

Fraser Institute Annual Survey of Mining Companies, 2020

by Jairo Yunis and Elmira Aliakbari

This report presents the results of the Fraser Institute's 2020 annual survey of mining and exploration companies. The survey is an attempt to assess how mineral endowments and public policy factors such as taxation and regulatory uncertainty affect exploration investment. The survey was circulated electronically to approximately 2,200 individuals between August 6th to November 6th, 2020. Survey responses have been tallied to rank provinces, states, and countries according to the extent that public policy factors encourage or discourage mining investment.

We received a total of 276 responses for the survey, providing sufficient data to evaluate 77 jurisdictions. By way of comparison, 76 jurisdictions were evaluated in 2019, 83 in 2018, 91 in 2017, and 104 in 2016. The number of jurisdictions that can be included in the study tends to wax and wane as the mining sector grows or shrinks due to commodity prices and sectoral factors.

Like last year's survey, this year's survey also includes an analysis of permit times.

The Investment Attractiveness Index takes both mineral and policy perception into consideration

An overall Investment Attractiveness Index is constructed by combining the Best Practices Mineral Potential index, which rates regions based on their

geologic attractiveness, and the Policy Perception Index, a composite index that measures the effects of government policy on attitudes toward exploration investment. While it is useful to measure the attractiveness of a jurisdiction based on policy factors such as onerous regulations, taxation levels, the quality of infrastructure, and the other policy related questions that respondents answered, the Policy Perception Index alone does not recognize the fact that investment decisions are often sizably based on the pure mineral potential of a jurisdiction. Indeed, as discussed below, respondents consistently indicate that approximately 40 percent of their investment decision is determined by policy factors.

The top

The top jurisdiction in the world for investment based on the Investment Attractiveness Index is Nevada, which moved up from 3rd place in 2019. Arizona, which ranked 9th in 2019, moved into 2nd place this year. Saskatchewan climbed eight spots from 11th in 2019 to 3rd in 2020. Western Australia ranked 4th this year after topping the ranking last year, and Alaska dropped a spot from 4th in 2019 to 5th in 2020. Rounding out the top 10 are Quebec, South Australia, Newfoundland & Labrador, Idaho, and Finland.

The bottom

When considering both policy and mineral potential in the Investment Attractiveness Index, Venezuela ranks as the least attractive jurisdiction in the world for investment followed by Argentina: Chubut, and Tanzania. Also, in the bottom 10 (beginning with the worst) are Indonesia, Argentina: La Rioja, Bolivia, Argentina: Mendoza, Zimbabwe, Spain, and Michigan.

Policy Perception Index: A “report card” to governments on the attractiveness of their mining policies

While geologic and economic considerations are important factors in mineral exploration, a region’s policy climate is also an important investment consideration. The Policy Perception Index (PPI), is a composite index that measures the overall policy attractiveness of the 77 jurisdictions in the survey. The index is composed of survey responses to policy factors that affect investment decisions. Policy factors examined include uncertainty concerning the administration of current regulations, environmental regulations, regulatory duplication, the legal system and taxation regime, uncertainty concerning protected areas and disputed land claims, infrastructure, socioeconomic and community development conditions, trade barriers, polit-

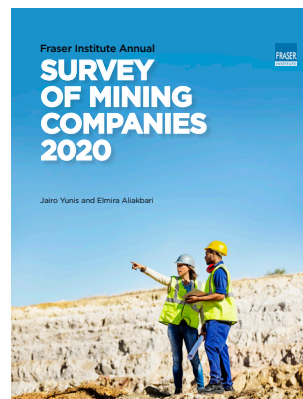
ical stability, labor regulations, quality of the geological database, security, and labor and skills availability.

The top

Idaho displaced Finland from the top spot this year with the highest PPI score of 100. Idaho was followed by Wyoming in the second place, which moved from 16th in the previous year. Along with Idaho and Wyoming the top 10 ranked jurisdictions are Finland, the Republic of Ireland, Nevada, Utah, Arizona, Newfoundland & Labrador, Saskatchewan, and New Mexico.

The bottom

The 10 least attractive jurisdictions for investment based on the PPI rankings (starting with the worst) are Venezuela, Argentina: Chubut, Zimbabwe, Bolivia, Argentina: Mendoza, Tanzania, Papua New Guinea, the Democratic Republic of Congo (DRC), Indonesia, and Argentina: La Rioja.



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