, has the duty to make sure that they are responsible and rational used for the interest of the entire nation.

România mines almost 80 types of mineral resources, from alabaster, geo-thermal and natural waters and up to gold-silver ores, quartz, limestone, marble, lignite and molybdenum or uranium ores, as shown by data sourced from the National Agency for Mineral Resources. (NAMR).

In the past 20 years, mining industry encountered one of the most revolving times. The closure of mines made many areas which lived out of mining, to lose their direction, their people not knowing what to do and where to go. In 2012, the number of people who used to work in metals mining was barely over 2500 (according to the National Institute of Statistics).

**Alba County, important potential for mining industry**

Among other counties rich in mineral resources, such as Bihor, Hunedoara or Cluj, Alba County has a significant development potential; the major opportunity for development is provided by mining investments. Hereon, we present the most important aspects which could enable economic development and jobs, starting from this essential industrial branch which could become again a real engine of Romania economy.

**1. Relaunching of mining industry on modern bases**

There currently are 40 mining licenses granted for Alba County only; the County has un-mined gold, copper, salt, dacite, sandstone, sand, gravel resources.

The mining industry used to have a great share of the County's economy until 1999-2000.

A special importance is noted by the two copper and gold deposits from Rosia Poieni – representing 60% of the known copper reserve of Romania, and the gold/silver deposit from Rosia Montana – the most important deposit from Europe and among the top 20 of the world. Geological research works developed in the past years emphasized another 2 important deposits which were assessed and which have the potential to be mined in the near future – it is the copper and gold deposit from Bucium Tarnița, comparable with that from Rosia Poieni, and the gold/silver deposit from Bucium Rodu-Frasin.

There should also be mentioned the mining labour availability of the county, the expectancy and desire of the community for resuming mining in these towns; they will facilitate quick absorption of available workforce once the new mines will be opened. Alba County has the opportunity to become one of the most developed counties in Romania by rendering the profit of the mineral resources it has.

**2. Mining investments are able to revive traditional mining centres, by giving them the chance to sustainable development**

The present situation encountered by mining towns includes all possible weak aspects – environment, social and economic; un-rehabilitated industrial sites, overall ARD pollution, deserted mining sites which continuously expose the population to risks, lack of jobs, poverty, depopulation and aging of the population. All these created an overall demographic decline of the former mining centers which used to be prosperous and now desperately needing new investments.

According to the new mining standards, modern mining investments also include investments for environment and landscape rehabilitation, heritage restoration and use, infrastructure, development of other economic branches such as agriculture and tourism, professional development and labour dynamic, etc.

Some environment organizations (which, in the past few years, ruled a sustained campaign against mining) misinformed the population and induced unjustified fears in relation to mining, by overestimating the negative impact and ignoring or minimizing the mining investment benefits; they also proposed that the resources should be left in the ground for future generations and they never presented any solutions for the current situation encountered by the mining towns. To neglect the current situation does not represent a path to sustainable development because the current problems expand, ultimately leading to the disappearance of entire communities as well as to irreversible losses of natural, social, cultural-identity values.

Delaying the exploitation of mineral resources doesn't represent a path to sustainable development, because this supposes a balanced approach of the economic, social and environmental aspects.

Also, the citizens have the right to accurate information regarding the impact of mining projects. In the name of this right, we have to answer to the fears of the population by taking into consideration modern environment legislation, as well as the improvement of the mining legislation, the provisions related to the use of best technologies, companies' obligations to manage environment, social and heritage impact, as well as the obligations of the competent authorities to supervise the compliance with the law during the entire life of the project.

**3. Modern mining exploitations are nicely correlated with the development objectives established at territorial and sectorial level**

Mining projects involve the need of great investments and generate significant benefits for the mining towns through: technology upgrading, infrastructure development, jobs, environment rehabilitation, population stability, development of new businesses, rebirth of related industries and services, economic diversity for one-dimensional development areas, workforce development, financing of development programs in agriculture, tourism, services, protection of natural monuments, protection and preservation of the cultural heritage.

By means of these combinations, modern mining exploitations contribute to achieving long term development objectives for the communities.

**4. Mining relaunching also answers to the desire of the communities from Apuseni Mountains and other traditional mining communities for a better living, right to employment and continue life within their own town**

The people from Apuseni mining towns approached the authorities through numerous letters, memos and lists with signatures, to determine them make the necessary decisions for re-launching the mining.

Socio-economic development strategies of Apuseni Mt. towns include the desire of the communities for long term development through mining investments.

Their desire to resume mining was also expressed during the 2012 Referendum organized by Alba County Council when more than 63% of the voters from 35 towns of the Apuseni area said YES to mining.

**Economic impact of Rosia Montana Project**

If there was to refer only to Rosia Montana Project currently undergoing the final phase of environment assessment and for which several socio-economic impact studies and analysis were issued, we can say that this will generate unparalleled economic benefits for Romania economy and will create thousands of direct and indirect jobs.

Based on the gold price of USD 1200 / ounce, Rosia Montana Project is able to generate more than USD 5 billion for Romania economy, out of which USD 2.3 billion represent State income from taxes and fees, and USD 2.9 billion as income of Romanian suppliers and employees. Overall, the Project would contribute with direct and indirect benefits of USD 24 billion for Romania and would represent one of the biggest foreign investment in Romania. Moreover, the Project includes the environment guarantee of USD 146 million and significant invesments for Rosia Montana heritage. Rosia Montana mine can generate thousands of jobs, while complying with the environment legislation of Romania and European Union and implementing the most modern available technology.

**Effective taxation rate for a typical mine in Romania is 73%, beyond the brackets recommended for investments – James Otto Report, 2009**