



**Asia-Pacific
Economic Cooperation**

2016/SOM2/MTF/012

Agenda Item: 4

MTF9 Summary Record

Purpose: Information

Submitted by: APEC Secretariat



**10th Mining Task Force Meeting
Arequipa, Peru
9-10 May 2016**

**ASIA-PACIFIC ECONOMIC COOPERATION
9TH MINING TASK FORCE MEETING
CEBU, THE PHILIPPINES, 26-27 AUGUST 2015**

Summary Report

Highlights

- MTF Friends of the Chair (FoTC) group membership was agreed as well as its role to support the review of projects and to be responsible for the drafting of key MTF documents
- Participants welcomed the significant intersessional activity since MTF8 including the establishment of the Mining Sub-fund with support from Australia, finalization of the APEC Mining Study commissioned by ABAC, the Survey on the Capacity Building Priorities of Developing Economy Members supported by Australia, and the MTF Workshop and Public-Private Dialogue held immediately prior to MTF9
- Members would work collaboratively to continue to develop strong Concept Notes for potential APEC funding in Session 1, 2016
- Present Economy Members endorsed the incumbent MTF chair, Chile's Rodrigo Urquiza, to continue in this role unanimously.

MTF9 Intersessional Actions Agreed:

- The MTF Chair would prepare a letter to SCE Chair regarding MTF mandate extension and seek clarification from SCE regarding Strategic Plan preparation
- ABAC would prepare a letter for SCE/SOM Chair regarding MTF mandate extension
- The MTF FotC would prepare several key documents
 - draft language on mining for the APEC Ministerial Meeting (AMM) and APEC Economic Leaders' Meeting (AELM) Statements
 - develop the Action Plan of Mining as directed by Ministers Responsible for Mining
 - 2016 Workplan
 - 2016-2018 Strategic Plan
- MTF members would consider the OECD Development Centre proposal for collaboration which was presented and respond intersessionally.
- The APEC Secretariat would follow up with members on several issues, including MTF contact list update, and support APEC cross-fora collaboration, including with the Policy Partnership on Women and Innovation (PPWE), Investment Experts' Group (IEG) and Human Resource Development Working Group (HRDWG). APEC Secretariat would facilitate MTF engagement with PPWE to seek technical support on gender and mining.

Summary

The 9th meeting of the APEC Mining Taskforce (MTF9) was held in Cebu, the Philippines on 26 and 27 August 2015. Fifteen member economies attended: Australia; Canada; Chile; China; Indonesia; Japan; Korea; Malaysia; Papua New Guinea; Peru; the Philippines; Chinese Taipei; Thailand; United States and Viet Nam. Brunei; Hong Kong, China; Mexico; New Zealand; Russia and Singapore did not attend. In addition to ABAC, six official guests attended: OECD Development Centre; International Council on Mining and Metals (ICMM), Auspex Strategic Advisory, Austmine Ltd, Perth USAsia Centre, Teck Resources Ltd.

MTF9 was chaired by Mr. Rodrigo Urquiza (Chile) with Dr. Ellmer Billedo (the Philippines) as vice-chair.

AGENDA ITEM 1: OPENING REMARKS

In his opening remarks, the Chair urged MTF members' to take advantage of the growing momentum of mining collaboration in APEC. He noted the establishment of the Mining Sub-fund with the generous support from Australia, the establishment of the guidelines to access it, and the landmark and valuable guidance provided by the Independent Assessment of MTF.

Vice-chair, Under-Secretary Ellmer Billedo of the Philippines welcomed the MTF9 delegates and emphasized the important role of sustainable mining as an engine of economic growth. He expressed the Philippines support for MTF as an increasingly valuable forum for regional collaboration on mining.

AGENDA ITEM 2: ADOPTION OF THE AGENDA

Bearing in mind that the agenda was previously distributed to the members and commented, it was adopted.

AGENDA ITEM 3: APEC SECRETARIAT UPDATE

The APEC Secretariat provided an update on broader APEC developments of particular relevance to the Mining Task Force, gave an overview of the general project process and the specific requirements of the Mining Sub-fund. The key role of members to determine the eligibility of projects for support under the Mining Sub-fund, in accordance with the sub-fund's Guidelines, was highlighted. At the end of the first day's deliberations, the APEC Secretariat delivered training to interested MTF9 participants through a live demonstration of the various facilities of the APEC website incl. Project Database, Meeting Document Database.

