

Fraser Institute Annual Survey of Mining Companies, 2021

by Jairo Yunis and Elmira Aliakbari

This report presents the results of the Fraser Institute's 2021 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 23rd to November 19th, 2021. 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 290 responses for the survey, providing sufficient data to evaluate 84 jurisdictions. By way of comparison, 77 jurisdictions were evaluated in 2020, 76 in 2019, 83 in 2018, and 91 in 2017. 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. This year's survey includes an analysis of permit times, as did last year's survey.

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 Western Australia, which moved up from 4th place in 2020. Saskatchewan continues to be on the podium, go-

ing from a rank of 3rd in 2020 to 2nd this year. Nevada, which topped the ranking last year, ranked 3rd in 2021. Rounding out the top 10 are Alaska, Arizona, Quebec, Idaho, Morocco, Yukon, and South Australia. The United States has the most jurisdictions (4) in this year's top 10, followed by Canada (3), Australia (2), and Africa (1).

The bottom

When considering both policy and mineral potential in the Investment Attractiveness Index, Zimbabwe ranks as the least attractive jurisdiction in the world for investment followed by Spain, the Democratic Republic of Congo (DRC), and Mali. Also, in the bottom 10 (beginning with the worst) are Nicaragua, China, Panama, Mendoza, Venezuela, and South Africa. Latin America (including Argentina and the Caribbean) and Africa are the regions with the greatest number of jurisdictions (4) in the bottom 10. Asia, which features once again in our analysis for the first time since 2018, and Europe, both contribute with one jurisdiction each in the bottom 10.

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

The top

The Republic of Ireland displaced Idaho (which dropped out of the top 10) this year with the highest PPI score of 100. Morocco took the second spot held in 2020 by Wyoming (which also dropped out of the top 10) with a score of 98.06. Along with the Republic of Ireland and Morocco, the top 10 ranked jurisdictions are Northern Ireland, Western Australia, Quebec, Nevada, Utah, Saskatchewan, Finland, and Alberta. Europe and Canada are the regions with the most jurisdictions (3 each) in the top 10 followed by the United States (2), Australia (1), and Africa (1).

The bottom

The 10 least attractive jurisdictions for investment based on the PPI rankings (starting with the worst) are Venezuela, Philippines, Argentina: Chubut, Nicaragua, Argentina: Mendoza, Zimbabwe, the Democratic Republic of Congo (DRC), Bolivia, Kyrgyzstan, and Mongolia. This year, Latin America and Argentina contribute five of the bottom 10 jurisdictions followed by Africa (2), Asia (2), and Oceania (1).



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