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China's Mining Industry in 2015: Developments and Policies

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1. Developments of Mining Industry

Mining industry is an important growth engine for China's economy. By the end of 2015, the number of mining enterprises in large and middle size is about 170000, accounting for 5% of all industrial enterprises. In the past decade, the industrial added value of mining industry was in a rising momentum, with an averaged contribution rate of 5% to annual GDP growth.

China is one of the largest mineral production countries in the world, and the production of major minerals keep growing. By the end of 2015, the accumulated production of minerals reached nearly 190 billion tons. Among them, 72.6 billion tons of raw coal, 6.5 billion tons of oil, 1.8 trillion cubic meters of natural gas, and 15.7 billion tons of iron ore. In 2015, the production of raw coal was 3.8 billion tons, with a decrease of 3.3% over 2014; 21 thousand tons of oil, an increase of 1.5%; 134.6 billion cubic meters of natural gas, an increase of 3.4%; 51.6 million tons of ten kinds of non-ferrous metal, an increase of 6.8%.

Minerals trade is at a high level, while the volume of trade had receded in 2015. The total volume of mineral import and export in 2015 reached \$ 833.8 billion, a decrease of 23.6% over 2014. Among them, import volume decreased 30.8%, and export volume decreased 11.2%. The import of crude oil, iron ore, cooper, and bauxite kept growing in 2015, particularly, the import of bauxite increased 50% over 2014, while the import of coal and nickel decreased fast.

Exploration & mining investment remains robust. In 2015, investment in mineral exploration reached 89.9 billion RMB. Among them, exploration investment in oil and gas amounted to 57.3 billion RMB, other minerals 32.6 billion RMB. From 2011 to 2015, China's exploration investment totaled 565.2 billion RMB, with an increase of 52.4% over the period from 2009-2010. In 2015, mining investment reached 1297.1 billion RMB, a decrease of 8.8% over 2014,

2. Trade and Investment Policies in Mining

China has begun the development stage of the 13th Five Year Plan, and aims to promote a stable, healthy and sustainable development of mining industry, under the guidance of "Innovative, Coordinative, Green, Open and Shared" development idea.

To implement Negative List System for market access to build an open and fair market competition environment. In December 2015, the State Council issued *Opinions of the State Council on Implementing Negative List System for Market Access*. The document stresses that it is important to build a fair, open and transparent market rule, and adopt a unified market access system through implementing Negative List System for market access. It also points out that the Negative List consists of lists both for market access and foreign investment. The Negative List for foreign investment is a special management strategy for foreign investors, and it should be used to record the foreign investors' behavior. During the "13th Five-Year Plan" period, China's government would actively make and complete polices related to foreign investment and resource exploitation, comprehensively implement pre-establishment national treatment and negative list management system, build examination and approval system for exploiting mineral resources, which meet the international conventions as well as encourage introducing advanced technology, management experience and talents. China's government also encourages foreign investor to take part in tails utilization and developing new ways to recover the ecosystem, as well as introducing energy saving techniques and equipment.

To deepen administrative examination and approval reform in order to build a convenient and

efficient environment for mining investment. China's government has taken administrative examination and approval reform to promote streamline administration and improve the business environment. Since 2013, Ministry of Land and Resources has canceled 12 examination and approval procedures, including the pre-examination of China-foreign cooperation in mineral exploitation. Due to the simplification of administration and investing approval procedure, the mining investment has been significantly more convenient and efficient.

To advance the Belt & Road Initiative and international mining cooperation. China is now working with related countries and regions to build the Silk Road Economic Belt and the 21st Century Maritime Silk Road. In the spirit of peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit, the Belt & Road Initiative highlights policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds as 5 major goals, to comprehensively promote cooperation and build a community of common interests and responsibilities. It is an important content of the Belt & Road Initiative to build a new cooperation mode with the core of international mining cooperation. The goal is to take advantage of the related countries in resources, industry, capital, technology and equipment, strengthen the cooperation and investment of smelting and further processing, as well as extend the downstream industrial business and improve the processing rate, so as to accelerate the development of local mining industry and economic growth.

To promote the construction of regional and bilateral free trade arrangements to enhance the facilitation of trade and investment in mining. China has established Shanghai, Guangdong, Tianjin and Fujian free trade pilot area, and signed 14 free trade agreements with 22 countries and regions. Now China is working with countries and regions in the Belt & Road to build free trade zone, accelerating regional free trade negotiations such as Regional Comprehensive Economic Partnership, Free Trade Agreement of the Asia Pacific and China-Japan-South Korea Free Trade Zone. Meanwhile, China is also advancing bilateral free trade negotiations with more than 20 countries around the world.

To pursue green development and the coordination between mineral exploitation and environment protection. China's government advocates the principal concerning the coordination between minerals development and eco-system protection, and aims to develop a mining industry which implements the green mine idea in the whole process of mineral resources development. Now, China has already established 661 national green mine pilot units, 40 demonstration bases of comprehensive use of mineral resources, and 72 national mine parks.