



MINING REGIONS: COMPETITIVENESS, WELLBEING AND GOVERNANCE CHALLENGES

OECD Working Party for Rural Policy
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Presentation outline

1. Motivation for this work
2. Regions with a mining specialisation
3. Place-based response to these challenges
4. Proposed OECD work for mining regions and cities



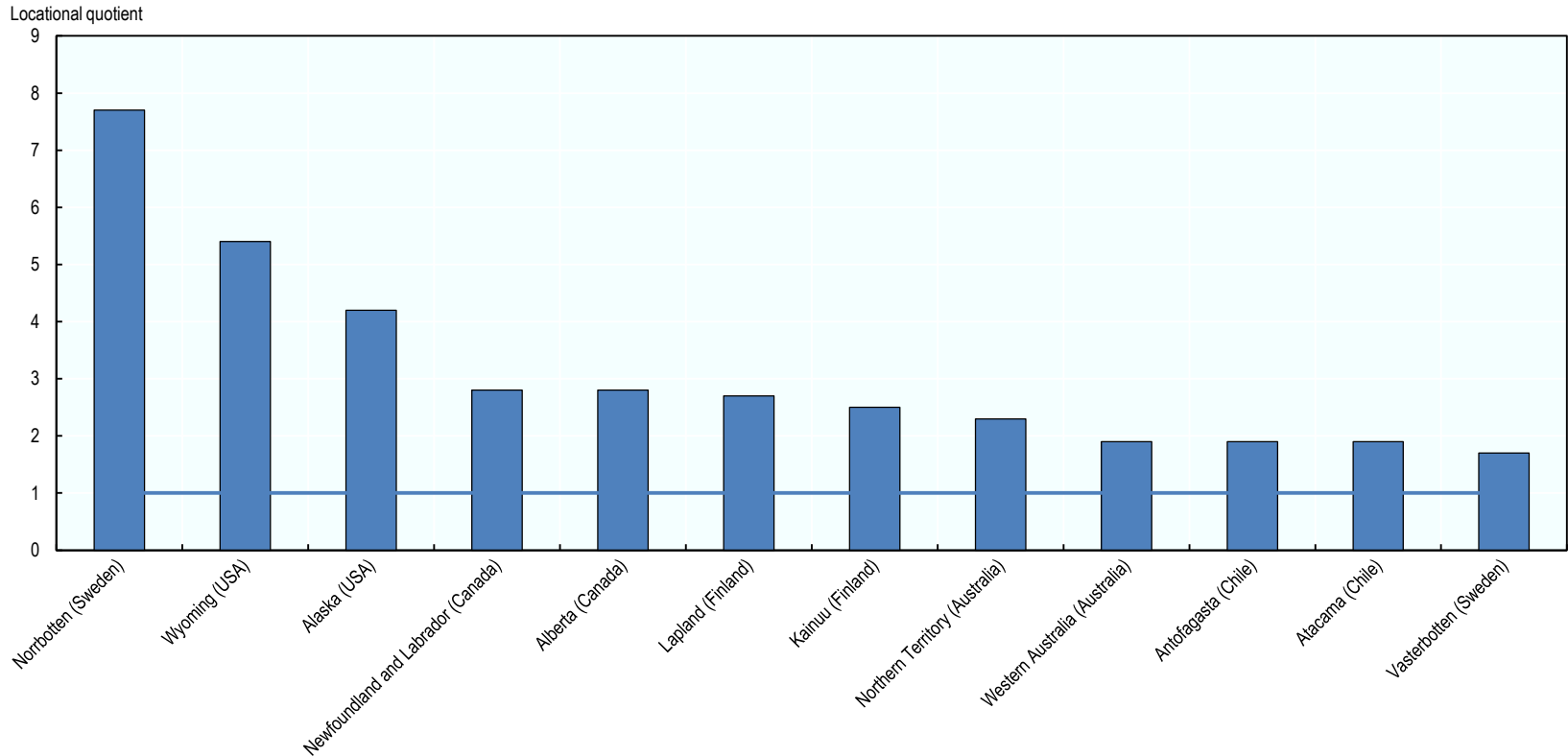
Motivation for this work

- **Issue that affects virtually all OECD member countries** – mining of minerals and metals, extraction of coal, oil and gas, and downstream production (investment, production, and decline/ transition)
- **Challenges are amplified at the regional scale** where mining and extractive activities take place – a territorial approach is needed to address them
- **Project addresses key strategic issues** – productivity – frontier and diffusion, climate change, new production revolution, inclusive growth
- **Lessons for other areas of interest to RPDC and the Working Party** – rural innovation, structural adjustment and transition, climate change adaptation and resilience, sub-national governance and finance



