



# IGF

INTERGOVERNMENTAL FORUM  
on Mining, Minerals, Metals and  
Sustainable Development

COVID-19  
RESPONSE  
SERIES

# THE IMPACT OF COVID-19 ON EMPLOYMENT IN MINING

## 1. BACKGROUND

COVID-19 is possibly the most disruptive global event since the 1929 Great Depression.

Though it is a health pandemic, COVID-19 has grown into an unprecedented social and economic global crisis. International institutions<sup>1</sup> are revising the world's economic outlook regularly throughout the outbreak. Within the first few months, revisions are worsening and are likely to become more severe, depending on the speed and scale at which economic activities recover.

COVID-19 is unleashing multiple economic shocks. On the supply side, lockdown measures are disrupting global supply chains as a result of sudden factory closures and the temporary suspension of air, maritime, and land transportation, among others. On the demand side, restrictions on the movements of people and the closure of non-essential economic activities have significantly cut down on consumption. These are leading to [massive capital outflows from emerging markets](#) as investors' confidence tumbles, exports and revenues decline, and commodity prices

collapse, creating a perfect storm for a looming deflationary economic crisis.

Mining is an economic bedrock in many resource-rich countries, with developed and developing nations alike benefiting from its meaningful role in poverty reduction, inclusive growth, and social development. Like other economic sectors, however, the mining industry has not been spared from the negative consequences of COVID-19 outbreaks. Tight working conditions at mine sites are placing workers in the frontline in terms of health and safety risks, prompting the industry to quarantine workers when national lockdown regulations did not force them to do so.

This briefing note looks at the impact of the pandemic on employment in the mining sector and provides an overview of immediate responses taken by governments and mining companies. Acknowledging that this crisis is unprecedented—and such events may occur in the future—the paper suggests additional measures governments and the mining industry, individually or collectively, could take to strengthen the resilience of employment in the sector moving forward.



The paper highlights three key issues: **Relief packages must look to the long term.** To be truly effective, relief packages must be designed strategically to respond to the realities of the labour situation, both now and in the future.

**New regulatory frameworks and investments must be developed.** As the global economy recovers, mining activities will slowly resume, but we will not be able to afford business as usual. New and permanent protocols and working conditions will have to be established, which will require new regulatory frameworks and investments.

**The mining sector must create resilient safeguards.** The industry needs to build resilience to insulate the labour market and supply chains against the inevitable repeat of similar events.

## 2. IMPACTS OF COVID-19 ON EMPLOYMENT IN MINING

Up to 305 million full-time workers in all economic sectors around the globe could lose their jobs in the second quarter of 2020 due to COVID-19. These losses may disproportionately impact lower-income countries, given their weaker health institutions and sanitary conditions, the number of workers in the informal sector, migrant workers and/or workers holding precarious jobs elsewhere, and the limited fiscal space governments have to mitigate the impacts of the forthcoming recession.

COVID-19 is exposing the weak points of global labour markets. Mining companies of all sizes are radically slowing down or halting their operations while workers are forced to stay at home. While new technologies and Internet connectivity allows many employees to work remotely, this option is not available equally to all economic sectors or companies and does not apply to all jobs.

The viability of the mining sector is heavily reliant on stable and predictable market conditions and functioning supply chains. Any major disruptions to the global economy can result in acute uncertainties, threatening production and productivity, with consequences for workers, suppliers, and local economies.

While large-scale mining contributes significantly to many developing countries' national incomes, it is not a major direct employer due to its capital-intensive nature. According to ICMM<sup>2</sup>, the mining industry directly contributes around 1%–2% of total employment in a given country.

