

Fraser Institute Survey of Mining Companies, 2017

by Ashley Stedman and Kenneth P. Green

This report presents the results of the Fraser Institute's 2017 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 2,700 individuals between August 22nd and November 10th, 2017. 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 360 responses for the survey, providing sufficient data to evaluate 91 jurisdictions. By way of comparison, 104 jurisdictions were evaluated in 2016, 109 in 2015, 122 in 2014, and 112 in 2013. 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.

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 Finland, which moved up from 5th place in 2016. Saskatchewan experienced a slight drop in its score in 2017 so dropped into second place after ranking first in the previous year. Nevada moved up from 4th in 2016 to 3rd in 2017. The Republic of Ireland ranked 4th this year, and Western Australia dropped from 3rd in 2016 to 5th in 2017. Rounding out the top 10 are Quebec, Ontario, Chile, Arizona, and Alaska.

The bottom

When considering both policy and mineral potential in the Investment Attractiveness Index, Guatemala ranks as the least attractive jurisdiction in the world for investment. This year, Guatemala replaced the Argentinian province of Jujuy as the least attractive jurisdiction in the world. Also in the bottom 10 (beginning with the worst) are Kenya, Mendoza, Chubut, Mozambique, Bolivia, Venezuela, Romania, China, and Nicaragua.

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 91 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, reg-

ulatory duplication, the legal system and taxation regime, uncertainty concerning protected areas and disputed land claims, infrastructure, socioeconomic and community development conditions, trade barriers, political stability, labor regulations, quality of the geological database, security, and labor and skills availability.

The top

For the fifth year in a row, the Republic of Ireland had the highest PPI score of 100. Ireland was followed by Finland in second, which moved up from 4th in the previous year. Along with Ireland and Finland the top 10 ranked jurisdictions are Saskatchewan, Sweden, Nevada, Northern Ireland, Michigan, Wyoming, Quebec, and Newfoundland and Labrador.

The bottom

The 10 least attractive jurisdictions for investment based on the PPI rankings are (starting with the worst) Venezuela, Chubut, Zimbabwe, Guatemala, Democratic Republic of Congo (DRC), China, Philippines, Indonesia, Bolivia, and Ecuador. Venezuela, Chubut, Zimbabwe, Philippines, Indonesia, and Ecuador were all in the bottom 10 jurisdictions last year.



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Regional Median Investment Attractiveness Scores, 2016 and 2017

