

*Symposium on Pacific regional security:
Re-thinking regional security: Research and policy nexus
Mining strategy for New Caledonia or natural resource curse?*

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Introduction

Mining industry is usually characterized as a curse, also known as the "paradox of plenty". It is a paradoxical situation in which countries with an abundance of non-renewable resources experience stagnant growth or even economic contraction. The resource curse occurs as a country begins to focus all of its energies on a single industry, such as mining, and neglects other major sectors. As a result, the nation becomes overly dependent on the price of commodities, and overall gross domestic product becomes extremely volatile¹. The mining industry, as well as the financial transfers from metropolitan France, supplement for public salaries and numerous tax exemptions, has created a high standard of living, but also a high cost of living and a worrying increase in social inequalities.

Today, New Caledonia bears the brunt of the falling price of nickel, the end of the construction of two new nickel plants and the economic downturn. However, New Caledonia, which is supposed to have 25% of the world's nickel deposits, attempted to overcome this curse. For some, the mining industry was supposed to secure economic self-sufficiency and pay for a viable independence. This is a common belief in nationalism for natural resources. Therefore, the country and its Provinces tried to build a mining strategy based on added value and, for some, Government majority equity in local companies owning the resource and operating the plants.

How did the story of a new nickel plant begin? Interestingly enough, it started with General De Gaulle, who in 1956, from Koumac, a little town located in the Northern part of the mainland, alluded to the possibility of the construction of a second processing plant in the North of what was then called “Austral France”. The State-controlled firm, *Société Le Nickel* (thereafter *SLN*) operated a processing plant in Noumea since 1910 and the new French ambition intended to close the gap between the rich and sole city of Noumea and the rest of the country, nicknamed “the bush”. The new plant brought about the end of *SLN* monopoly as its mother company Eramet did not accept the conditions of New Caledonia holding majority equity.

The rebalancing over the country and between ethnic groups of New Caledonia was the work lead of the Matignon and Oudinot Agreements, signed in 1988 immediately after the troubles,

which culminated with a bloody hostage taking in *Ouvéa*, one of the Loyalty Islands. The establishment of three “Provinces” as regional councils shares the power on a regional basis. Two of the three Provinces have a large majority of Kanaks. Consequently, the presidencies of both the Northern and Loyalty Islands provincial assemblies are theirs by right! Ten years later, the Noumea Agreement set the same goal. The FLNKS (“*Socialist Kanak National Liberation Front*”) claimed access for the Kanaks to the mining resource, called the “stolen wealth”².

Time has now come to make an assessment of the nickel policy. Nickel plants became real. However, surprisingly the economic power hasn’t been given to the country.

1. Nickel plants became real

New Caledonia has been changing a lot since the Noumea Agreement in 1998. Three new nickel plants were launched, which join the sole one New Caledonia already had, the *Doniambo* plant owned by *SLN*: the first new one is located in the South of New Caledonia, which began operation in 2013; the second one is in the North unveiled by the French president in November 2014; the third is an off-shore plant in South-Korea, whose two production lines started in 2008 and 2015. The construction of the two new local processing plants took place one after the other. New Caledonia was then ranking as World’s fifth in terms of private investments. Such a situation created an economic and speculative boom, which speeded up the migratory flow from foreigners and metropolitan France. These constructions also increased the dispute between the political forces and the Provinces over the type of industrial strategy to be implemented and the future of the country, within or without the Republic.

a. Political power is shared in New Caledonia

The constitutional status of New Caledonia was crafted to prevent a political take over by a majority only. Its aim is to lead to a consensus between the political forces, on the one hand Kanak people who represent a minority in their own country³, and on the other hand non-Kanak people composed of multicultural ethnic groups.

First, the establishment of three “Provinces” as regional councils shares the powers on a territorial basis. The Noumea Agreement intends to follow the US and Australian federal models. Although the Head of State is not part of both Executive Government and the legislature, and the Parliament not bicameral like in the Westminster system, the Noumea Agreement enumerates Caledonian powers (like the Commonwealth powers) and leaves all unlisted powers to the “Provinces” (like the States in Australia).