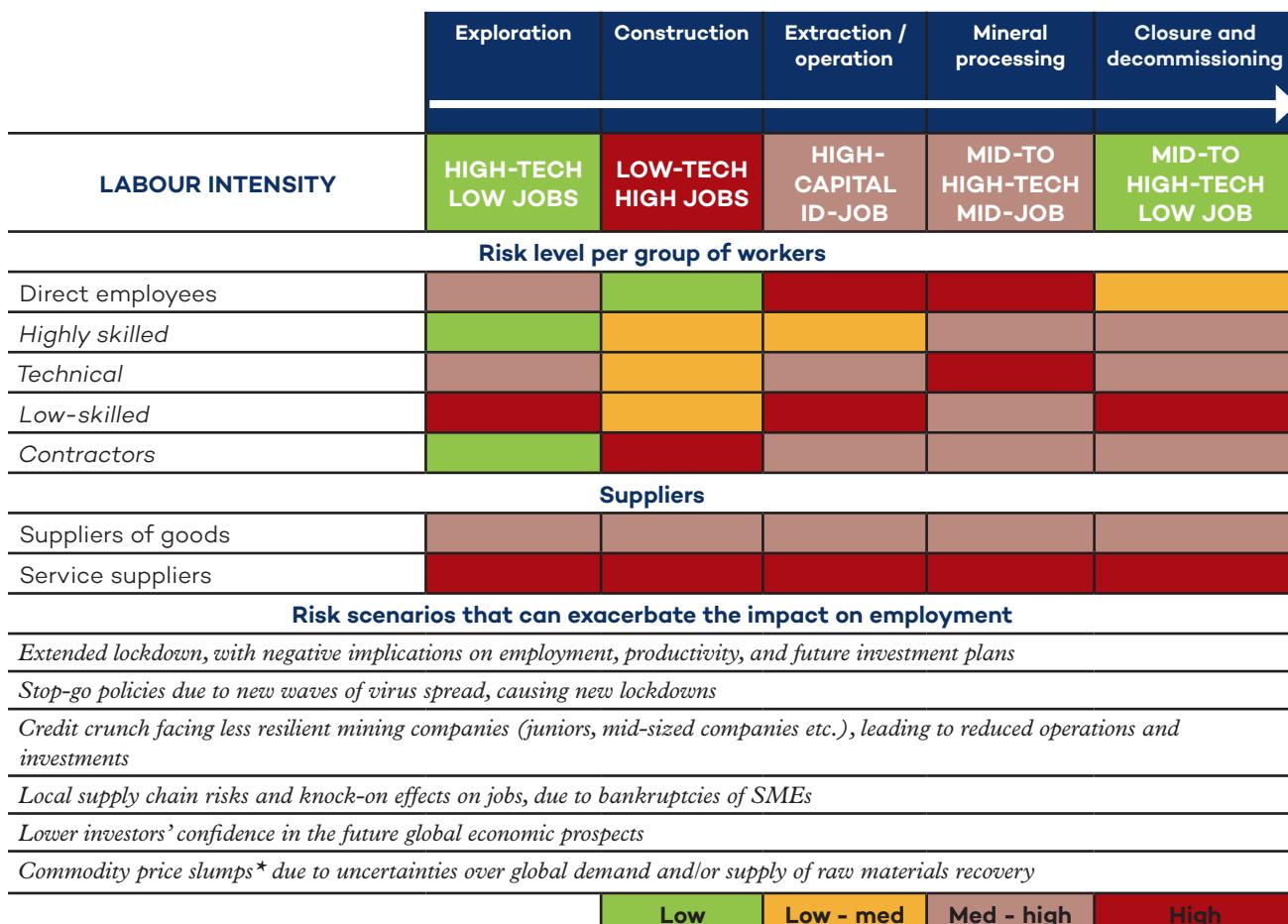
However, two important factors must be underscored:

### **Large-scale mining plays a critical economic and social role in remote areas.**

Large-scale mining activities are localized in remote areas with underdeveloped or few major alternative economic sectors. Mining plays a critical role for host communities, where it is often the largest—if not the sole—job creator and provider of vital services, including a variety of social services, such as health care and education.

### **Large-scale mining creates more business**

**in host countries.** Mining activities have significant multiplier effects on the local and national economy through the creation of indirect and induced employment and business opportunities. ICMM<sup>3</sup> estimates those opportunities can contribute up to 15% of national income in certain countries.

**FIGURE 1. EMPLOYMENT RISK HEATMAP FOR MINING COMPANIES ALONG THE MINING VALUE CHAIN**

\*See S&P Global analysis: <https://www.spglobal.com/marketintelligence/en/news-insights/research/covid-19-impacts-to-metals-prices-volatility-is-here-to-stay-part-1> and <https://www.spglobal.com/marketintelligence/en/news-insights/research/covid-19-impacts-to-metals-prices-volatility-is-here-to-stay-part-2>

Source: Author diagram.

Workers are being temporarily laid off at mines and across supply chains due to mining operations scaling down as national lockdown restrictions take effect. The heatmap in Figure 1 shows the variations in labour intensity and employment risks for different groups of workers across the mine life cycle. The key takeaways are:

**Labour requirements are not the same across the mining investment cycle.** Demand for labour varies according to the number of projects and their levels of development. The construction phase, for instance, requires a larger number of contractual workers to build mining facilities compared to the operational phase.

