

# CURRENT CHALLENGES FACING THE MINING INDUSTRY



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On behalf of the  
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Whilst attending the Mining Insurance Risk Association (MIRA) Conference in Vancouver, Canada in November 2023, I was interested to hear views on some of the more pressing challenges facing the mining industry.

The issues experienced by miners worldwide are significant and diverse, but there are some which are commonplace across the globe. Four of these were highlighted at the MIRA Conference: climate change, geopolitical tensions, supply chain challenges and digital transformation.

While, to most, the above might seem common knowledge, the strategies being considered and adopted by mining companies to address these issues are novel, complex and sophisticated.

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## GEOPOLITICAL TENSIONS

The 2023 World Economic Forum Risk Report lists geopolitical uncertainty as being amongst the top risks facing a range of industries including mining. These risks relate to events such as the Russian/Ukrainian war, the Israeli/Palestinian conflict, ongoing volatility across Africa and instances of political/criminal unrest in regions across both Central and South America.

Notwithstanding this, the location of the resources required between now and 2050 will dictate the regions within countries where miners will need to operate, whether geopolitical pressures exist there or not.

Dynamic strategies will be necessary to try and mitigate the political volatility, accommodate the local regulatory requirements and address the issue of resource nationalisation.

## SUPPLY CHAIN

Miners rely on complex supply chains to procure the raw materials required for mining operations. While many of the acute supply chain issues experienced during the Covid-19 pandemic persist, strategies continue to be developed to work around these challenges. Again, while there remains a need to mine and it is economically viable to do so, mining companies will find a way.

The fact is that miners will continue to mine while the demand for mined resources remains. You only have to look at the article entitled 'How Fast-Moving Technology Generates Fast-Changing Risk' to see the targeted number of electric vehicles on the road by 2050 illustrates why mined resources will be required for at least the foreseeable future.

## CLIMATE CHANGE

The very nature of mining activities dictates that operations contribute to greenhouse gas emissions and environmental disruption.

Interestingly, while the type of resources required may change due to global net-zero targets, more renewable sources of energy/power and the transition to a more sustainable world, increased volumes of resources will still be required. Although the requirement for oil, coal and gas may diminish, the demand for alternative resources like cobalt, nickel and lithium will only grow.



# DIGITAL TRANSFORMATION

The MIRA presentations highlighted the extensive work being done by mining companies globally to explore how digital transformation can improve operational efficiencies, safety and sustainability. Artificial Intelligence will become commonplace in mining operations, as miners use it to interpret data and enhance operational safety and efficiency.



# AN ADJUSTER'S PERSPECTIVE

A decade ago, I worked on a claim for malicious damage at a mine in Southern Africa, where disgruntled representatives of a local community had set fire to a range of installations at the mine and targeted critical items of plant and equipment.,

On face value, it was assumed that the miner had established the site based upon factors that maximised profits, and without any regard for the impact on the local community. This resulted in members of the community taking action to protect their wellbeing and environment.

However, this could not have been further from the truth. In areas up to (approx) 100km from the mine, rural communities had benefited from significant infrastructure upgrades, including road networks, newly-built community structures, residences, schools and medical facilities. Investigations established that the mine was wholly responsible for all infrastructure improvements across these local settlements and had become the primary employer for these communities.

The suspected miscreants were identified by the local authorities as members of communities located outside the upgraded areas. Despite living well beyond the areas where the mine could reasonably be expected to extend its influence, they expected to receive similar employment and community benefits.

Following the incident, the mine's attitude and strategy to negate further incidents involved discussions around what more it could do to assist additional local communities. This was diametrically different to the scenarios consistently reported in the media.

Having an intimate knowledge of the Southern Africa landscape, I was also reminded of the level of employment offered in these territories, the positive impact of the development available to local communities and the overall beneficial influence of the mining companies in this region.

# MINERS' RESCUE INSURANCE

More recently, our involvement as the nominated adjusters on a global Miners' Rescue Insurance product (the brainchild of Dan Rouse at Aegis in London, which is gaining traction with several mining companies) has demonstrated the mining companies' collective awareness and concern for the human side of the industry.

While the benefits of Miners' Rescue Insurance are wide-ranging, a major element of the product relates to the care, safety and welfare of those employees (and their families) potentially involved in a mining catastrophe.

# MINING: A BALANCED PERSPECTIVE

While I appreciate the nature of mining activities can result in negative consequences, it is only fair that we reflect in equal measure on the positive influence that mining can bring to the world we live in.

Apart from the fundamental principle that miners procure resources which are critical to the global economy and essential to all of our everyday lives, there are so many more positive impacts from mining which seldom receive the media coverage they deserve.

I ask only that the next time we contemplate a media report that highlights the negative influence of a mining company somewhere across the world, we apply a more balanced perspective and acknowledge the positive influences of mining, and the fundamental need we all have for miners to continue to do what they do.

At the MIRA Conference, it was refreshing to listen to the myriad of strategies being explored by mining companies to address the challenges of the day.

I would encourage all those with business interests within the mining insurance community to participate in MIRA, and to regularly review its technical articles and those published by the miners themselves.