

Raw Materials Supply Group

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Progress on developing a UK Minerals Strategy

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on behalf of

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Minerals **into** Products **into** Markets

Why a Strategy?

- The ‘Licence to Operate’ which permits mineral extraction in the UK is fragmented by devolution
- It is also applied inconsistently by the regulators
- It now relies on one short chapter in planning policy in one document in England - by far the biggest UK market
- **The UK Government needs to understand the essential role of all minerals throughout the economy**
- **Mineral supply is not at present a policy priority in the UK**
- The main mineral related interest is currently shale ‘fracking’
- Here there is a gap between government and public opinion
- Meanwhile aggregate reserves , the biggest UK minerals flow and key to construction, have been under-replenished for over 10 years (<50%)

But it takes time to develop a Strategy

- Industry recognised the need for a strategy as far back as 1996
- CBI Minerals Group became the owner & driver
- But industry sectors were too fragmented until QPA (aggregates) merged with cement and concrete to form MPA which now plays a leadership role
- Minerals '98 was first attempt to raise awareness
- Evolved into the 'Living with Minerals' campaign with 5 conferences over the last 10 years
- Recession did not help as it masked the supply issues
- **Now that growth is back, the supply stress is back**

Living with Minerals - the route to a Strategy

- **Living with Minerals 1** - Recognising the role, value and contribution of the UK's minerals industry and maintaining it for the next 25 years - 2004
- **Living with Minerals 2** - Making & sustaining the link between minerals, the economy and our way of life 2006
- **Living with Minerals 3** - Shaping UK Minerals Policy -2008
- **Living with Minerals 4** - Shaping UK Minerals Policy - 2011
- **Living with Minerals 5** - Towards a UK Minerals Strategy - 2014

Pulling it all together 1996 - 2015



The industry group - CBI Minerals Group

- All the trade associations for mineral products, coal, clay and ceramics, industrial minerals
- Other key players, Crown Estate (as landowners on- and offshore), British Geological Survey, consultants, lawyers
- Rock solid support since 1996 and represents virtually 100% of all UK mineral extraction - *excluding oil & gas*
- Chaired by MPA who represent 90% of all non energy extraction and 70% including energy by tonnage

The stakeholder group - UK Minerals Forum

- Formed in 2007, comprising:
- Industry
- Local government planners
- Government departments
- Devolved UK administrations (Scotland, Wales, N. Ireland)
- Government regulating agencies (environment/habitat/heritage)
- Environmental NGOs
- Other 'wise' ones!

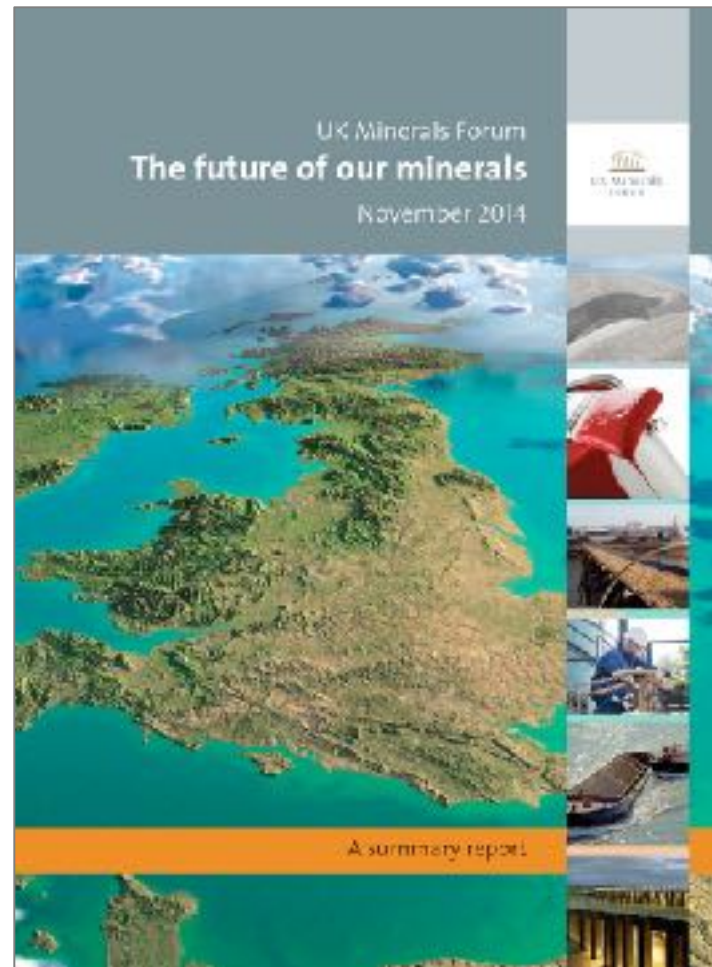
The stakeholder group - UK Minerals Forum