Secondly, the powers inside the Government itself are shared according to a system of checks and balances. Let’s give an account of this specific point. The voting system used to elect the Congress is proportional representation, which makes it very difficult to build a majority. This

situation is classical, even in the Australian Senate that gives a voice to small political parties. Furthermore, the Noumea Agreement provides that the members of Government themselves may be elected by the Congress under a system of proportional representation! So, all the main political parties may join the Government. It is called “*collégialité*”, in English “collegial policy”.

This deeply differs from the classical French political system. The new one is based on a simplistic electoral mathematic rule, slightly limited by the possibility to choose the number of members of Government. The proportional representation gives the New Caledonian political system its “exceptional” characteristic⁴.

Article 39 of the Statute Organic Law⁵ says: The Congress of New Caledonia sets “*the principles regarding industrial development and rational use of natural resources in the context of sustainable development*”. The Caledonian Congress also sets “*the principles governing the export policy of mining products*”. Congress has to pass a “*Mining Scheme*”. The enforcement of the Mining Scheme comes under the jurisdiction of the Provinces. In accordance with article 39 of the Organic Law, “*every individual decision made by the Provinces must be consistent with the principles of the Mining Scheme*”. Strangely enough, environmental prerogatives fall also within the jurisdiction of the Provinces. This jurisdiction was a determining factor for the talks between newly settled multinational companies and newly empowered Provinces regarding the construction of the new plants.

Despite the provision of the Statute Organic Law, New Caledonia had to wait until 18 of March 2009, 10 years after the Noumea Agreement, to have the Mining Scheme passed by Congress. While waiting for it, both the Northern and Southern Provinces acted separately.

So, as political power is shared in New Caledonia, therefore, ten years later, plant equity should be shared.

