

Resource nationalism on Tanzanian agenda

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The primary trend in Tanzanian mining – as is the case with many African jurisdictions – is resource nationalism, says multinational law practice Eversheds Sutherland mining and infrastructure head **Warren Beech**.

Most, if not all, of the measures implemented by President **John Magufuli** in terms of the country's mining laws, based on the public announcements made by government, are aimed at securing substantial benefits for Tanzanian citizens, he notes.

These benefits are meant to be derived from newly established policies, which aim to ban exports of unprocessed ore to encourage local beneficiation, and increase royalties, government shareholding in foreign companies and the beneficial interest in mining companies.

“Meeting the demands for resource nationalism often creates an unstable investment environment, which can be mitigated only through a very deliberate attempt to create stability through clear policies and mineral laws.

“For example, if government shareholding in mining companies is set at 16%, provided that this percentage remains stable for a specified period, appropriate investment decisions can be made,” Beech states.

Meanwhile, Tanzanian citizens expect to benefit substantially from the country's vast natural resources. If these expectations are not met, this may create a vicious cycle encompassing greater demand for participation and community activism in support of these demands, he emphasises.

The calls for greater resource nationalism across Africa are likely to increase for the remainder of the year and into 2020.

Further, Beech tells *Mining Weekly* that Africa has one of the largest untapped



HIGHER GRADE

Tanzania has a long history of gold mining and hosts some of the highest-grade gold deposits globally

workforces in the world, and a section of Tanzania's population – aged from 18 to 25 years, similar to those of many African countries – years for education, as this is often seen as the key to accessing formal jobs.

The mining sector provides an ideal training ground for education across key skills such as engineering, environmental, safety and human resources.

“The mining sector is the engine room of growth, development and transformation, and can play a significant role in upskilling persons and providing formal and informal education opportunities,” he enthuses.

Hindering Potential

Citizens' high expectations in terms of benefiting from Tanzania's mineral resources, particularly gold and diamonds, have had adverse effects on the industry, because of the measures that have been implemented in an attempt to meet these demands.

“Tanzania has implemented various measures along the spectrum of resource nationalism,” Beech states. This has impacted dramatically on investment in Tanzania,

including prospecting, which is regarded as the lifeblood of a long-term, sustainable mining and natural resources sector.

Many of the country's historical mining operations have also been conducted illegally, and through small-scale and artisanal miners, he points out.

“The relaxation of the mining laws in the early 1980s and 1990s – which allowed for private ownership and foreign investment – started changing this landscape. However, it is extremely difficult to reconcile small-scale and artisanal mining with large-scale formalised mining.”

Unless small-scale and artisanal mining is formalised in a way that allows for licences to be obtained easily, illegal mining may continue, he warns.

The continuation of illegal mining will perpetuate all its adverse consequences, including loss of revenue for the Tanzanian government, unsafe mining operations, environmental degradation and adverse impacts on socioeconomic structures, Beech tells *Mining Weekly*.

The highly publicised disagreement between government and mining company Acacia Mining – recently resolved when gold miner Barrick Gold acquired the remaining shares of Acacia – sent all the incorrect messages to investors, he explains.

“It created concerns regarding stability arrangements, security of tenure and security over substantial investments that have been made. Without debating the merits of the fight between Acacia and the Tanzanian government, the events surrounding the stoppages of Acacia's mines and its gold exports, understandably made current operators and potential investors a little cautious.”

However, the settlement between Acacia and government will encourage further investment in the Tanzanian mining and natural resources sector. Tanzania still holds vast mineral resources and remains a potential investment destination for many commodities, says Beech. “This can then contribute significantly to the growth, development and transformation of the country,” he concludes. ■

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2012. It produced 81 872 oz in 2018.

“The high quality of the resources, combined with tight operational control, makes New Luika one of the lowest-cost gold mines in its peer group and on the global cost curve,” Zurrin highlights.

Shanta has a portfolio of prospective exploration properties around its flagship, but requires further capital and drilling to convert it into mineable areas.

“Shanta holds exploration licences covering about 1 500 km² in the country and owns 90% of a second mining

project in Singida, which could become the next gold-producing mine in Tanzania, once built.”

Zurrin also reveals that efforts are under way to publicly list Singida Resources on the Dar es Salaam stock exchange.

Moreover, with many African governments revising their mining legislation and codes

to allow for greater acceptance and ease of compliance, Zurrin comments that the company hopes for simplicity, clarity and stability in Tanzania's charter.

“We are hoping for clarification and believe that we could get that in the near future,” he concludes. ■

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