

Summary Note

OECD Mining Regions and Cities Workshop Seville Andalucía 14.10.2019

Background and objectives

The Junta de Andalucía, through the General Secretary of Industry, Energy and Mines of the Regional Ministry of Finance, Industry and Energy is participating in the OECD Mining Regions and Cities Initiative. This initiative is providing a platform for national and sub-national governments, industry, universities and other organisations to develop better regional development policies in a mining and extractives context. This global co-operation supported by the OECD has three objectives:

1. **Develop evidence with guidance and tools** for regional development in a mining and resources context for industry, national and sub-national governments, and non-government organisations to cooperate on addressing shared challenges.
2. **Produce a series of regional case studies** that deliver specific recommendations and support to implement better regional development policies.
3. **Develop a global platform for mining regions and cities** through events and peer-review that enable knowledge sharing, advocacy and dialogue between public/private sectors and local communities on better policies to enhance regional productivity and wellbeing.

More information about the initiative can be found here: <https://www.oecd.org/cfe/regional-policy/mining-regions-project.htm>

The OECD-MMH workshop was convened in the context of the Case Study with Región Andalucía and aimed to achieve the following objectives:

- Engage local public sector, university, and industry stakeholders in the development of the Case Study and define key strategic challenges and opportunities;
- Create an opportunity for MIREU participants and international experts to share insights and lessons that are relevant to the challenges and opportunities facing the mining industry in Andalucía; and,
- Develop content for the OECD Mining Regions and Cities Initiative and raise the visibility of Andalucía and MMH in international fora.

This workshop preceded the Mining and Minerals Hall event on 15-17 October at the same venue (<https://mmhseville.com/en/home/>).

Summary:

The workshop was attended by around 50 people from regional and local government levels, as well as a range of public and private organisations. International participation included representatives from Argentina, Finland, Morocco, and Sweden. Participants shared their views on how to best foster the development of local value chains and innovation in the extractives context to enhance regional development. Discussion showed that stakeholders from the region of Andalucía are eager to learn from others and make sure that their mining operations deliver positive benefits to local communities. It further allowed international experts from the OECD Mining Regions and Cities Initiative to share insights and lessons that are relevant to the challenges and opportunities facing the mining industry in Andalucía. The engagement with the local public sector, university, and industry stakeholders provided an understanding of key strategic challenges and opportunities as well as areas for policy change in the region.

Mining and extractive industries have the potential to be an important driver of regional productivity and job creation in Andalucía. There is a need for a cohesive policy to realise this potential. Key emerging themes that could be further investigated in the case study include:

- Developing evidence of the importance of mining in the region for the Spanish national economy and the strategic importance of raw materials supply in the European context.
- Fostering regional development through two areas of opportunity 1) Innovation (technology within the extractive processes as well as maximizing efficiencies closing resource circles), and 2) value chain development (fostering SME growth in the extractives context).
- Shaping a renewed vision for mining and regional development that highlights these areas of opportunities, sets priorities and defines policy instruments around: developing eco-systems of innovation, increasing administrative capacity and improving the regulatory system.

Opening speeches

- Mrs. Natalia Gonzalez Hereza General Secretary of Industry, Energy and Mines- Región Andalucía - *Mining Strategy Andalucía 2020*
- Mr. Javier Targhetta MMH19 Commissioner

Mrs. Natalia Gonzalez Hereza and Mr. Javier Targhetta, welcomed the audience and provided context to the discussions. They highlighted the strategic importance of mining for the region and the opportunities for regional development linked to increase demand for raw materials in the EU. Drawing on the historical importance mining has for the region – mining has been done in the region since Roman times- Andalucía now constitutes 40% of all Spanish mining production value (in 2013, it was just 25%); accounting for 23% of all national aggregates and rock production, and 92% of all metalliferous production. Looking into the future, they see mining as a possibility to address labour market challenges and economic growth. For that to happen, positive investment climate needs to be created and this requires: 1) policy continuity, 2) coherence in the regulatory framework, 3) support for SMEs, 4) competence and skills as well as 5) social acceptance of mining.

- Juan Biset, former Vice Minister of Mining, Argentina

Mr. Biset stressed that Andalucía has a fundamental opportunity for regional development – its local geology (Iberian Pyritic Belt: high grade Cu deposits, Au, Ag, Pb). Further, it can draw on already operating projects, good infrastructure like roads, energy and ports as well as a supportive regional government. To really harness the benefits these can provide he stressed that policy makers need to focus on the communities and how they can benefit. Important for this is an ecosystem of research, innovation and entrepreneurship is created around mining.