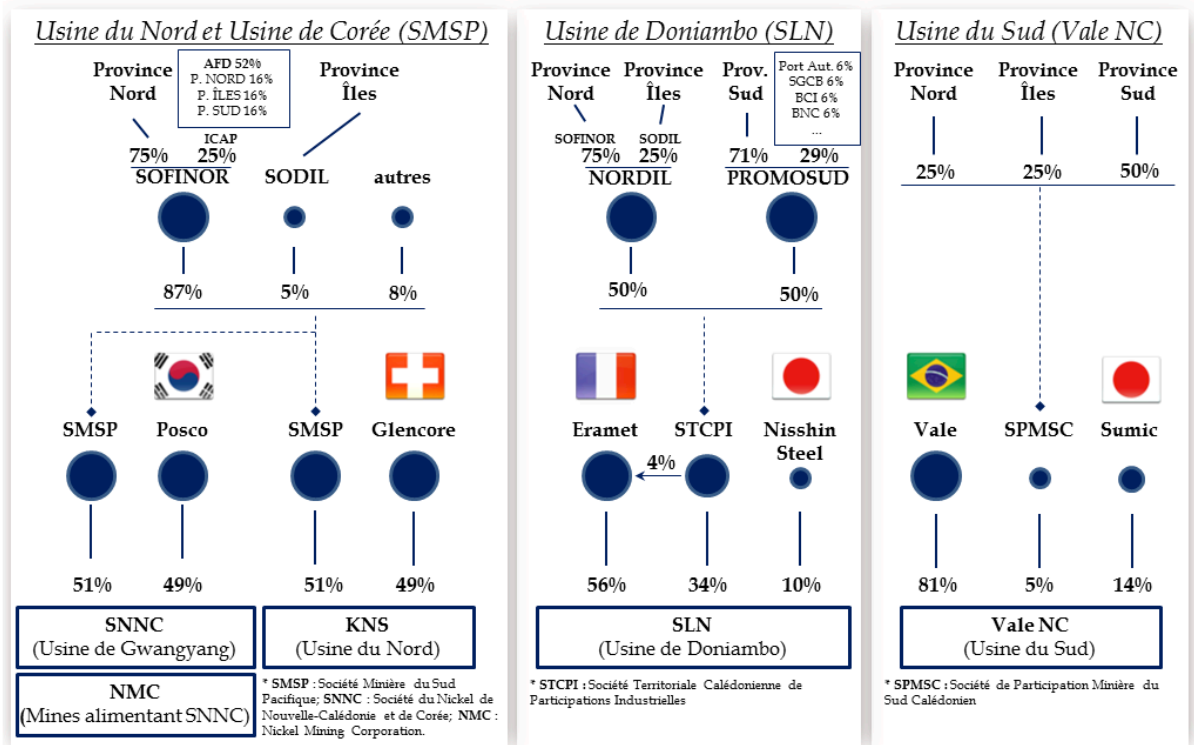
b. (Therefore) Plant equity is shared

- The country through the three Provinces owns STCPI (*Société Territoriale Calédonienne de Participation Industrielle*), which in turns holds 34% of SLN equity. It’s a legacy of history. What is at stake today for the supporters of resource nationalism is to become a majority shareholder. However, SLN runs the old *Doniambo* plant with a cost structure that will not allow the main New Caledonian company to generate profits for a few years to come.
- The country through the three Provinces owns SPMSC (*Société de Participation Minière du Sud Calédonien*), which holds only 5% equity of the Southern plant majority owned and operated by Vale. It was a choice made by the Southern Province authorities, in accordance with its liberal political concepts. There really was no willpower to share more financial risks and therefore equity. Nevertheless, although kept minimal, this 5% equity issue has never been paid and therefore is remaining

potential. The main reason is that here have been a lot of technical incidents during the starting phase of production. Today, Vale is still not making profits and continues its production ramp-up. It hopes to reach by the end of this year half of its rated capacity which is 30,000 tons of nickel metal in the form of finished and intermediate products.

- A local mining company controlled by the Northern Province of New Caledonia (*SMSP, Société Minière du Sud Pacifique*) owns, on paper, 51% of the Northern plant equity *Koniambo Nickel* (thereafter *KNS*). This choice has been made in accordance with a socialist mixed economy, called “Doctrine”. It should be here reminded that, in the exact name of *Kanak Liberation Front FLNKS*, “S” means *Socialist*. In New Caledonia, this strategy is ironically called “*The Orthodoxy of 51% equity share*” from its opponents. Despite this socialist belief, most of *KNS* cash flows will pay off the debts towards *Glencore*, which amount to 96.2% of the construction costs. That’s means that the so-called 51% equity, which symbolise the control of ownership by the country bringing the resource, have not been paid by the local shareholder. The ramp-up operation of the plant presented as a “national project” poses also multiple technical problems. *KNS* systematically revises downward its production targets and hope this time to achieve a quarter of its nominal capacity by the end of this year.
- *Posco* processing plant built off shore in Korea enhance lower content nickel ore deposits. *SMSP*, the local mining company controlled by the Northern Province, owns, on paper, 51% of *SNNC* equity (*Société du Nickel de Nouvelle-Calédonie et Corée Pty Ltd*), which is the owner of the *Gwangyang* plant. However, the dividends that were supposed to return to New Caledonia and fund *SMSP*’s share in the cost of the Northern plant construction, are scarce in the economic downturn and only cover the losses of the local mining subsidiary supplying the ore.

Mon Nickel détaille l'actionnariat local des opérateurs industriels en Nouvelle-Calédonie



Source⁶: <http://www.monnickel.org/actionnariat-des-principaux-acteurs-du-nickel-en-nouvelle-caledonie/>

Clearly, if economic power hasn't been given to the country it is mainly because, even more so in the commodities sector, it is finance that governs economy.

2. Nickel plants haven't given the economic power to New Caledonia

The mining stock market crash shook up one's beliefs. When nickel made money, New Caledonia built castles in the air. When the prices are low, people only see losses. The financial arrangement for the new plants turned out to be less attractive as people thought before. Were Caledonians robbed from their mining wealth or are industrial benefits deriving from majority shareholding undermined by financial liabilities? The truth is somewhere in the middle!



London Metal Exchange - Prosperous and difficult years
 Source : <http://www.infomine.com/investment/metal-prices/nickel/all/>

a. The dispossession of the mining resource by multinational companies

For all the three new plants, New Caledonia granted the multinational companies huge fiscal incentive. The national and local Governments gave massive tax exemptions for companies investing in French overseas territories and developing new industrial processes capable of producing metal from lower nickel content; there is no local tax for 15 years after the commercial production begins. Moreover, access to the nickel ore deposits was basically free, without paying any duty. A massive tax exemption on capital gain was also given to *SMSP* when it transferred its mining assets to its new joint venture. And so far, there is no tax on the extracted metric ton of soil.

