

NATURAL RESOURCES

A. Relevant Provisions of the Autonomy Legislation.

The “Self-Governance” summary identifies the autonomy laws at the various levels. All of these laws contain provisions on natural resources. Set forth below are representative samples of these provisions.

1. ***Certain Provisions of the State Council on the Implementation of the Law of the People’s Republic of China on the Autonomy of Ethnic Areas*** (effective May 31, 2005; adopted on May 11, 2005 by the 89th Standing Committee of the State Council).

(a) The state, in accordance with economic and social development plans, as well as the Great Western Development Strategy, shall give priority to the arrangement of resources development and major processing projects in autonomous areas of ethnic groups. Those that drill for oil, natural gas or other resources in autonomous areas of ethnic groups shall give support to the locality in terms of the development of the labor of the local economy, the development of corresponding service industries and the promotion of employment.

(b) The mineral resources compensation fees levied by the state shall, when being utilized, be used to increase the investment in the autonomous areas of ethnic groups and priority shall be given to the original production areas of the autonomous areas of ethnic groups.

(c) The state shall speed up the establishment of an ecological compensation system. Based on the principles of the payment of fees by developers, the compensation of beneficiaries and compensation by violators, from the aspect of the state, the area and industry and through measures such as financial transfers of payments and project support, the state shall grant appropriate compensation to autonomous areas of ethnic groups that have contributed to the protection of wildlife and fauna and the ecological and environmental protection of natural protected areas.

2. ***Certain Provisions of Gansu Province on the Implementation of the Law on the Autonomy of Ethnic Areas*** (effective July 1, 2006; adopted on September 20, 1988 by the Fourth Session of the Standing Committee of the Seventh People’s Congress of Gansu Province; and amended on June 1, 2006 by the 22nd Session of the Standing Committee of the Tenth People’s Congress of Gansu Province).

(a) The provincial and municipal administrative departments for state land and resources shall help autonomous areas of ethnic groups to develop natural resources and increase the capital investment in the development of land, the restoration of land to agricultural use and the organization of state land.

The provincial administrative departments for state land and resources shall refund all of the mineral resources compensation fees that they receive from autonomous areas that transport natural resources to the autonomous area in which the original mining production area is located.

In accordance with state provisions, there shall be appropriate reduction and waiver of relevant fees for those who explore and develop mineral resources in autonomous areas.

(b) The provincial administrative departments shall implement an approval process for the grant of mining rights. The opinion of the people's government of the autonomous area must be solicited in advance. Transfer fees for the transfer of exploration and mining rights shall be returned to the autonomous area.

(c) The Provisions also contain provisions on farming, forestry, water resources and hydroelectric power and environmental protection.

B. Tibet Autonomous Region.

1. ***Regulations of the Tibet Autonomous Region on the Management of Mineral Resources*** (effective July 1, 1999; adopted on April 1, 1999 by the Sixth Session of the Standing Committee of the Seventh TAR People’s Congress, and amended on January 20, 2002 by the 24th Session of the Standing Committee of the Seventh TAR People’s Congress).

(a) The Regulations have been formulated pursuant to the Law of the People’s Republic of China on Mineral Resources (the “PRC Mineral Resources Law”). The plans for the development and use of mineral resources formulated by the TAR people’s government shall be included in the state’s social and economic development plans. Any development of mineral resources in the administrative areas in the TAR shall consider the interests of the masses in the area and mining areas and promote the development of the economy and social progress in the area. The TAR people’s government may, in accordance with laws and the unified plan of the state, give priority to the rational development and use of mineral resources developed by the locality. The people’s governments at all levels shall actively encourage, support and guide the development of the mining industry in remote and impoverished areas.

(b) The Regulations provide a framework for the exploration and development of mineral resources, the transfer of exploration and exploitation rights and the protection and management of mineral resources.

2. ***Regulations of the Tibet Autonomous Region on the Protection of the Environment*** (effective September 1, 2003; adopted on July 24, 2003 by the Fifth Session of the Standing Committee of the Eighth TAR People’s Congress).

The Regulations have been formulated pursuant to the Law of the People’s Republic of China on the Protection of the Environment. The Regulations provide a framework for environmental protection in the TAR, including protection of scenic areas, lakes, rivers and drinking water sources, responsibilities of mining operations, measures to control air and noise pollution, and so forth.