Mining and extractive activities are spatially concentrated

Regional specialisation in industry (employment), select OECD countries

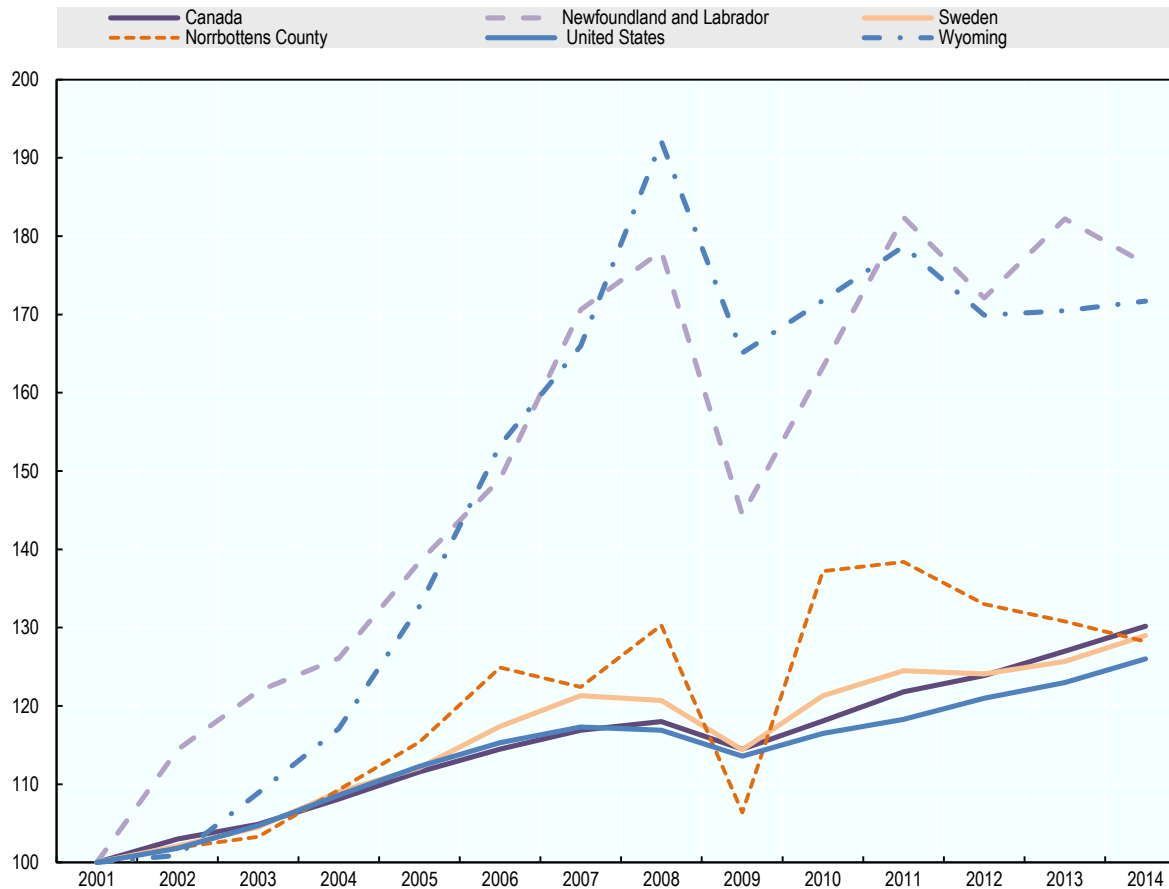


Source: OECD Regional Database. Industry category in this chart includes mining and extractive activities, energy and water. The locational quotient (LQ) for is the ratio between the sector weight in employment for the region, and the weight of the same sector in national employment. A value above 1 implies that the region is more specialised in that sector than the rest of the economy. LQ scores for Sweden and Finland are 2012, and for other countries 2014.



Coping with changes in external markets and volatility in regional growth performance

GDP growth index, select OECD countries and regions, 2001-2014 (2001 = 100)