From North to South of New Caledonia, multinational companies fund the construction of all the plants and therefore fully operate the nickel industry. They train the staff but secure the ore supplies and raw material contracts, hold the exclusive rights in the industrial process and patent. They control the distribution network, impose their decisions by blackmailing jobs and will take huge interests on the debt of local affiliate companies.

Multinational companies are increasingly bigger, distant and financialized. Boards of Directors are more and more remote from New Caledonia. There is one exception: *SLN*, the “Old Lady”, which parent company is the French *Eramet*. It has been the only steady partnership making significant fiscal contribution to the country. In the South, the company was firstly the Canadian company *Inco*, and secondly the Brazilian *Vale* after *Inco*'s buyout. In the North, the partnership changed following economic concentrations: Canadian *Falconbridge* first, *Noranda*, then the Swiss *Xstrata* in 2006, finally the Anglo-Swiss mining giant *Glencore* in 2013... *Posco* (*Pohang Steel Corporation*), which runs an offshore plant in South Korea, is a Korean steel manufacturer.

New nickel plants came with very important debts mainly contracted by multinational companies and to a lesser extent by local company holding equity. And even if the mining resource, which was brought to the joint ventures, has not been used as security for the mortgage, the allocation of new tenements is inevitably used to financially support indebted local shareholder companies. This is a catch 22! Every new technical problem, every new spending, extend the possibility to get dividends, therefore the repayment period as well as the length of availability of the nickel deposit by multinational companies. Let's give some examples:

- In the North, *Xstrata* then *Glencore*, was in charge of building the new plant. The overall cost increased first from US\$ 3.8 billion to US\$ 5.3 billion and now officially US\$ 7 billion. The multinational company funded almost all the costs and lent the money to its subsidiary *KNS*. This lending is made up of both senior and junior debts. Despite its 51% equity, the local partner *SMSP* could only pay 3.8% of the

construction cost (US\$ 254 million). Every additional cost of the plant increases the junior debt, the senior debt being fully dedicated to the power station benefiting from the fiscal scheme (a massive tax exemption based on “*Loi Girardin*”). *Glencore* financial asset gives it a priority dividend share. Of course, when making profits, most of *KNS* cash flows will primarily pay off the debts towards *Glencore*, which amount to 96.2% of the construction costs.

- In the South, the share of the Provinces remained symbolic, about 5% divided between the three of them. However, although symbolic, this share turned out to be too expensive for the country. The amount was around US\$ 350 million anyway and has never been paid. When the due date came, the Southern Province tried a workaround: only five weeks before the provincial election in 2014, the Southern Province decided to give access to a new nickel deposit, called *Prony & Pernod* and next to the plant, without any competitive call. The Province finalized a secret deal: *Vale* would pay for the debt regarding the 5% shares and in exchange the Southern Province would give access to new deposits. This debt of little consequence led quickly the Province to a political dependency and the mining company to a speedy and secretive land grabbing. The new majority elected in 2014 repealed the deal, on 7 August 2014, saying it was unlawful. Now, of course, it remains to be seen how the Provinces via *SPMSC* will pay back the loans, since the processing plant generates losses and therefore does not distribute dividends to its local shareholder?
- The third processing plant is the offshore *Posco* plant. This partnership is somehow unique. It's the first time in nickel business history, a steel manufacturer which is the end user of the ore and buy ferronickel from smelting companies, is directly associated with a mining company, especially on the basis of 51% vs. 49% of the equity share. *Posco* is a minority shareholder both in the company in New Caledonia (*NMC – Nickel Mining Company*) and in the company in Korea (*S.N.N.C. co Ltd - Société du Nickel de Nouvelle-Calédonie et Corée*).