C. Gansu Province.

1. ***Regulations of Tianzhu Tibetan Autonomous County of Gansu Province on the Management of Mineral Resources*** (effective March 1, 1995; adopted on March 20, 1994 by the Second Session of the 13th People's Congress of Tianzhu Tibetan Autonomous County, approved on January 21, 1995 by the 13th Session of the Standing Committee of the Eighth People's Congress of Gansu Province, and amended on March 26, 1999 by the Ninth Session of the Standing Committee of the Ninth People's Congress of Gansu Province).

(a) The Regulations have been formulated pursuant to the PRC Mineral Resources Law and the Autonomy Regulations of Tianzhu Tibetan Autonomous Prefecture. The county shall, in accordance with laws and regulations and the unified plan of the State, implement a policy of the rational development, scientific use and protection of mineral resources and with respect to mineral resources that can be developed in the county, give priority to their rational development and use.

(b) All units and individuals who carry out mining activities in the county must conscientiously implement policies on ethnic groups and laws and regulations relating to workers of ethnic groups, shall respect the religious beliefs and customs and traditions of minorities in the area and shall safeguard and develop the unity of ethnic groups.

2. ***Regulations of Gannan Tibetan Autonomous Prefecture of Gansu Province on the Management of Mineral Resources*** (adopted on March 30, 1999 by the Second Session of the 12th People's Congress of Gannan Tibetan Autonomous Prefecture, and approved on May 26, 2000 by the 16th Session of the Standing Committee of the Ninth People's Congress of Gansu Province).

(a) The Regulations have been formulated pursuant to the PRC Mineral Resources Law, and the Regulations of Gansu Province on the Management of Mineral Resources.

(b) When conditions are equal, enterprise legal persons and economic organizations of the prefecture and its counties shall have priority in mining and exploitation rights. The interests of the prefecture and the production and lives of the local masses shall be considered when developing mineral resources in the prefecture. Mining enterprises shall give priority to the recruitment of excess mining labor in the locality.

(c) The prefecture may, upon approval, use a portion of the gold and silver to manufacture decorative products specially needed by ethnic groups based upon the special characteristics of minorities of the prefecture.

D. Qinghai Province.

1. ***Regulations of Haibei Tibetan Autonomous Prefecture on the Management of Mineral Resources*** (effective July 1, 1995; adopted on April 20, 1990 by the Sixth Session of the Eighth People's Congress of Haibei Tibetan Autonomous Prefecture of Qinghai Province, and approved on May 31, 1995 by the 18th Session of the Standing Committee of the Eighth People's Congress of Qinghai Province).

(a) The Regulations have been formulated pursuant to the PRC Mineral Resources Law.

(b) The development of mineral resources or the construction of mines shall consider the prefecture's interests, and be beneficial to the ethnic areas' economic development, and help the local people to develop production and improve their lives.

(c) The prefecture shall have priority in the rational development and use of the prefecture's mineral resources in accordance with laws and the uniform plan [of the State].

2. ***Regulations of Haixi Mongolian and Tibetan Autonomous Prefecture on the Management of Mineral Resources*** (effective November 1, 1995; adopted on May 12, 1990 by the Sixth Session of the Eighth People's Congress of the Haixi Mongolian and Tibetan Autonomous Prefecture and approved on September 22, 1995 by the 20th Session of the Standing Committee of the Eighth People's Congress of Qinghai Province; and amended, which amendment become effective on November 1, 2003, by a decision on November 1, 2002 of the Third Session of the Eleventh People's Congress of the Haixi Mongolian and Tibetan Autonomous Prefecture, and approved on September 26, 2003 by the Fifth Session of the Standing Committee of the Tenth People's Congress of Qinghai Province).

(a) The Regulations have been formulated, in accordance with the Law of the People's Republic of China on Autonomy in Ethnic Areas, the PRC Mineral Resources Law and other laws and regulations, taking into account the actual circumstances of the prefecture, to strengthen the work of the discovery, development, use and protection of natural resources.

(b) The people's government of the prefecture, in accordance with the provisions of law and regulations and the unified plans of the state and province, may give priority to the rational development and use of mineral resources in the region.

(c) The prefecture encourages all types of economic entities and individuals to explore for and develop mineral resources and engage in the processing of mineral products and tackling technical issues and shall give them preferential treatment in accordance with relevant provisions.

