

## **New Mining Legislation and Investment Opportunities in Colombia**

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January 8, 2013.

Colombia is rich in coal<sup>1</sup>, gold and copper and is known for the largest and most beautiful emeralds. Those resources have attracted investment of important foreign companies such as Drummond, Glencore, Cemex, BHP Billinton and Anglo American Coal. Unlike the oil and gas industry in which the State is a significant participant, mining activities in Colombia are performed entirely by private parties.

Following on the example of the oil and gas industry with the creation of the National Hydrocarbon Agency (Agencia Nacional de Hidrocarburos), the Colombian government recently established the National Mining Agency (Agencia Nacional de Minería).

As it is frequent in Colombia, legislation originates in extraordinary legislative powers granted to the President by Congress.<sup>2</sup> Thus, acting under extraordinary legislative powers the President issued Decree 4134 of 2011 whereby the National Mining Agency was established.

Like the National Hydrocarbon Agency, the National Mining Agency (NMA) is an independent administrative agency under the Ministry of Mines and Energy. The main purpose of the NMA is to sustainably manage Colombia's mineral resources, excluding hydrocarbons, and establish a centralized system of mineral titles and records.<sup>3</sup>

Until now the administration of Colombia's mining resources was handled by INGEOMINAS. Powers previously conferred to INGEOMINAS were distributed between the NMA, the Servicio Geológico Colombiano (Colombian Geologic Service) and a deputy mining Minister. Significant mining activities have been performed in Colombia without formal mining titles or contracts.<sup>4</sup>

Now, investors interested in obtaining a license to explore and exploit state owned mining resources in Colombia, must request it from the NMA. The NMA is responsible for promoting mining exploration and exploitation in Colombia and will determine whether certain areas are to be reserved for exploitation through concession contracts.

The NMA is preparing the terms and conditions of the first tender to be conducted in 2013 that will award mining exploration and exploitation areas of approximately 20 million acres to private investors. The time is ripe to invest in Colombian mineral resources.

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<sup>1</sup> Colombia is the top fourth coal exporting country.

<sup>2</sup> Through Article 18 of Law 1444 of 2011 Congress granted to the President extraordinary legislative powers to reorganize central government creating the necessary agencies and reorganizing the goals of the ministries and administrative offices.

<sup>3</sup> See article 3 Decree 4134 of 2011.

<sup>4</sup> The Department of Chocó in which significant gold mining is performed is an example of mining activities that are conducted without mining titles, contracts or environmental concerns.