The president of the Northern Province Assembly, Paul Néaoutyine, was first overcome by doubt about the offshore model. So, that partnership was overdetermined by the deal with *Xstrata* about the new cost and financing of the Northern plant. Politically speaking, the Northern plant was considered as the first priority. The vertical integration of the offshore model is, since then, described as a win-win partnership. The mining assets of *SMSP* were brought without tax on massive capital gain against the construction cost of the first production line of the offshore plant in Korea. However, according to the Mining Scheme, it is not considered as metallurgical activity (therefore deregulated), but as an exportation of nickel ore subject to Government authorisation like any other exportations. It is not indeed so to speak a Caledonian processing plant: firstly, it is located overseas, so the ore sold is an export, not a locally processed product. Secondly, the processing jobs are in Korea, not in New Caledonia, and not even one Caledonian works in Korea. So, the partnership only creates mining jobs, exactly like what are doing other mining companies without plants. Nevertheless, the interest of an equity majority share was supposed to be the income from

capital would pay for the junior debt of the Northern plant. However, this so-called majority share does exist only if the local subsidiary *NMC* can supply the plant with ore, in sufficient quantity as well as in enough nickel content. If *NMC* fails to stick to the rules of the supply contract over a period of thirty years, this will be terminated. *Posco* will then get 100% of *SNNC* owning the industrial asset, while *SMSP* will recover 100% of *NMC*, which is and remains the sole owner of the mining titles... The question is: what's the interest of getting back a drained ore deposit?

At the beginning of the partnership, it seemed to be a success story. The offshore plant generated a lot of cash (US\$ 295 million from 2008) unlike the mining partner *NMC*, which generated a US\$ 76 million loss. As we would expect, the local parent company *SMSP* would have received half of the profits, so around US\$ 150 million to cover the loss and pay for the junior debt. On the contrary, a large part of the profits was used to finance the construction of a second production line in the offshore plant. As a result, a large amount of the added value stood in Korea. In order to supply the second line of production new resource was needed... It's like a bottomless money pit: as long as the Koreans could grasp the added value, the partnership would live. As soon as the ore deposit is drained, the partnership would be terminated, along with the illusion beyond the fact of "detaining" 51% equity.

The description of these three different financial packages, firstly demonstrates that capital structure differs from financing of industrial projects. These are two different things: 51% of equity share doesn't give necessarily access to decision-making power. Even though *Glencore* and *Posco* in the North are minority equity shareholders, like *Vale* or *Eramet* in the South, they are the real leaders of the partnerships. What really matters is the effective decision-making power, which comes out of the own self-financing ability. Again, like real estate, the world of commodities is primarily governed by finance, not by land ownership. Whatever the level of equity, local shareholders are dependent on the sole capability of multinational companies to raise funds and lend to them the money they need, in the same way that landowners are owned by their proper mortgage. This is also another nice way to say that 51% equity without equal financial capability does not allow getting 51% of profits.

This explanation tempers the claim to become a majority shareholder in *SLN*. Following the Noumea Agreement and the historical deal signed on 17 July 2000 between the representative of the French Government, *RPCR*⁷ and *FLNKS*, New Caledonia directly holds 8% (today 4.03%) of the capital stock of *Eramet*, the parent company of *SLN*. The country could exchange these remaining 4.03% of *Eramet* to increase its stake in *SLN*, from (originally 30%) now 34% to 50,1% of the capital stock. The Noumea Agreement makes it clear that "development tools" should be transferred from metropolitan France to the country. However, nothing has ever been written in detail about increasing the stake in *SLN* since the transfer shall be made "on terms and schedules to be determined". Moreover, *Eramet* shows no interest in becoming a minority shareholder in any of its subsidiaries, wherever they are, in New Caledonia or in Africa... Even if it is still possible, although the deal of July 2000 does not stipulate it, the majority of equity will certainly not solve the real problem that is the competitiveness and survival of *SLN*, which owns nonetheless 53% of the territory's licensed