- Independent Chairman (not from industry)
- 3 over past 8 years
- Meets 3 times a year
- Working Groups consider big issues, tricky issues
- Publishes agreed outputs, all on website, open book!
- See www.ukmineralsforum.org.uk
- Building trust and confidence

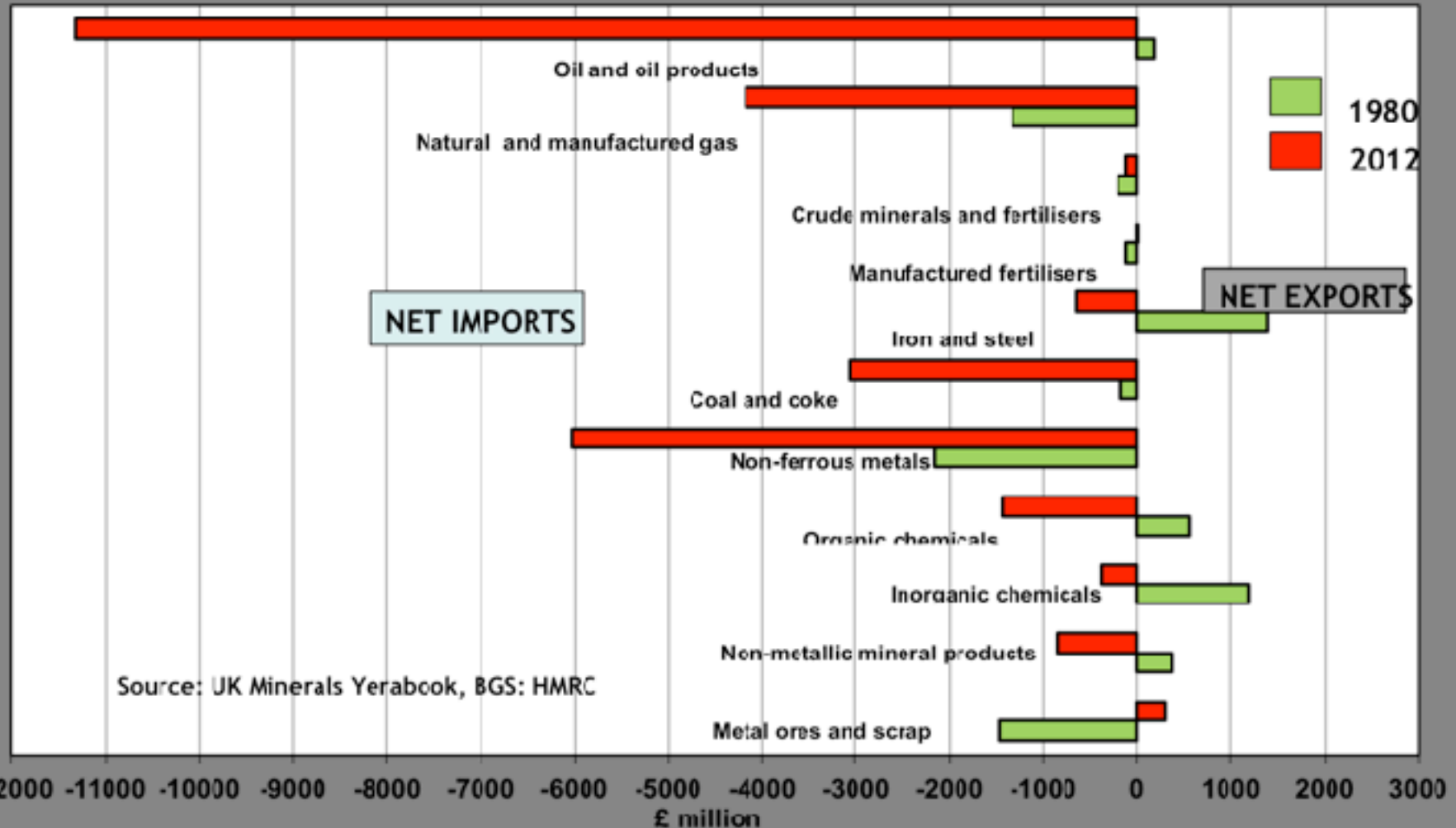
The emerging Strategy

- 3 elements
- **Document 1** - prepared by the UK Minerals Forum looks at the history of production and the likely future - published in 2012
- **Document 2** - prepared by the CBI Minerals Group looks at the economic contribution of the industry today - to be published in October/November
- **Document 3** - will be the Strategy, informed by the above, and will follow in Q4 2015 or Q1 2016