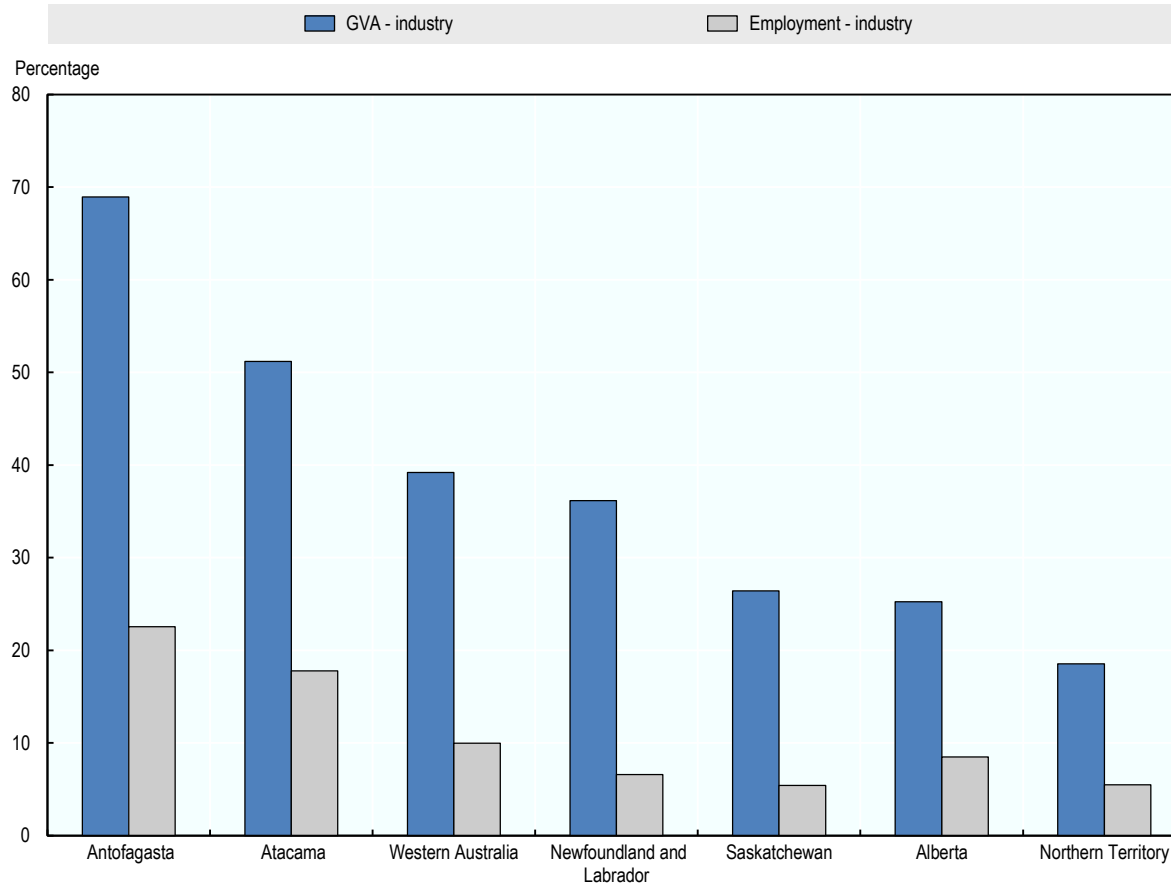
Standard deviation of difference in GDP growth (2001-2011) for a larger sample of OECD regions specialised in mining was 28.08 compared to 13.08 for the national level*.

Source: OECD Regional Database. *25 regions across Australia, Canada, Hungary, Finland, Sweden, the United States. Regions with a locational quotient higher than 2 were included in the sample.



High productivity with uneven distribution of benefits

Percentage of GVA and Employment, Industry*, select OECD regions (2013)



Source: OECD Regional Database. *Includes mining and extractive activities, and utilities.



Mining is a global business – but regional and local issues matter

Key issues	Examples
Localised environmental externalities	Impacts on water quality and availability, run-off and emissions, dust and noise
Conflicts with other land users	Residents, food producers, tourism operators, and Indigenous peoples
Innovation and value-chains	Adapting production techniques to local environment conditions, local procurement and supply chain opportunities
Local workforce	Skills mismatches, access to air services, temporary accommodation and housing, amenities and public services
Regional infrastructure networks	Bottlenecks in existing transport, energy and communications networks, opportunities for investment and shared use
Mining closure and transition	Environmental remediation, localised transition and structural adjustment costs



This proposed work will prioritise challenges faced by regions and cities related to mining

- **Productivity and diversification** – how to promote innovation to increase productivity and retain value locally, diversify into other economic activities, and manage transition issues
- **Quality of life and wellbeing** – how to manage land use and environmental issues, impacts on housing markets and community infrastructure, and the inclusion of groups not benefiting from mining and extractive industries (e.g. women, indigenous)
- **Sub-national governance and fiscal arrangements** – how to effectively invest resource rents, align and coordinate efforts with national governments, partner with industry, and generate community understanding and ownership
- **Social license to operate at a community level** – corporate behaviours and strategies that help secure and sustain positive local community attitudes toward mining operations



OECD Mining Regions and Cities - objectives



1. **Provide a framework** for the OECD, the mining industry, sub-national governments, and non-government **organisations to cooperate on addressing shared challenges**
2. **Produce a series of publications** that identify regional growth enablers and bottlenecks, and assess 'good practices' in terms of regional development strategies for mining regions and cities
3. **Facilitate** (through both process and final products) **knowledge sharing, advocacy and dialogue** between mining regions and their cities on better policies to enhance productivity and wellbeing





Initial (non-binding) expression of interest

Country	Case study	Host an event	Participate in events
Australia	✓	✓	✓
Argentina	X	X	✓
Canada	X	✓	✓
Chile	✓	X	✓
Colombia	✓	✓	✓
Finland	✓	✓	✓
Mexico	X	X	✓
Peru	✓	✓	✓
Spain	✓	✓	✓
Sweden	X	✓	✓

We are also sharing information and forming collaborations with two European Commission supported processes:

- **Mining Regions of the EU - DG GROWTH** (framework conditions, accessibility, and public awareness) – partners across 15 EU member countries
- **Coal Regions in Transition Platform – DG ENERGY** (how to support address regional impacts of transition to a low emission economy) – 280 coal powered plants and coal mining in Europe across a range of countries – e.g. Bulgaria, Czech Republic, France, Greece, Germany, Italy and Poland



THANK YOU FOR YOUR
ATTENTION

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