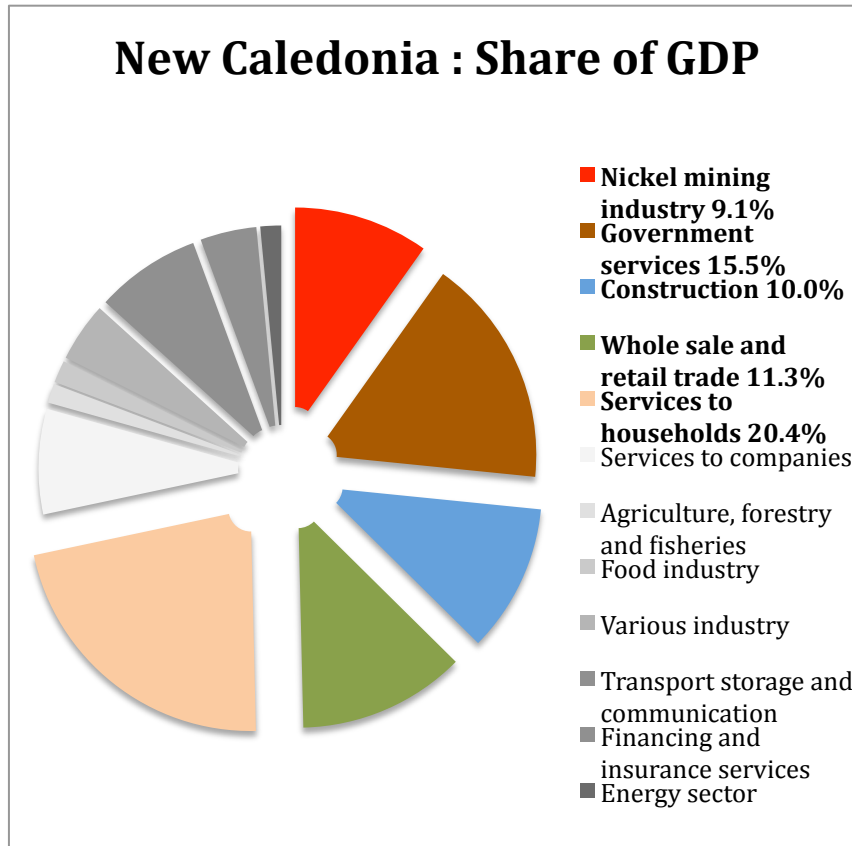
mining area. Probably, it is not absolutely necessary for the country to increase its stake to 51% of the capital share. It's likely that the country's representatives would defend the jobs whatever the costs and could be detrimental to competitiveness... Can really New Caledonia put its words where its mouth is? Can its Provinces run the mining business rather than simply cashing in dividends -rather than modernising the processing plant- to cover their own expenses? The presence in the Boards of Directors, even as a minority shareholder detaining a blocking minority of 34%, is certainly as useful as sufficient to protect the interests of the subsidiary and those of the country.

Whatever the case may be, New Caledonia and its legally empowered Provinces jointly bear today some of the financial or industrial risk of a downturn, while their financial partners that are the multinational companies bear most of the financial risk but expect to cash in most of the financial profits. This means that ultimately in the best case scenario, future generations will have to pay the full price for environmental damage and debt. One may wonder if it the role of an institution such as a provincial state to take majority shareholding in the highly capitalised mining industry? Could it go differently? Politicians in the country are more than ever deeply divided on the issue of resource nationalism.

b. A strategy of resource nationalism for the country?

Setting up a strategy of resource nationalism encounters many local disputes in New Caledonia, and the "bad aligning of the stars" doesn't facilitate the resolution of that permanent conflict.

Despite and perhaps because of its nickel policy, Caledonian economy is more than ever dependent on nickel⁸. The importance of the mining industry for the national economy is by no means negligible. ISEE (*Institute for Statistics and economics*) measures the economic weight of the mining industry at 5% of the GDP. Depending on both years and nickel prices, the mining industry can reach the significant share of 17% in the country economy like in 2007, when nickel price was at its highest level⁹. That year, neither the Southern plant nor the Northern plant, were completed. The weight of mining industry could reach 25% of GDP, as soon as the new plants start full commercial production¹⁰. However, such figures have to be put in perspective and should be kept into proportion: in 2010, the weight of nickel industry was estimated to be 9,1% of GDP, while public services were 15,5%. That same year, household services and shops, which somehow are linked to public salaries, weighted respectively 11,3% and 20,4% of GDP.



Share of GDP - Source: ISEE - Comptes économiques définitifs 2010 (publication 2013)

Corporate tax, called *IS35* (that means *Impôt sur les Sociétés* at 35%), generates volatile returns: US\$ 225 million on the peak in 2007, US\$ 16.2 million, in 2009 only two years after, but US\$ 3.1 million in 2015¹¹. This is problematic to maintain a balanced budget, especially as the country never created a Reserve Fund for future generations on which it could save during prosperous years and smooth business during bad years¹².