Document 1 - The Future of Our Minerals



A major issue: reducing UK minerals self-sufficiency



The Future of our Minerals: Conclusions (1)

- The UK's population and economy needs a secure and reliable supply of minerals - **essential, not an option**
- Supply is challenged by **global competition, geopolitical uncertainty and countries monopolising key sectors**
- **Uncertainty about the UK's future relationship with the EU could impact on mineral prices and availability, and deter foreign-owned investment in new extraction**
- **The UK is not-self sufficient in several key sectors - metals and increasingly oil, gas and competitively-priced coal**
- **The real-world potential of the UK's unconventional fuels - notably shale gas - is uncertain and needs much more study**

The Future of our Minerals: Conclusions (2)

- The UK has adequate resources of many non-energy minerals, especially for construction: **essential for new houses, industry, transport, low-carbon power, and enhanced flood and coastal defence**
- Conflicting energy and carbon pricing policies threaten UK/EU investment in brick and cement - core construction mineral sectors: **this needs urgent attention**
- Access to UK minerals has been successfully balanced against environmental impacts by highly protective regulation - **this must be maintained**
- All stakeholders - government, industry, regulators and environmentalists - need to develop a shared long-term vision - **in a national minerals strategy**

The Future of our Minerals: Recommendations

- Create a national long-term vision and strategy for UK minerals supply
- Take concerted action to help policy-makers understand the importance of minerals supply for the economy and to society
- Continue collaboration between the Government and industry to deliver the vision
- Ensure effective review and monitoring by all parties to deliver an agreed minerals strategy
- Adjust the strategy in response to emerging events
- Boost the resilience on the UK minerals industries to respond and adapt to changing events

Document 2 - The UK Mineral Extraction Industry



Key facts.... UK production and turnover

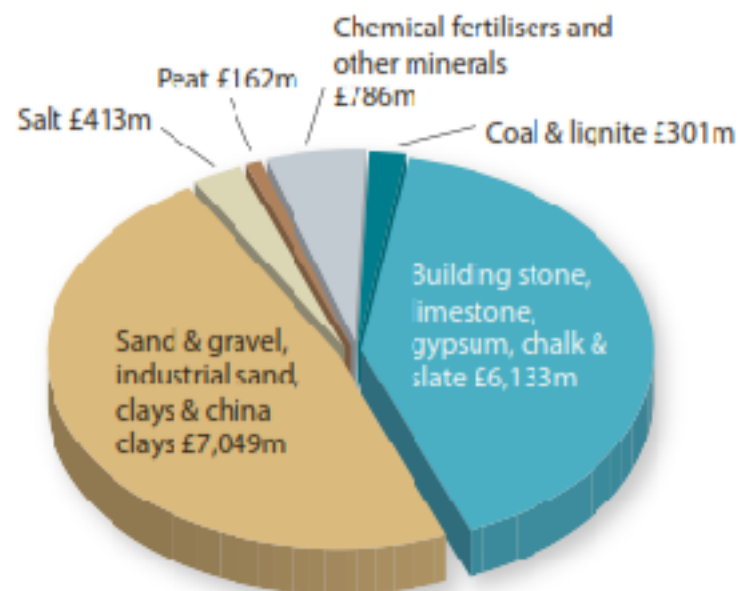
Minerals production in the UK (2013) (Source: BGS)

	million tonnes
Oil ⁽¹⁾	41
Natural gas	37
Coal	13
Construction and industrial minerals	197
Limestone & dolomite	60
Sand & gravel - Land won	43
Sand & gravel - Marine	15
Igneous rock	41
Sandstone	12
Salt	7
Clay and shales	6
Silica sand	4
Chalk	4
Other minerals ⁽²⁾	3
Gypsum	1
China clay	1
Peat ('000 t ¹)	1

⁽¹⁾ Includes crude oil onshore and offshore, and condensates.