#### **Specific parameters determine the demand for labour**

**for labour.** During the production phase, the types of operations, the degree of mechanization or automation, the types of minerals being extracted, geological specificities, and other criteria will determine the demand for labour.

#### **Breadth and depth of local supply chains is crucial.**

Local procurement creates employment spillovers through the development of business activities to service the mines. Induced employment opportunities are also created in the local community, through satellite economic activities such as hotels, restaurants, shops etc. The deeper the linkages, the higher the impact on indirect and induced jobs.



## 2.1 IMMEDIATE IMPACTS

Markets, supply chains, and employment are immediately impacted as many governments impose sudden national lockdown restrictions to limit the virus spread.

### 2.1.1 IMPACTS ON MINING ACTIVITIES

Impacts on mining activities vary significantly across countries, depending on the following factors:

**National policies enforcing lockdown.** Some countries have imposed lockdowns whereas others consider mining an “essential service,” allowing activities to continue under certain conditions.

#### The health situation at the mine sites.

Some sites closed operations to limit the spread of the virus among workers and local communities.

**The commodities at stake.** Energy commodities, such as coal, are exempt from national lockdowns. Metals, such as zinc, copper, nickel and iron ore,<sup>4</sup> are more severely impacted, seeing price and production declines as a result of global industrial collapse. Gold,<sup>5</sup> a safe haven during crisis periods, sees its price increase as production continues.

### 2.1.2 IMPACTS ON DIRECT EMPLOYMENT AND SALARIES

**Jobs in underground mining face higher risks.** Underground mines can be a vector for faster virus spread because activities require large groups of workers to descend into the mines in packed elevators.

Some countries, like [South Africa](#),<sup>6</sup> initially ordered all underground mining activities to be placed on care and maintenance to protect workers. In other countries, like [Poland](#), industries themselves temporarily closed underground mines to limit the spread of the virus after cases were confirmed at mine sites.

#### Employment status affects job security

**and salaries.** Not all employees have the same status within mining companies. In a nutshell:

- Some mine workers are considered “essential staff” because they perform tasks necessary for the functioning of operations. These workers maintain their jobs and salaries.
- Others who are able to work remotely retain their activities and salaries.
- Workers who do not fall under the two categories above are temporarily demobilized. They are more vulnerable to income cuts if there are no agreements and safeguards in place.
- The situation is more complex for contractual workers, such as fly-in, fly-out (FIFO) and drive-in drive-out (DIDO) workers, and informal or cross-border migrant workers. Layoffs imply the loss of any means of subsistence, and workers who are already ill-equipped to face hardship (in the absence of social safety nets and legal protection for their rights) are likely to be hit the hardest.

#### National legislation determines job

**and salary security in exceptional**

**circumstances.** Most countries allow mining companies to follow the “no work, no pay” principle, meaning demobilized or temporarily laid off staff are not entitled to remuneration if no tasks are performed. However, as part of the suite of measures to prevent economic hardships, countries are executing payment schemes to support companies in keeping jobs and paying salaries. Some large mining companies guarantee the jobs and salaries of their permanent staff during lockdown periods, while others are negotiating with unions to reduce wages.



**Status of project development has an impact on the numbers.** As highlighted in Figure 1, the construction phase is more labour-intensive. For example, the 15-day quarantine in Peru slowed work on [Anglo American's major Quellaveco copper project](#) to protect workers, demobilizing at least 8,000 out of the 10,000 construction workers pending safer conditions to restart project development. The company did not guarantee the salaries of those workers, as projects were contracted out.

Even when countries have not imposed limitations on mining operations, restrictions on the movement of people and supplies defer project development. In Mongolia, [Rio Tinto's Oyu Tolgoi](#) underground development project expansion is slowed due to limitations of access of staff, construction workers, and technical specialists.

### 2.1.3 IMPACTS ON LOCAL SUPPLIERS AND COMMUNITY ECONOMIC ACTIVITIES

COVID-19 severely affects the sourcing of local and global inputs. At the local level, slowed economic activities and temporary business closures considered “non-essential” cause difficulties for local procurement of mining goods and services.

In general, governments are adopting a pragmatic approach to limit disruptions in the supply of goods and services to the mines. In [South Africa](#), [Argentina](#), [Brazil](#), [Chile](#), and [Panama](#), frameworks were established for the continued supply and transportation of essential services to the mines.