AGENDA ITEM 4: KEY DEVELOPMENTS IN MTF

MTF9 participants made initial presentations and the group discussed six planned projects to potentially be submitted for APEC Mining Sub-fund support under Session 1, 2016. This built on the outcomes of the 'MTF Workshop and Public Private Dialogue' held immediately prior (25-26 August) to MTF9. Sponsoring economies and indicative project topics were as follows:

- Chile: attracting mining investment
- United States: reducing mercury use in artisanal small scale gold mining; and improving miner health through better silica dust monitoring
- Australia: developing the mining equipment, technology and services (METS) sector
- Papua New Guinea: competition on best-practice CSR
- The Philippines: off-shore and deep sea mining

MTF agreed to propose intersessionally to SCE amendment of its Terms of Reference consistent with recommendations contained in the MTF Independent Assessment. Amendments include reference to an MTF 'Friends of the Chair' (FotC) group. The composition of the FotC agreed at MTF9 was as follows: Australia; Canada; Chile; China; Chinese Taipei and the United States.

The issue of the MTF's limited mandate length, which expires at the end of 2016 was discussed. MTF is planning and would likely be required to oversee projects under the new Mining Sub-fund which extended beyond its current strategic plan (to end 2015) and mandate (to end 2016). MTF9 participants agreed on the importance of securing a longer mandate to assist in the group's planning and activities. It was agreed that the MTF Chair would write to SCE seeking mandate extension until the end of 2018. ABAC emphasized the importance of MTF as a forum for regional engagement between business and APEC members, and indicated it would write to SOM requesting MTF mandate extension.

AGENDA ITEM 5: MEMBER REPORTS ON KEY MINING DEVELOPMENTS

Members presented reports on key mining developments in their economies. Presentations were made by Australia; Canada; Chile; China; Indonesia; Japan; Malaysia; PNG; Peru; the Philippines; Chinese Taipei; Thailand; the United States and Viet Nam. Members generally noted the continuing slowdown in the mining sector and highlighted issues such as the importance of obtaining and maintaining social license (Peru; Thailand; Chinese Taipei; the Philippines), progress in implementation of Extractive Industries Transparency Initiative (EITI) commitments (Peru; the Philippines), simplification and devolution of licensing arrangements to provincial levels (China; Thailand), challenges posed by environmental damage from mining (Malaysia; USA; Viet Nam), measures to facilitate mining investment (Indonesia; China). Japan and USA expressed concerns that member economy export bans on minerals are inconsistent with the 10 APEC Mining Policy Principles agreed by all APEC members. The USA drew members' attention to a free EPA Regional Screening web-tool.

AGENDA ITEM 6: APEC BUSINESS ADVISORY COUNCIL (ABAC) REPORT TO MTF

ABAC made a report which summarized the main conclusions of the study it commissioned in 2014 of barriers to mining development in APEC. It noted that on August 25, ABAC held a Public Private Dialogue with the Mining Task Force as part of the workshop designed to identify and prioritize projects that can be undertaken by the MTF. There was excellent representation from both the private sector and APEC economies. Private sector representatives had the opportunity to share their perspectives in areas, including:

- The increasing difficulty of obtaining a social license to develop and operate mining projects;
- Challenges to the mining sector and the resulting need for an open, predictable and stable regulatory environment to promote investment and trade as reflected in the commissioned mining sector study;
- The importance of developing the mining equipment, technology and services sector (METS) to support the industry and
- The importance of ongoing government engagement with industry.

ABAC highlighted that it looks forward to continuing to work with the Mining Task Force through dialogues and participation in capacity building projects supported by the new Mining Sub Fund, thanking Australia.

MTF participants welcomed ABAC's active engagement in the MTF's work, including the valuable PPD. Members discussed the need for APEC work to strengthen effective and balanced communication of both the benefits and costs of mining with communities to help address social license challenges. The chair proposed that members could propose main topics of interest for inclusion in such a project to develop a package of information. In this context, interest was expressed for Australia to provide more information on work Australia has undertaken with Transparency International on license and permits governance in the Asia Pacific. Malaysia requested if Australian best practice handbooks could be translated into local languages.

