2.2. Government Sectoral Policies

The recent development of large mining projects was made possible as a result of a policy designed to ensure the domestic supply of mining and energy products by means of the technical development of the country's natural resources.

In 1991, Colombia is the fourth producer of coal in the world and it is expected that by the year 2000 coal annual exports will amount to 40 million metric tons. This policy is consistent with the government's goals of ensuring long-term self-sufficiency for the country in the field of energy and with the need to guarantee foreign balance through new sources of foreign exchange.

The government is firmly committed to the goal of achieving a 15% share in the world's coal market, thus consolidating a better position for itself in the world market for mining products. Its policy is also intended to increase the domestic production of ferronickel for export and to technify small and medium-size mining in order to enhance productivity.

Additionally, the country is faced with the possibility of achieving a greater degree of substitution in its iron and copper imports by tapping the resources of the Andean mines. Exploratory programs are focused in particular on the circum-Pacific belt which has a high concentration of metals which are being mined by other countries of the continent such as Chile, Peru, Mexico, the United States and Canada.

One of the government's priorities is to technify gold mining and to expand exploration activities in order to find new mines.

2.3. Legal Framework

Mining activities in Colombia are governed by the Code of Mines issued by Decree No. 2655 of 1988.

This Code regulates all prospective, exploratory, development, transformation, transportation, use and marketing activities related to non-renewable natural resources found in the soil or the subsoil, including jurisdictional maritime zones. The political Constitution establishes that all natural resources found in the soil and the subsoil belong to the Nation which may explore and mine them directly through its decentralized institutions or award the right to do so to private individuals, or abstain from developing them for reasons of public interest.