The government of President Paz Zamora, which succeeded the Paz Estenssoro regime in 1989, committed itself to maintaining the general economic course established in the New Economic Policy. Overall, President Paz Zamora's government has kept its word, despite popular pressures and the complications of running a coalition regime .

By the end of 1990, however, a feeling of growing frustration was apparent in the Bolivian mining community. There was a sense that momentum had been lost. A project for a new mining code, which enjoyed the blessing of the private sector, was tied up in a series of challenges and delays, and there was fear that the code would either be delayed indefinitely or suffer birth in monster form. Critics pointed to lack of coordination and poor timing in the calling of joint venture development proposals by COMIBOL at this time. There was fear that such tender calls would only serve to draw attention at a vulnerable moment, leaving potential investors with an impression of incompetence. There was, in short, fear that a bad reputation would be confirmed and opportunities compromised.

Indeed, when the call was issued for joint venture proposals to operate a range of COMIBOL mines and installations, the volume of solid responses was far from overwhelming. (The mines included both tin and polymetallic operations at Huanuni, San Jose, Chocaya, Tasna, Tatasi, Catavi and Caracoles.). However, in response to a separate call, five companies presented proposals to operate the Bolivar mine. The five companies were Consolidated Goldfields (South Africa), Carnon (U.K.), Metall Mining Corporation (Toronto), Comsur (a Bolivian company in which RTZ holds a stake), and Tiwanacu S.A. (a Bolivian company with major participation by Jordex Resources). Tenders were opened in June 1991.

<u>New Mining Code becomes Law, April 1991</u>

Early in April 1991, the new Bolivian Mining Code became law, taking many observers somewhat by surprise. Passage came rather dramatically during a late night session of the legislature. Issued in the form of a series of amendments to the old 1965 Code, the new legislation has been well received by the industry. While the former Code had generally been viewed as an adequate framework for traditional vein mining, it was felt that modifications were overdue.

The two most significant elements in the new code concern taxation and access to previously restricted territories.

Under the old system, mining companies were assessed taxes on the basis of presumed production costs and "presumed" profits, according to a somewhat complex formula. As production costs were based on average assumptions, the system was rather perverse, tending to the greatest benefit of firms whose costs of production were lowest. Nonetheless, (or perhaps consequently) many traditional producers were happy enough with the arrangements.