Jobs and local suppliers’ earnings are severely impacted due to the pandemic. Collapse of demand and disruptions in production lines from mining companies temporarily closing, or under care and maintenance, will burden economic activities in local communities. Small and medium enterprises (SMEs) face higher risks

of insolvency and bankruptcy because they have less capital cushion and less financial resilience to weather market disruptions and reduced orders.

Many local suppliers are supported by deliberate or mandated local content policies. However, unless mining companies agree to continue to source goods locally and have the capacity to stock, a prolonged lockdown will undoubtedly pose serious threats to the viability of these carefully cultivated upstream linkages.

## 2.2 LONGER-TERM IMPLICATIONS

The COVID-19 pandemic will have longer-term consequences on employment in the large-scale mining sector as a result of the following:

### 2.2.1 MINING CAPEX FORECASTS AND CURRENT INVESTMENTS

According to [GlobalData](#), prior to COVID-19, CAPEX expenditure was projected to increase by 11% in 2020. A number of projects are now delayed and investments put on hold. The top 20 mining companies have announced significant cuts in their CAPEX for 2020: [Glencore](#) plans to cut CAPEX expenditure plans from USD 5.5 billion to USD 4 to USD 4.5 billion; [Rio Tinto](#) cut at least USD 1 billion from an initial revision of USD 7 billion; and [Anglo American](#) revised its CAPEX guidance by about USD 1 billion.

Those companies whose CAPEX is in non-US currencies may be negatively affected by the rise of the US dollar against most other currencies; some projects may be shelved until more favourable exchange rates are once again in play. Deferred projects will necessarily affect jobs in the sector, either through temporary layoffs or fewer employment opportunities, including for temporary construction jobs.



## 2.2.2 STRUCTURAL CHANGES IN EMPLOYMENT MODELS

COVID-19 is highlighting shortcomings in the labour market. In [Australia](#), the virus is prompting many companies to reduce their FIFO and DIDO workers due to restrictions on travel within the country. This will leave a permanent mark on the employment model with two possible consequences: increased opportunities for local employees or an accelerated pace of automation of some tasks to reduce future risks.

In other countries, closed borders are halting the temporary use of [cross-border migrant workers](#), with direct consequences for those workers' livelihoods and remittances. For instance, Mozambique and Lesotho are important providers of migrant workers to South African mines, though border closures and dwindling activities prevent many from working. This may affect the long-term use of migrant workers in South Africa, where unemployment rates are high. The pandemic may also prompt migrant workers to join unions and/or negotiate better working conditions in future contracts.

## 2.2.3 SECURING LOCAL ACCESS TO CRITICAL SUPPLIES IN A CHANGING GLOBAL SUPPLY CHAIN

The sudden disruptions in global supply chains are exposing mining operations' dependency on global sourcing, despite governments' efforts to improve local content regulations. The compounding effects of national policies to close borders and factories, delays in inputs and deliveries, and rising costs<sup>7</sup> of global sourcing exacerbate risks of overdependence on these global markets.

We may also see companies change their practice of choosing low-cost suppliers overseas to supporting localization of part of their supply chain, particularly critical supplies, if industrial capabilities exist and local businesses can guarantee quality and standards. Though localization can increase costs in the short term, it also

provides lower risks of disruptions, lower transportation costs, shorter delivery times, supply stability and resilience, and more benefits to the local economy long term.

## 2.2.4 DRIVE TOWARD AUTOMATION

Mine sites are temporarily closing to prevent the spread of COVID-19 to employees and local communities. Mechanized mines with fewer staff have not slowed their operations to the same extent as labour-intensive mine sites, as experienced in the automated [Pilbara mines in Australia](#), which have recruited more workers as development projects continue, and [Syama](#) mine in Mali, whose production remains uninterrupted despite the crisis.

Mining companies may be considering longer-term solutions to prevent similar risks in the future. One solution is labour-saving technologies, such as [automation](#). While uptake for some automated technologies (like self-driving haul trucks and remote operation centres) has been slow so far, we may see their use accelerate as companies look to improve productivity and reduce costs.

The pandemic may accelerate the pace of technological adoption already in the pipeline. However, it is unlikely COVID-19 will be determinant in fast-tracking the move toward full automation<sup>8</sup> in the near future. This is in part because of the complexity of the industry, the cost of technology,<sup>9</sup> significant differences in the ability to run robots in various environments, and the likely aversion of investors to big changes in operational models, particularly where there are such uncertainties about the future. That said, some operations deliberately have not introduced labour-saving technology for fear of backlash from workers and host governments, though those barriers may now be significantly lowered.