⁽²⁾ Includes non-ferrous ores, ball clay, slate, barytes, talc and potash.

Estimated turnover of UK non-energy minerals and coal (2013) (Source: ONS, ABS, MPA)



Key Facts...

£15bn

Turnover of minerals extraction

£68bn

Turnover of mineral products manufacture

£5bn

Gross value added of minerals extraction

£22bn

Gross value added of mineral products manufacture

£209bn

Gross value added of "first use" markets

£209bn

Gross value added of "first use" markets

£235bn

Total gross value added generated by minerals, including minerals extraction, products manufacture and "first use" markets

16%

Share of the UK total economy directly attributable to minerals

34,000

People employed directly in the minerals extraction industry

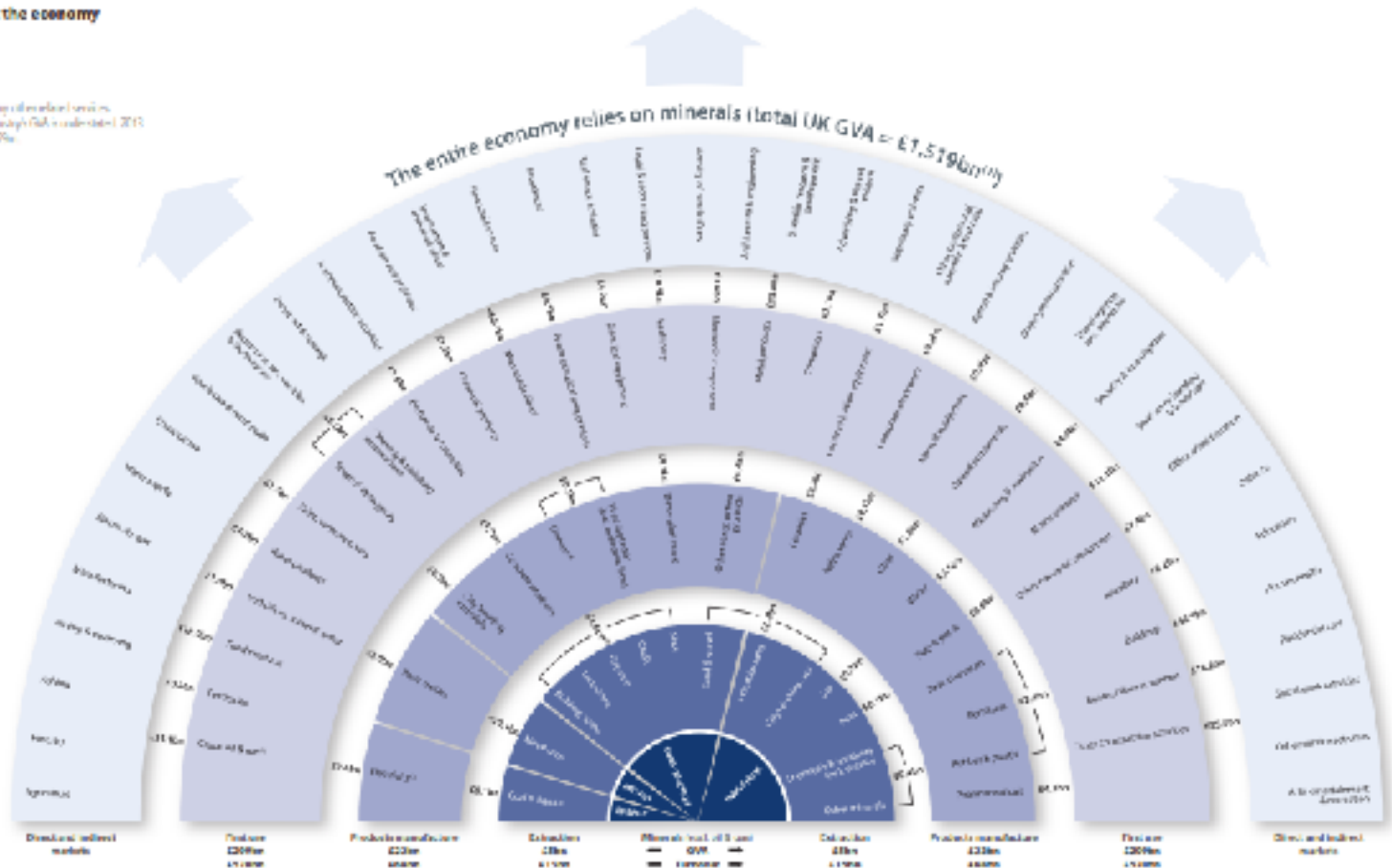
4.3m

Jobs supported through the supply chain

Essential to the Economy - the more we look the more essential we get!