AGENDA ITEM 7: CAPACITY BUILDING SURVEY

Auspex Strategic Advisory (Vincent Hudson), the author of the MTF Independent Assessment, provided an overview of the Capacity Building Needs survey Australia conducted of 10 developing economies. There was an extraordinary 100% response rate on the survey and findings were not attributed to particular members. Highest priorities identified (in descending order) for capacity building were

1. Mining Regulation, Governance and Practices
2. Corporate Social Responsibility (CSR) (e.g. community development, indigenous peoples, labour practices)
3. Environmental protection (e.g. biodiversity protection, water management, air pollution, noise and vibration control etc)
4. Private sector engagement & cooperation with the mining industry
5. Technology and Innovation (e.g. R&D, technology partnerships, information exchange and transfer)
6. Mine safety

Priority partnerships for collaboration included ABAC, universities and research institutes, ASEAN, the OECD Development Centre and ICMM. There were a range of multi-stakeholder donor resources with potentially high value for MTF collaboration including EITI, the World Bank Extractives Trust Fund, Natural Resource Governance Institute and the IMF's 'Managing Natural Resources Well' initiative. Members thanked Australia for conducting the survey and noted the strong foundation that the Capacity Building Survey provided for the prioritization of topics and development of projects under the Mining Sub-fund. ABAC noted potential benefits of collaboration with the APEC's Investment Experts Group and particularly the Investment Facilitation Action Plan from the perspective of mining regulation governance. The MTF chair said that

MTF needs an overview of the different groups and their agendas in APEC to determine the best areas to engage. Perth USAsia Centre noted that MTF could consider making use of mining policy related capacity building and training resources already available (for instance through Australian-funded activities in Indonesia).

Australia gave an overview of the APEC MTF Workshop and Public-Private Dialogue held in Cebu on 25-26 August. Discussions focused on the theme of “Enhancing the Trade and Investment Environment for Mining through the APEC Mining Sub-Fund”. It was attended by approximately 50 participants including both officials and private sector representatives from APEC economies. Enthusiastic private sector participation enhanced the quality of discussions and added value to the refinement of possible project ideas.

The workshop resulted in: greater understanding of the current context, opportunities and challenges in mining; the generation of a short list of possible capacity building project areas for each of the identified priority topics; productive engagement to refine specific project ideas; and greater understanding of the APEC project process, including next steps required to submit a project for APEC funding, and to manage the APEC Mining Sub-Fund. Participants agreed that mining was at a crossroads and its new route will be different from the past, with emphasis on attracting responsible investment, enhancing productivity, engaging with communities (including through social media), building local economies, involving women, and minimising environmental impact. This approach to mining was termed ‘Mining 2.0’ by several speakers. These trends served to emphasise the relevance and importance of progressing the ten APEC Mining Policy Principles.

Canada noted that a mining related training concept note had been prepared under APEC’s Human Resources Development Working Group (HRDWG) for consideration under Session 2, 2015. APEC Secretariat indicated that it would be circulated to MTF once the results of Session 2 funding round were known. China thanked Australia and ABAC for the valuable Workshop and PPD event and urged that more time be allocated for the PPD at the next event. It also noted that the establishment of the Mining Sub-fund was only a temporary solution to MTF’s difficulties of obtaining funding to support its important capacity building activities; that focus on project quality would be important for MTF members as they make a big jump in their activities to go from having no projects to potentially half a dozen projects under the sub-fund; and emphasized the importance of increased efforts to challenge traditional perceptions of gender roles and put increased efforts in strengthening to roles of women in mining.

AGENDA ITEM 8: GENDER – RELEVANCE AND RESOURCES FOR MTF WORK

The APEC Secretariat made a presentation on Gender and Mining: relevance and resources which gave an overview of the background and some of the technical resources both within and outside APEC to support effective integration of gender into MTF’s work, and particularly into projects, given the related requirements of the Mining Sub-fund. This included presentation of the indicator from the APEC Women and the Economy Dashboard regarding legal barriers for non-pregnant women to employment in mining.