### **3. SHORT-TERM RESPONSES PROVIDED BY GOVERNMENTS, COMPANIES, AND UNIONS**

Given the limited space for monetary policy actions, all countries—developed and developing alike—are taking unprecedented budgetary measures to insulate, or at least limit, the economic and humanitarian shocks of the pandemic through extraordinarily large stimulus packages.

Even if the spending details of most stimulus packages remain unclear, the majority contain emergency measures to facilitate access to health care and bridge public health gaps, specific measures to support local businesses, in particular SMEs, as well as social safety nets in support of the most vulnerable and disadvantaged individuals and households. Fiscal support packages in advanced economies<sup>10</sup> have laid the ground for recovery.

#### **3.1 MINING DECLARED AN “ESSENTIAL SERVICE”**

Despite strict economic lockdown policies, many countries have allowed mining activities to continue. Governments in countries like [Canada](#), [Australia](#),<sup>11</sup> [South Africa](#), [The Philippines](#), [Peru](#), [Brazil](#), and [Colombia](#) have declared mineral exploration, processing, and related supply of goods and services as essential services. These measures allow workers that are critical for operations to go back to the mines, under strict sanitary conditions. They also allow supply chains to start functioning again.

#### **3.2 MEASURES TO SECURE THE HEALTH OF EMPLOYEES AND PREVENT THE SPREAD OF DISEASE**

The pandemic is first and foremost a health crisis, with countries increasing their health spending budgets. With respect to mining, many governments are establishing strict rules as a condition for workers to

get back to work, with some<sup>12</sup> publishing safety guidelines for mines operating during COVID-19.

Mining companies<sup>13</sup> are taking similar measures to prevent the virus spread across their operations for their workers and communities. One example is Anglo American’s “WeCare” program, which covers its 90,000 employees and full-time contractors globally during the pandemic. Many companies have contributed to National Solidarity Funds<sup>14</sup> to back extra-budgetary efforts of governments.

Workers’ unions play a particularly important role in calling upon governments and mining companies to close mines to protect workers and to guarantee some forms of social protection. In [South Africa](#), the Association of Mine Workers and Construction Unions went to court to request adequate health and safety guidelines and protocols to protect mine site employees.

#### **3.3 MEASURES TO PROTECT EMPLOYMENT AND LABOUR INCOME**

This unprecedented economic lockdown will have sweeping consequences for employment and labour income. Most governments are providing temporary income support across all sectors, with beneficiaries including furloughed workers, workers forced to work fewer hours, and self-employed workers unable to have an economic activity during national lockdown periods.<sup>15</sup> Lower-income mine and contractual workers are also eligible for those benefits.

Some governments are also taking measures to protect all employees’ rights, such as obligations for companies to pay insurance, pension, and health contributions during emergency situations. This is the case in [Chile](#), where the government enacted the Employment Protection Law in April 2020 to protect families’ income from loss of work.<sup>16</sup>



Most large mining companies have rolled out corporate plans, setting out immediate actions to ensure the protection and safety of workers, livelihoods in their communities, and payments of their regular local suppliers.

Many countries apply a “no work, no pay” principle, meaning companies are not legally obligated to pay their workers during a government shutdown. However, in many countries multinational mining companies have agreed to pay the salaries of their permanent staff, at least during national lockdown periods. In Australia, mining companies are providing extended and paid-leave support to their employees and contractors who required self-isolation or have health vulnerabilities. Similarly, in South Africa,<sup>17</sup> Anglo American is paying the basic salaries of all of its 45,000 employees, guarantee their housing allowances and paying the contributions to medical and pension funds during the lockdown period.

### **3.4 MEASURES RELEVANT TO LOCAL SUPPLIERS**

To prevent massive bankruptcies and limit challenges faced by local suppliers, governments and mining industries are taking measures to support local businesses and SMEs. Most of those measures are aimed at limiting their financial risks.

In Argentina, a government measure helps mining suppliers collaborate with contractors to evaluate compensation or minimize demand disruptions. In [Mexico](#), the *Mining-Metallurgical Operation Best Practice Guide: Health Contingency 2020 SARS-CoV2 (COVID-19)* recommends SMEs that are part of mining value chains should be given special consideration and supported economically. Many government measures, although not specifically targeted at mining suppliers, remain relevant for those meeting the required conditions.

