

6. THE MINING BUSINESS CLIMATE

The Bolivian mining industry evolves within a very favourable political and legal framework. Following are some of the issues that need to be known by the foreign companies interested in operating in this country.

6.1 Mineral Policy and Legislation: Bolivia's mineral sector relied almost exclusively on tin mining for decades. The collapse of the price of tin in the mid 1980's emphasized the need for diversification. As a result, the Bolivian mineral policy is today one of completely open doors.

Among the factors which should be attractive to foreign investors (in addition to highly interesting geology), are equal treatment of national and foreign capital, tax exemptions for reinvested profits, free currency convertibility and repatriation, and Bolivia's subscription to international investment guarantee agreements.

The key features of the legislation are:

*Minerals belong to the state. Exploration and mining rights can be applied for and obtained through the Superintendent of Mines. For this, there is no differentiation between the national and the foreigner, with the exception of the 50 kilometers alongside the international borders, where a national must own the concession.

*Bolivia recognizes that rapid development of the mining sector is the shortest term solution to its economic recovery. It further recognizes that this can best be accomplished through private enterprise.

*The state-owned mining company, Corporación Minera de Bolivia (COMIBOL), has been restructured as part of a plan to convert it into an efficient holding company. As such, it seeks partners to join with in the exploration, development and operation of properties.

*The development of efficient mineral sector institutions and the development of data base information, including maps, airphotos, geophysical data, etc.

*An investment law has been enacted, not limited to the mining sector, which is based on equal treatment for all investors. This is a general law designed to provide a healthy climate for investment. Bolivia recognizes that having one of the most attractive geological environments for mineral discovery is not enough. It believes that the rules of the game must be clearly cut and supported by the law. The trust of all of the pending changes is to ensure that Bolivia maintains the "level playing field concept", whereby conditions for mining investment in Bolivia will have as favourable terms as any other country has to offer.