3. ***Regulations of the Haixi Mongolian and Tibetan Autonomous Prefecture on the Management of Water Resources*** (effective October 1, 1998; adopted on May 15, 1998 by the Fourth Session of the 10th People's Congress of the Haixi Mongolian and Tibetan Autonomous Prefecture of Qinghai Province and approved on July 24, 1998 by the Third Session of the Standing Committee of the Ninth People's Congress of Qinghai Province; and amended by the Decision Concerning the Amendment of the Regulations of Haixi Mongolian and Tibetan Autonomous Prefecture on the Management of Water Resources, adopted on April 26, 2003 by the Fourth Session of the Eleventh People's Congress of the Haixi Mongolian and Tibetan Autonomous Prefecture and approved on July 25, 2003 by the Fourth Session of the Standing Committee of the Tenth People's Congress of Qinghai Province).

The Regulations have been formulated, in accordance with the Water Law of the People's Republic of China and the provisions of other laws and regulations, taking into account the actual circumstances of the prefecture, to strengthen the development, use, management and protection of water resources, prevent floods, enable the continued use of water resources and adapt the economic and social development of the prefecture to the needs of people's lives. The Regulations provide a framework for the management and exploitation of water resources in the prefecture.

4. ***Regulations of Guoluo Tibetan Autonomous Prefecture on the Protection of the Ecological Environment*** (effective October 1, 2000; adopted on May 13, 2000 by the Sixth Session of the 10th People's Congress of Guoluo Tibetan Autonomous Prefecture, and approved on July 30, 2000 by the 19th Session of the Standing Committee of the Ninth People's Congress of Qinghai Province).

The Regulations have been formulated pursuant to the Law of the People's Republic of China on the Protection of the Environment. The Regulations provide for the protection of certain areas in the prefecture, contain preventative measures, and clarify the responsibilities of various governmental agencies.

E. Sichuan Province.

1. ***Regulations of A Ba Tibetan and Qiang Autonomous Prefecture on the Management of Mineral Resources*** (adopted on April 19, 1996 by the Fourth Session of the Seventh People's Congress of A Ba Tibetan and Qiang Autonomous Prefecture, and adopted on October 17, 1998 by the Fifth Session of the Standing Committee of the Ninth People's Congress of Sichuan Province).

(a) The Regulations have been formulated pursuant to the Law of People's Republic of China on Autonomy in Ethnic Areas, the PRC Mineral Resources Law and the Regulations of Sichuan Province on the Management of Mineral Resources.

(b) The prefecture shall have priority in the development and use of mineral resources that can be developed in the locality in accordance with the uniform plan of the state and shall implement rational development and comprehensive use of mineral resources on the basis of the effective protection of mineral resources. Those entities in the prefecture that explore mineral resources or process or are in the business of selling mineral products shall give consideration to the interests of the prefecture and the production and lives of the local masses and shall make arrangements that are beneficial to the economic development of the prefecture.

2. ***Regulations of Muli Tibetan Autonomous County on the Management of Mineral Resources*** (adopted on February 6, 1996 by the Fourth Session of the Eighth People's Congress of Muli Tibetan Autonomous County, and approved on October 17, 1998 by the Fifth Session of the Standing Committee of the Ninth People's Congress of Sichuan Province).

The Regulations have been formulated pursuant to the Law of the People's Republic of China on Autonomy in Ethnic Areas, the PRC Mineral Resources Law and the Regulations of Sichuan Province on the Management of Mineral Resources. The Regulations are substantially similar to those described in item 1 above.

3. ***Regulations of Ganzi Tibetan Autonomous Prefecture on the Management of Mineral Resources*** (adopted on April 9, 1995 by the Second Session of the Seventh People's Congress of Ganzi Tibetan Autonomous Prefecture and approved on October 19, 1995 by the 17th Session of the Standing Committee of the Eighth People's Congress of Sichuan Province; an amendment was adopted on March 17, 1999 by the First Session of the Eighth People's Congress of Ganzi Tibetan Autonomous Prefecture, and approved on June 1, 1999 by the Ninth Session of the Standing Committee of Ninth People's Congress of Sichuan Province).

The Regulations have been formulated pursuant to the Law of the People's Republic of China on Autonomy in Ethnic Areas, the PRC Mineral Resources Law and the Regulations of Sichuan Province on the Management of Mineral Resources. The Regulations are substantially similar to those described in item 1 above.