Although many mining companies are sending [Force Majeure](#) notifications to suppliers, some support those with whom

they have sustained contracts. Normal payment terms are guaranteed for orders passed prior to national lockdowns. Other measures to help with their cashflows include accelerated payments for outstanding orders and reduced payments terms to support Indigenous communities, like [BHP](#) in Australia, or advanced payments to local SMEs for orders passed, even before invoices were due, like [Vale](#) in Brazil. In South Africa, companies with enterprise or supplier development schemes, such as [Petra Diamonds](#), [Anglo American](#) and Exxaro<sup>18</sup> are providing payment holidays, in particular for SMEs, in respect to interest and repayment on loans.

In Chile, the decision of Codelco to temporarily suspend its contracts with suppliers has prompted contractors to negotiate the [issuance of guarantee tickets and replace them with general insurance](#) policies to release liquidity to allow contractors to have credit capacity. BHP has established a USD 25 million fund to support its own contractors<sup>19</sup> and is taking a significant portion of the cost of its contractor companies to sustain the salaries of demobilized workers.

### **3.5 FISCAL MEASURES**

Many large stimulus packages provide generous cross-cutting temporary measures such as tax relief and refund, not only to households but also to companies.<sup>20</sup> Chile, for instance, has temporarily suspended the monthly provisional payments of corporate income tax<sup>21</sup> and postponed VAT payments<sup>22</sup> for three months to free up liquidity for those companies. Specific measures are provided for SMEs through anticipated income tax refunds<sup>23</sup> and postponement of income tax payments. Many countries are taking similar measures, and although not mining-specific, some of those measures would also apply to the mining sector. Measures for SMEs are also set to benefit suppliers of goods and services to the mining sector, if the latter qualify under the limit of sales prescribed.



Lower global demand and reduced operations are causing a decline in certain mineral prices, pushing some companies to seek temporary relief from their tax obligations. Other parts of the sector (such as gold) are thriving, and governments should carefully target any tax relief to those companies that are in serious financial distress.

The IGF prepared a guidance on [Mining Tax Policy Responses to COVID-19](#), with policy recommendations to support impacted people, protect economies, and what governments should consider when providing tax relief to the mining sector.

### **3.6 CORPORATE SOLIDARITY FUNDS**

Many mining companies are strengthening their community initiatives. In Australia, [BHP](#) established an AUD 50 million Vital Resources Fund to support local and regional health networks and other essential community services. The company intends to use the fund post-crisis to complement government initiatives for training purposes. Similar initiatives are reported across many mining companies in South Africa, Canada, Namibia, and Botswana.

## **4. MOVING FORWARD: WHAT OTHER ISSUES SHOULD GOVERNMENTS AND MINING INDUSTRIES BE THINKING OF?**

The COVID-19 pandemic is considered by many to be a black swan event: a rare and unexpected crisis with unpredictable short-term impacts but long-term consequences, including on people's livelihoods and global economies. However, it is not unlikely that in the future, the mining sector will have to face similar recurrent global events, such as those resulting from rising climate change risks or disruptions due to geopolitical uncertainties.

The unprecedented stimulus packages and corporate plans are critical to slowing down the socioeconomic hemorrhaging. However necessary, in and of themselves, those temporary measures are not sufficient to resolve systemic challenges and prepare the economy and the labour force for future crises.

Governments and mining companies must therefore work collaboratively to find durable solutions to improve the resilience of both the labour market and supply chains.

### **4.1 RELIEF: SHIFTING FROM BLANKET MEASURES TO TARGETED SUPPORT**

Most relief packages provided by governments are general and cross-sectoral. To make them effective for the mining sector in the long term, measures must be tailored to respond to the realities of the labour situation in the sector. They must also be appropriately framed, bearing in mind what the future of work will look like. For instance:

- (i) Any COVID-related short-term support given to mining companies, contractors, and suppliers must be made conditional upon keeping jobs and salaries during the pandemic.
- (ii) Minimum wages and social protection schemes applicable to mine workers must be reviewed to ensure non-permanent staffs, such as temporary, contractual and migrant workers, are also adequately covered.
- (iii) Workers' contracts, in particular for non-permanent staff such as temporary, contractual, and migrant workers, must provide more security during unforeseen circumstances.
- (iv) There needs to be a consistent application of minimum standards with regards to health and safety to protect all workers, across all mining companies, within a given jurisdiction.



- (v) It is important to formalize social dialogue, including with labour unions, to ensure oversight on working conditions in such future circumstances.