He also highlighted how the OECD Mining Regions and Cities provides an important opportunity to reach these goals. The study can provide the necessary evidence-based assessment and targeted recommendations as well as opportunities for knowledge-exchange and learning between OECD experts, other mining regions, and the private sector that face similar challenges and have already found solutions.

Presentations:

Mining Regions and Cities Initiative and Case Study of Andalucía – Chris McDonald, Project Lead
OECD Mining Regions and Cities Initiative

Mr. McDonald introduced the role of the OECD and its work on Rural and Regional Policy and the OECD Mining Regions and Cities Initiative. The OECD is implementing a project to develop recommendations for improving regional development outcomes for regions and cities specialised in mining and extractive industries. The project has three objectives:

- 1) Develop a global toolbox with recommendations and evidence to benchmark and inform regional development policies in a mining and extractives context;
- 2) Produce a series of case studies that deliver place-based recommendations and help regions and cities to implement better regional development policies;

3) Develop a global platform for mining regions and cities through events and peer-review that enables knowledge sharing, advocacy and dialogue between public/private sectors and local communities.

Further, it works along three themes:

- Regional productivity and economic diversification - Policies that enable the development of the mining industry, that support productivity and also strengthen the supply chain linkages around mining activities and support economic diversification efforts.
- Quality of life and wellbeing - Policies that enhance quality of life and address inclusive growth and well-being challenges that affect regions and cities with a high degree of dependency on mining and extractive industries, which includes new models of partnership between the private sector and local communities (social license to operate)
- Sub-national governance and fiscal arrangements - Sub-national governance and fiscal arrangements that address the complex relationships between national and sub-national governments, the mining industry and community stakeholders in relation to issues of economic development and wellbeing.

Key questions for Andalucía include:

→ How can mining and extractive industries be a catalyst for regional development using innovation and knowledge spill overs as well as development of value chains in mining equipment and technology services?

→ What is the role Región Andalucía can play in the Spanish and European mining development contexts? How can it tap into its unique features (eg., relatively strong sector and mining tradition; EU standards and regulations; high-level political decision to pursue mining) in order to become a leading regional mining jurisdiction? What role can it play in securing access to critical raw materials both locally obtained and developed elsewhere (esp., in the latter case, through synergies and opportunities arising from the Spain-Latin American cultural and economic bond)?

Discussions with Industry representatives & Q&A with audience

Facilitation: Chris McDonald, Project Lead OECD Mining Regions and Cities Initiative OECD

- Cesar Luaces, COMINROC
- Priscila Moreno, AMINER
- Juan Lorenzo González, AFA-Andalucía
- José Pastor AEMA

Cesar Luaces, represented the Spanish Confederation of Extractive Industries of Rocks and Industrial Minerals (COMINROC in Spanish). He highlighted that their work is focused on cements, limestones and sandstones making up 8.9% of total mining in Spain. Their companies have 460 operations in Andalucía and rely largely on sub-contracting (71%). Most companies that are members are very small: between one and nine employees. They estimate that one job in mining creates 100 jobs in other industries. At the moment most mining is done for local consumption (75%), they would like to increase the share of export to grow the market.

Priscila Moreno, from the Association of Research Companies, Extractors, Mining-Metallurgical, Auxiliary and Services Transformers (AMINER). She represented companies in the metal mining sector and its associated auxiliary industry. She highlighted the need for technological research and development so that mining can become integrated in the circular economy. This can not only address climate objectives but also enable the creation of direct and indirect jobs in the region. Further, she highlighted the need of political stability and recognition that mining is important for the Spanish national economy. She also valued sharing and transferring knowledge between different stakeholders on leading practices.

Juan Lorenzo González, from the National Association of Aggregates Manufacturers (ANEFA), talked about the fact that aggregate industry is largely SME based and often runs in small family businesses that transfer knowledge from one generation to the next. He stressed the need for innovation in the sector to help businesses to become future oriented. Further, he asserted the need for more political stability and strategic support from the national and sub-national administrations, stating that small enterprises often struggle with red tape. To overcome pre-conceptions of the mining industry and to increase social acceptance, he suggested to increase education on sustainable development and environmental conservation for children

José Pastor, from the Association of Marble Companies of Andalucía (AEMA), stressed the high quality of the marble produced in Andalucía and their goal to become a globally recognised trademark with an international profile. They have invested in excellent facilities to be able to conduct state of the art design projects and need to make this known to attract high skilled workers and experts.

