

Few Highlights on Ethiopian Mining Laws

Description

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Introduction

Ethiopia has a huge potential of various mineral resources which are not yet exploited. This natural resource includes but is not limited to gold, potash, gemstones, platinum, opal, iron, marble, granite, limestone and tantalum. In Ethiopia the government is the custodian of natural resources on behalf of the people and has the responsibility of ensuring that they are used for the benefit of people. In order to do that the appropriate government organ has the responsibility to approve mining activities. The governing laws in the mining area in Ethiopia are the Mining Operation Proclamation No 678/2010, the Mining Operation (amendment) Proclamation No 816/2013, the Mining Operation (amendment) Proclamation No 1213/2020 and Mining Operation Council of Ministers Regulation No 423/2018.

Requirement of License

Any person who wishes to engage in the mining operation should obtain the relevant license from the licensing authority according to Mining Operation Proclamation no. 678/2010.

Types of Mining Licenses in Ethiopia

According to the Mining Operation Proclamation No 678/2010 as well as the amendment Proclamation No 816/2013, there are different types of mining licenses. These include artisan mining license, small scale mining license, special small scale mining license and large scale mining license.

Artisanal Mining License

No financial resource or technical or professional competence is required to acquire an artisanal mining license. Artisanal mining license can be obtained from the regional state governments (at Zonal or Woreda level). Artisanal mining license provides an exclusive right to explore and mine for minerals within the license area. This type of license is valid for the period of up to two years and shall not be renewed.

Small Scale Mining;

An applicant shall be granted an exclusive small scale mining license where, the proposed work program is approved, the applicant has an access to financial resource and technical ability to conduct the proposed mining operation optimally and in a safe manner. The environmental impact assessment has to be approved and the applicant is not in contravention of any obligations of the exploration license if any.

A small scale mining license shall be valid for a period specified in the license. However such period shall not exceed 10 years. A small scale mining may be renewed for a period not exceeding 5 years in

each subject.

Special Small Scale Mining License

The licensing authority shall grant an exclusive special small scale mining license where the proposed work program and environment impact assessment are approved. The applicant proves that he has financial capacity to conduct the proposed mining operation. The applicant was holder of artisanal mining license that engages in the mining of gemstones or placer gold, silver, platinum or titanium and is not in contravention of any obligations related to it.

Special small scale license shall be valid for the period specified in the license. However such period may not exceed 10 years and it may be renewed for a period not exceeding 5 years.

As per the Mining Operation Proclamation No 816/2013, the holders of special small scale and holders of artisanal mining licenses that engaged in gold or silver mining shall sell minerals produced to the National Bank of Ethiopia.

Large Scale Mining License

According to the Mining Operation Proclamation an applicant shall be granted an exclusive large scale mining license where, the work program and environmental impact assessment are approved. The applicant has an access to financial resource and technical ability to conduct the proposed mining operation optimally and in a safe manner. The applicant is not in contravention of any obligations of the exploration license if any. A large-scale mining shall be valid for a period specified in the license. However such a period shall not exceed 20 years. Large scale mining may be renewed for a period of not exceeding 10 years. In this case, the holders of the mining license shall be entitled to export free of customs duty and taxes minerals produced according to the license.

Rights and Obligations Small and Large Scale License Holders

Small and large scale mining license holders have the right to market and sell minerals produced. Both small and large scale mining license holders shall commence mining operation within one year from the date on which the license becomes effective and should comply with terms and conditions of the license.

Conclusion

The minerals and geo- energy resources of Ethiopia are yet untouched. Ethiopia has huge potential to accommodate the interest of so many investors. In order to promote and facilitate the mining sector, different types of incentives including customs duty, tax free import of equipment, machinery, vehicle, small aircraft or helicopter having seats of 6 persons for the purpose of collecting data and consumables are granted under the Regulation.

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