## 4.2 RECOVERY: RESUMING USUAL BUSINESS, BUT NOT BUSINESS AS USUAL

The recovery of mining, related business activities, and workers' interaction will be a longer-term process. It will take time for the industry to ramp up to full production and employment capacity, pending a safer health environment for workers domestically and the global resumption of demand for commodities.

Besides the uncertainties regarding the pace and time of the global economic recovery, one outcome that seems to emerge from this unprecedented crisis is that while business will have to resume, it is unlikely that it will be business as usual. New and permanent health and safety protocols will have to be put in place. For instance:

- (i) Mining companies must redesign workplaces to be more spacious and to limit the risk of disease spread. While this is easier to do in offices, those measures will be more challenging on the ground. Mining companies will have to invest more in protective equipment and technology and rethink spatial organization at the mine face, with possible impacts on the cost of labour and the number of people that can work in a given space.
- (ii) Governments need to strengthen the regulatory frameworks and ensure consistency in their mine safety regulations while being more rigorous on their application and inspections on the ground.

- (iii) Measures need to extend to the local community to prevent any future disease contamination from outside.

## 4.3 RESILIENCE: PREPARING FOR FUTURE BLACK SWAN EVENTS

COVID-19 is fundamentally different from previous crises. While demand for some minerals decreases as economic activities slow, for the first time, this falling demand is being matched by significant supply-side disruptions. Policy responses must go beyond the urgently needed stimulus and support, aiming to "build back better," ensuring the sector emerges from the crisis more resilient and viable.

The current stimulus packages and corporate plans provide needed short-term support to lower-income and vulnerable workers but will leave those groups just as vulnerable, jobless, and poor when the measures are removed. Policy responses should provide stronger mechanisms to build a resilient workforce.

Given the catastrophic impacts of COVID-19 on employment, earnings, and livelihoods in the mining sector, it is imperative to strengthen the **resilience of workers** to future such events. Key measures include:

- (i) In the short to medium terms, retraining and upskilling workers forced out of the mining labour market due to the crisis to ensure their transition to other economic sectors. The corporate solidarity funds could be kept after the crisis to provide such support to durably invest in the training of communities for future employment, not only in the mines but also in other economic activities, which can be done in partnership with those economic sectors.



- (ii) Conducting a proper risk analysis of the mining job market (per occupation) to be able to forecast appropriate employment relief support for future such events and to cater for the future of employment in the mines, as the industry adapts to be safer.
- (iii) More generally, developing comprehensive skills strategies to address the vulnerabilities of the labour market and to ensure adequacy of competencies with industrial needs.
- (iv) Increasing private and public investments in R&D and innovation to equip local businesses with digital solutions, allowing them to provide flexible working environments.
- (v) Completely rethinking current corporate social responsibility policies toward impact investment instruments, aimed at creating sustainable businesses for local communities and at reducing dependency on mining jobs.

**Supply chains** have been disrupted around the globe and will resume at different scales and times, raising the question of the resilience of mining supply chains and the importance of securing access to critical supplies for seamless production. This means:

- (i) Governments providing targeted accompanying support measures to strengthen the industrial bases and allow local businesses to capture larger parts of mining procurement markets.
- (ii) Designing sustainable financial instruments on favourable terms for local businesses, such as restructuring funds for enterprise development—not only to provide urgent short-term cashflow support, but more importantly to support the growth of local enterprises.

- (iii) Rethinking and coordinating local content strategies across sectors, to possibly re-shore or localize some types of critical mining procurement with broader applications (e.g., PPE).
  - (iv) Developing strategic regional value chains to reduce the exposure risks and dependency on just a few emerging markets.
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## ENDNOTES

<sup>1</sup> In April 2020, the [IMF](https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020) projected that the global economy would contract by 3% in 2020, while the [OECD](https://www.oecd.org/economic-outlook/) projected a decline of 5% in global GDP. See IMF. (2020). World economic outlook, April 2020: The great lockdown. <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>; OECD. (2020). Coronavirus: the world economy at risk. <https://www.oecd.org/economic-outlook/>

<sup>2</sup> Source: ICMM (2016). Role of mining in national economies (3rd ed). <https://www.icmm.com/romine/index>

<sup>3</sup> ICMM, 2016.