The flow of minerals throughout the economy (2013) (Source: ONS, MPA)

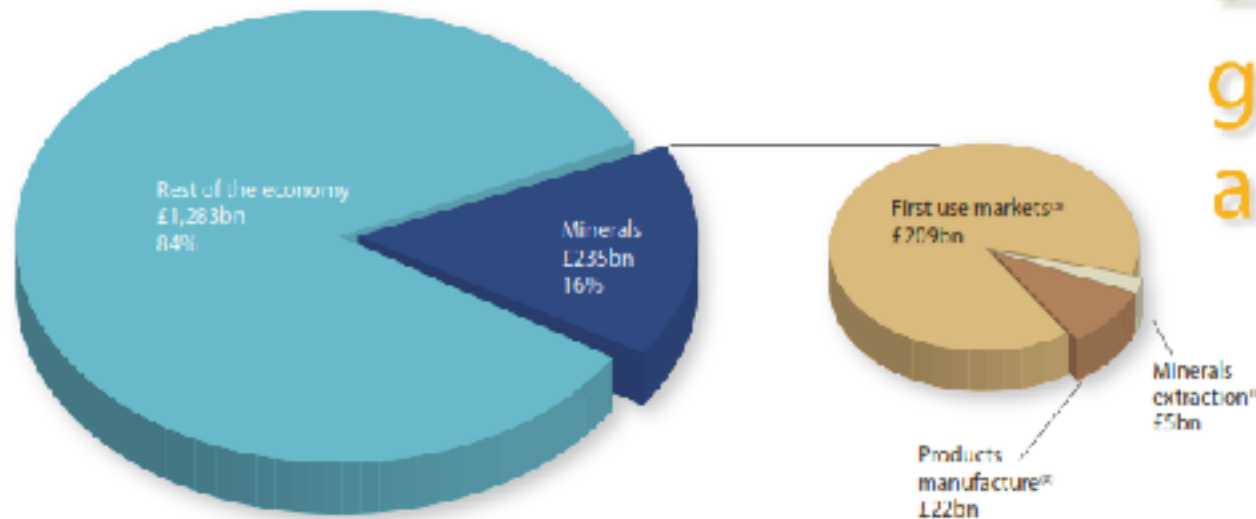
Notes:
 1. See slide 45
 2. Excludes mining support activities
 3. Excludes electricity, gas and heat supply, water supply and sewerage, and information and communication
 4. MPA estimates for the cement and glass GVA are based on 2013 GVA for these two sectors as reported by MPA to the FOSMA



Gross Value Added

“Minerals generate £235bn in gross value added”

GVA generated by the minerals at various stages of the supply chain (2013)
 (Source: ABS, ONS, LFS, MPA)



Notes:
⁽¹⁾ Production of raw materials.
⁽²⁾ Manufacture of 'enabling' mineral products, e.g. cement, paper etc.
⁽³⁾ First use/markets for mineral or mineral products, including construction.

Document 3 - The UK Minerals Strategy - indicative scope/themes

- Recognise the need, contribution & value of minerals
- Acknowledge resource availability and enable access
- Establish likely future short & long term demand
- Enable steady and adequate supply
- Improve health & safety standards & achieve ZERO harm
- Maximise use of recycled and secondary [materials as first source of supply (circular economy)
- Maximise resource efficiency by using surplus/waste material for restoration & other beneficial uses (circular economy)
- Contribute to low carbon transition in both production and use

Document 3 - The UK Minerals Strategy - indicative scope/themes

- Continue to raise environmental performance
- Recognise and support UK mineral development
- Recognise that primary production always dominates supply
- Minimise imports
- Boost exports to benefit balance of payments
- Strengthen manufacturing to ‘tilt away’ from services
- Link minerals to other dependent industrial strategies
- Strengthen public and stakeholder engagement
- Improve perception and attractiveness of the industry
- Address the skills and competence gaps
- Encourage innovation

Questions/discussion

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