Participants welcomed the Secretariat’s support on this important issue. Perth USAsia Centre highlighted the proven productivity benefits from greater employment of women

in mining, including in leadership and across the workforce. It also highlighted the positive impacts for mining sustainability and social license from effective inclusion of women in stakeholder consultations. There were already many resources available to support capacity building in this area which APEC could access through collaboration with relevant partners. ABAC highlighted the APEC Transportation Working Group's (TPTWG) Women in Transportation Initiative as a possible model for MTF. Chile highlighted the need to improve women's specific skills for different aspects of mining. Indonesia indicated that there were not many gender discrepancies in its mining sector. Australia said that systematic and sustained efforts were required to overcome the structural and cultural barriers to women's effective engagement in the mining sector whether it be in employment or stakeholder consultations. Expert inputs were required from experienced practitioners in this area. Data for women's engagement in mining across APEC was essential.

AGENDA ITEM 9: REPORTS FROM INTERNATIONAL AND OTHER ORGANIZATIONS

The OECD Development Centre gave a comprehensive presentation on its activities to support sustainable mining sector development, and noted that 12 of APEC's 21 members are also either members of the OECD Development Centre or the OECD. It highlighted the Policy Dialogue on Natural Resource-based Development, its Business Consultative Platform and Expert Advisory Board. Operational frameworks, guidance tools and cross-country evidence-based analysis on local value creation, corruption, capacity building in contract negotiations, natural resource funds and spending could be a valuable resource for MTF members and for APEC collaboration. It invited all MTF members, including those not already engaging with the OECD Development Centre, to input to the OECD Development Centre's on-going work, and proposed several possible modalities for possible future collaboration between MTF and the OECD Development Centre (mutual attendance at relevant meetings; joint APEC/OECD-DEV Public-Private Dialogues; participation in cross-country comparative and country-level analysis; contribution to shaping tools, guidance and compendium of practices under development). MTF Chair thanked the OECD Development Centre for its presentation and indicated that MTF members would consider the OECD Development Centre proposals and respond intersessionally.

AGENDA ITEM 10-11: MTF ACTION PLAN – MTF STRATEGIC PLAN 2016-2018

The APEC Secretariat (US ATAARI) made a presentation on strategic planning in APEC. Members agreed that the FoTC would prepare the first of the draft next strategic plan (2016-2018) for submission by SOM2 2016. It was agreed that the FoTC would also produce the Action Plan for mining collaboration as instructed by APEC Ministers Responsible for Mining in the 2014 Joint Statement, draft language for inclusion in the AMM and potentially the AELM statements (with the Philippines), and the 2016 workplan. The Chair noted the good progress MTF had made against its 2015 workplan.

AGENDA ITEM 12-13: MOVING FORWARD

Peru's Vice Minister for Mining, Mr. Guillermo Shinno, noted that MTF10 would be hosted by Peru in June 2016, possibly to be held alongside other APEC meetings (as suggested by members). US suggested scheduling both formal and informal

interactions amongst participants, and at least half a day for focused informal discussions on each MTF project (proposed or underway).

AGENDA ITEM 14: CHAIRMANSHIP OF MTF (2016 ONWARDS)

The Chair noted that he had been MTF Chair for two years and drew members' attention to the APEC Guidelines for Chairs and Lead Shepherds which indicate a minimum term of 2 years. All member economies present and ABAC warmly thanked the chair for his good work leading MTF to date and confirmed Chile's continuing incumbency as MTF chair. Members also warmly thanked the APEC Secretariat Program Director (Penelope Howarth) and Program Executive (Joel Bassig) for the APEC Secretariat's strong support provided to MTF. PNG's presence and active participation at the meeting for the first time was also welcomed by members.

AGENDA ITEM 15: ANY OTHER BUSINESS AND CLOSE

Australia drew attention to the Session 1 timeline for MTF project development. Members agreed that they would collaborate in the next two months to further develop the project ideas presented. Close to final Concept Notes would be circulated to MTF by the APEC Secretariat for formal inputs from MTF members by mid-December.

Members approved all documents tabled for publication on APEC's Meeting Document Database.