<sup>4</sup> Mining Technology. (2020). Mining operations on hold due to Covid-19 drops to 729. <https://www.mining-technology.com/comment/mining-operations-hold-covid-19-drops/>

<sup>5</sup> S&P Market Intelligence. (2020). COVID-19 impacts to metals prices: Volatility is here to stay - Part 2. <https://www.spglobal.com/marketintelligence/en/news-insights/research/covid-19-impacts-to-metals-prices-volatility-is-here-to-stay-part-2>

<sup>6</sup> The [decision was reviewed](#) to allow underground mines to operate at 50% as from May 1, 2020, subject to having COVID-19 health protocols in place. See South African Government, Department Of Co-Operative Governance And Traditional Affairs. (2020). Disaster Management Act: Regulations: Alert level 4 during Coronavirus COVID-19 lockdown. <https://www.gov.za/documents/disaster-management-act-regulations-29-apr-2020-0000>

<sup>7</sup> Air Freight prices have skyrocketed as a result of a drop in global air cargo capacity, which is down by 29% compared to the same period in 2019 according to [Accenture's Seabury Global Capacity Report](#) and the predominating use of available capacity to transport personal protective equipment (PPE) and medical supplies. COVID-19 also had a major impact on global shipping markets, due to a combination of factors, including in particular a slump in demand as production in (and exports from) China dropped significantly. See Accenture. (2020). COVID-19:



<sup>1</sup> Impact on air cargo capacity. <https://www.accenture.com/ro-en/insights/travel/coronavirus-air-cargo-capacity>

<sup>2</sup> See International Mining. (2020). Is COVID-19 going to speed up the automation of mining? <https://im-mining.com/2020/03/27/is-covid-19-going-to-speed-up-the-automation-of-mining/>

<sup>3</sup> Technology is not always cost-efficient in some jurisdictions where labour can be procured at lower cost.

<sup>4</sup> See the comprehensive EU response to COVID-19: <https://www.consilium.europa.eu/en/press/press-releases/2020/04/09/report-on-the-comprehensive-economic-policy-response-to-the-covid-19-pandemic/>

<sup>5</sup> In Australia, States and Territories have decision-making power to make laws for their respective states. For example, the Government of South Australia has identified mining and energy sectors as key industries for ongoing economic activities of the State. The sector therefore remains operational, on the understanding that all measures will be taken to protect workers.

<sup>6</sup> See for example [South Africa](#) and [The Philippines](#).

<sup>7</sup> For a comprehensive overview, see <https://www.icmm.com/en-gb/health-and-safety/covid-19>

<sup>8</sup> The [South African Solidarity Fund](#) for instance, has obtained pledges from the country's wealthiest families and from several mining companies, such as Anglo Gold Ashanti, Anglo American, South 32, African Rainbow Minerals, Exxaro.

<sup>9</sup> See the ILO [COVID-19 tracker](#), which provides a comprehensive overview of policies implemented by governments, employers' and workers' organizations by ILO in 188 countries and territories.

<sup>10</sup> On April 20, 2020, the President announced the creation of an "Emergency Family Income." The initiative is expected to reach 1.78 million affected vulnerable families with informal incomes.

<sup>11</sup> In South Africa, the government has established a COVID-19 [Temporary Employer-Employee Relief Scheme](#), where employers unable to pay salaries due to financial distress can apply. The scheme covers part of the salary and applies to workers earning up to ZAR 17,712 (approximately USD 945) per month, guaranteeing at least the minimum wage. Mine workers are not eligible because mining companies do not meet the two necessary conditions, that is, "financial distress" and workers' salaries, what are above the cap set by the scheme.

<sup>12</sup> Exxaro, for instance, has announced funding of approximately ZAR 73 million from its fund for small enterprises and is willing to consider payment holidays from enterprises with its ESD loans.

<sup>13</sup> The company has reduced the number of employees in its operations from the existing 7,310 to 4,910 and reduced contractor workers from 21,911 to 11,289 due to the Covid-19 health emergency

<sup>14</sup> For a comprehensive overview of fiscal stimulus packages, see the [IMF COVID-19 Policy Tracker](#).

<sup>15</sup> This measure is relevant for about 700,000 companies.

<sup>16</sup> VAT payments are postponed for all companies with sales below UF 350,000, making it possible to pay in 6 or 12 monthly instalments at a zero real interest rate, depending on their size: a measure that provided a buffer for some 240,000 companies.

<sup>17</sup> SMEs received their refund in April 2020. This will allow greater liquidity to be delivered to more than 500,000 SME companies (sales of up to UF 75,000 per year) for USD 770 million.

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