Key Learnings:

- It is important for the industry to be recognised in its strategic importance and contribution to the national economy and operate in a politically stable context that provides clear strategic guidance
- The industry has the potential to be a catalyst for local and regional development
- The industry needs more visibility on the national and international level to be able to innovate and growth also beyond national borders and increase social acceptance
- The sector is largely made up of small, family owned SMEs, which require targeted support to adjust and benefit from global mega trends like the need to transition to a low-carbon economy and the digital revolution
- Improving infrastructure for research and development can help support the circular economy

Second session: Panel and Q&A on International Experiences at the local and regional level

Facilitation: Juan Biset, former Vice Minister of Mining, Argentina

- Innovation: Mr. Nestor Coronado, from [EIT Raw Materials](#)
- Dr. Santiago Cuesta-López, General Manager, [ICAMCyL Foundation](#), RIS3 Smart Specialization Strategies of MIREU
- Value Chains: Mr. Jonas Lundström, Head of Business and Community Building, [Region Vasterbotten](#), Sweden

Nestor Coronado, outlined that supporting value chains on mining requires innovation, education and entrepreneurship.

- EIT provides solutions to strengthen local value chains through three strategic objectives:
 - Securing raw materials supply
 - Designing solutions
 - Closing material loops –Implementation of circular economy strategies.
- Main focus of EIT is bridging R&D to the market.
- Some projects that can be interesting for Andalucía are:
 - RESEERVE project: A project that maps the mineral sources of the six East European countries and create a mineral database online. The main project outcome is the creation of the West Balkan Mineral Register for primary and secondary mineral resources. This type of mineral mapping can be useful for Andalusia.
 - Invest RM: this project creates an online accessible, decision-making tool to facilitate the investment in the raw material sector. The tool contains relevant, updated and raw material-tailored country data (legal, social, economic), together with verified critical raw materials database. It can guide raw materials companies and investors, mining institutes, technical universities and geological surveys.
- He highlighted that international projects/networks can help Andalucía to support matchmaking and networking (e.g. digital platform), and capacity building (e.g. through raw material academy)

Santiago Cuesta-López, presented some international networks on mining:

- Remix –aims to promote innovation in the regional mining value chains, of large and small scale companies. The project gathers 9 partner regions, 1 advisory partner and 8 policy instruments. The project highlights will be communicated directly to the European Commission (EC) at the end of Phase one to help improve EC policy on raw materials- an outstanding opportunity to obtain pan-European in-depth consideration of smart and green mining policies
- MIREU – aims to establish a network of mining and metallurgy regions across Europe. Its main objective is to identify ways to ensure the sustained and sustainable supply of mineral raw materials to the EU and to promote investment, innovation and growth in the sector.
- The Iberian Cluster for Sustainable Mining and Services aims to revitalize the regions that depended on carbon mining with new sustainable mining opportunities. The initiative has already presented 7 projects to reach funds from the European Union to finance circular economy strategies.

- The benefits for regions of being on these platforms: i) submit a project for technical assistance and financing by EU, ii) Foster the elaboration of unique projects that involve SMEs, iii) preferential access to finance from EBRD, iv) These projects will have preferential access to the European Investment Bank.
- For example, Castilla y Leon are working on an innovation hub to rehabilitate old mining sites

Jonas Lundström, outlined that developing local value chains entail developing locally the services around mining activities.

- There are many opportunities to innovate around services required by mining. It is not just about activities post-mining extraction but also previous process and extraction support.
- Balancing land use issues and supporting internal networks among stakeholders are crucial actions for a dynamic local business environment.

Juan Biset

Mr. Biset stressed Andalucía has a number of tools (e.g. EIT and Smart Specialisation) and international networks to tap into.

- Today mining equipment and technology sector is very innovative
- Andalucía is engaged in mining in a high regulatory standards and in high population density contexts– this in itself is a competitive advantage

During the Q&A session speakers agreed that it is important to generate an alternative income to develop the territory outside of mining. It will help support intergenerational equity where future generation can replace the income of natural resources that past generation received.

Speakers also provided some concreated examples on circular economy projects. In Castilla y Leon abandoned coal mines are being studied to identify the rare earths that can be taken out -for example the germanium can be found in the ashes. They are also trying to use carbon for other purposes including fertilizers and tools for aeronautical sector.

Key Learnings:

- Andalucía can benefit from international projects/networks to support matchmaking and networking (e.g. digital platform), and capacitation (e.g. through raw material academy).
- Innovation opportunities in mining sector are not only found in activities post-mining (batteries etc), activities previous to mining and during the extraction process offer innovation opportunities (e.g. in services required for mining).
- A dynamic mining business environment requires policies to balance land use issues and support internal networks among stakeholders.
- Circular economy activities can provide opportunities to boost innovation in mining sector and additional income source for the region. For example, mining waste can be used commercially or abandoned mines can offer additional commercial opportunities (e.g. rare earths in abandoned coal mines of Castilla y Leon).
- In order to achieve economic sustainability in mining regions it is important to generate alternative income outside of mining in the territory.

Afternoon session: Shaping the Andalucía case study

Workshop with participants to the meeting focused on assets, bottlenecks and policy actions in Andalucía.

Innovation

Assets of Andalucía:

- Resources of high value- polymetallics.
- The region has human capital- high skilled workers with specialisation on mining.
- A relative higher flexibility to conduct policies than in other regions in Europe.
- Big mining companies can lead innovation and stand ready to support the process.

Bottlenecks:

- Stakeholders around mining – companies, universities, technology providers, do not currently work in a cohesive way to support innovation and share learnings; without that it is very difficult for SMEs to innovate
- There is a lack of national mineral strategy for the future. So far:
 - Andalucía hasn't maximised potential for innovation in the mining sector, as they have done in food and agriculture
 - The mining policy is mainly private sector led, and there isn't clear policy direction from the national government
 - No-one is taking responsibility for coordinating the whole value chain
 - It is difficult to attract investors without a cohesive future vision
- Regulatory framework is not modern/flexible enough to support innovation in the mining sector.

Policy actions to address challenges and harness assets:

- Build coherence through a national level strategy that outlines a multi-level governance approach of developing the sector.
- Enhance the capacity of the sub-national administration to be able to deal with requests in relation to mining and speed up the permitting process.
- Strengthen links among different stakeholders on mining sector to identify innovation opportunities.
- Improve mapping of mineral deposits and resources in the region. It should also involve information on opportunities from mineral waste.

Value chain

Assets of Andalucía:

- There are large companies, that can function as an anchor to lead projects in developing local value chains.
- There is the potential to extract more value from mining waste, developing circular economy approaches.
- Good infrastructure (roads, energy and ports)
- Possibility to link up with other industries present in the region (Tourism).

Bottlenecks:

- Large number of small companies in rock mining extraction.
- Lack of integration between regional planning and mining projects. For example, there is no clarity on projects of land recuperation after mine closure.
- Negative perception of mining amongst some regional stakeholders.
- Complicated regulatory and institutional frameworks, involving many different departments.

Policy actions to address challenges and harness assets:

- Promote geological mapping – high value raw material.
- Adapt mining legislation to local conditions.
- Define a common vision among different actors.
- Change regulations to improve timing of approvals and allow faster application of new technologies.
- Need to expand extractive activities in the region to generate economies of scale and scope.
- Expand information about opportunities to integrate circular economy projects in large mining companies.

Next Steps and closing remarks

Manuel Vazquez Mora, Región Andalucía, Spain

Jonas Lundström, Region Vasterbotten, Sweden

Chris MacDonald, Project Lead OECD Mining Regions and Cities Initiative OECD

Highlights:

- Mining is essential for the region and can be a driver for social and economic value.
- The potentials of the region include the existence of valuable minerals and metals as well as a supportive regional government, available infrastructure and human resources, and the presents or large, successful companies.
- There is a clear need to define an inclusive, sustainable vision for long-term regional development linked to mining. It should provide stability for investors as well as assurance and understanding of communities and address current bureaucratic challenges and gaps in collaboration amongst stakeholders.
- The OECD case study can help address this through providing guidance on how to develop a renewed vision and enforce visibility along the following two key aspects:
 - Part A: Diagnosis of the mining economy of Andalucía
 - Highlighting the strategic importance of mining for Spain as well as the EU, especially concerning the transition to a carbon neutral economy.
 - Emphasising the presence of the geological resource and making its potential and contribution to national and regional economy visible to the Spanish government as well as potential global partners/investors
 - Identification of key challenges and opportunities for local economic growth (low productivity, labour market challenges)
 - Part B: Policy analysis to provide guidance on how to build an environment that facilitates innovation, the development of value chains
 - Ensuring policy continuity and aligned objectives through all levels of government

- Simplifying the regulatory framework (one-stop-shop) and increase administrative capacity to deal with mining related issues
- Allow better flow of information and data exchange between stakeholders to share knowledge
- Set-up co-ordination and networking mechanisms for research and development to enable the creation of new business ideas, especially around the circular economy and linking up different areas of the value chain
- Support local entrepreneurship and local procurement efforts
- Enable the better use of EU structural funds