Moreover, the economic risk increases with the volatility of nickel prices. The likelihood of losing political consensus on mining issues is growing. Conflict broke out in July 2015 with a “truck driver’s crisis”. Truck drivers are contractors hauling the ore for mining companies called “small mining companies”, in opposition to “big companies” that are multinational companies operating the processing plants. Small mining companies are those without plants, which only supply and/or export ore. Basically, they operate small mines that cannot sustain conveyer belts, and this is the reason why they rely on truck drivers. These small companies were hit hard by weakening of nickel prices. They have to export more and more to keep afloat and give some work to the truck drivers and their employees.



Truck drivers blockading Government buildings (5 August 2015) – Photo credit MC

These needs run counter to big companies' will to hold back ore supply for them. Moreover, the local Northern mining company *SMSP* is in talks with Chinese company *Jinchuan* for a joint venture agreement based once more time on 51%. That's the reason why *SMSP* firstly

must find new deposits to supply the next offshore plant and, secondly, doesn't want the Government to give import access to China unless it is to supply its own joint venture. So, the mining company lobbies and stakeholders hope public authorities will ban any export to China, forcing small mining companies and even *SLN* to supply offshore plants.

What does the Mining Scheme¹³ say? The Mining Scheme has set some principles governing the export policy of mining products. The first principle provides “*supply of local mining plants should be preferred to export, subject to the legitimate interest of mining company*”. In other words, preference is normally given to local industry, but the exception, which is the “*legitimate interest*” of the exporting company, is not explained. Is it better to get a small profit today or perhaps a bigger one tomorrow? The second principle is also ambiguous: “*export to regular clients should be maintained*”. The Mining Scheme doesn't explain what is a regular client: what tonnage, which frequency? The third principle only seems to be easy to understand and leaves little room for misrepresentation: “*the objective is to protect jobs*”. However, does this selection criteria have priority? Some ranking criteria are enlisted: market progression, exported quantity, nickel content, ore origin, contract period, benefits for the mining company or for public authorities, etc. These criteria cast a so wide net¹⁴ that Congress has to clarify terms. Faced with a social and political deadlock, the High Commissioner, who represents the French State in New Caledonia, took initiative to step in, in order to revive a meeting of Congress.

The Congress, consulted on 14 October 2015 by the High commissioner for an opinion on the Spirit of the Mining Scheme, didn't ban any low grade nickel ore export to China¹⁵. As the outcome of the vote was very close in Congress, particular terms were set: firstly, the Government must process all the export applications to China; then, all licences should only be granted for 18 months; finally, nickel grade content must be lower than 1.65%. Congress also accepted a rising export to Japan, which is a regular client. In the words of the president of Southern Province, “*New Caledonia would double its exports of nickel content on the decade, outside Korea, even though they still have doubled during the last five years*¹⁶”.

The debate could have moved before the jurisdictions. Do these criteria infringe the principles of Mining Scheme, as are saying together *Frédéric De Greslan* (*Calédonie ensemble*, anti-independence camp) or *Paul Néaoutyine* (*UNI FLNKS*, independence movement). There are actually no exemptions from principles of the Mining Scheme. Is it only, from the other point of view, an enforcement of the Mining Scheme? However, while the Government had the week before granted a licence to NMC to export to Korea 1.9 million tons of saprolite ore per year over two decades, it did not fully follow the recommendations made in Congress. This means that the debate may resume once again in the streets with the truck drivers blockading Government buildings.

Such an interminable debate only gives some prospective for the short term. Could the country find a way for the foreseeable future of a “Common Destiny” as put forward in the Preamble of the Noumea Agreement? Could it be able to respect and develop a regulatory framework outside the scope of politics? Could other attitudes be initiated, which as a result

would develop a synergy between *SLN* and *SMSP*. Fostering a win-win situation between *SLN* and *SMSP* is of course a wishful thinking though, but very difficult to implement because of heightened antagonisms and lack of trust. Even if *SLN* helps *SMSP* subsidiary *NMC* to provide low grade nickel ore to Korea, which it actually does, the ore supply contract is benefiting the Korean partner. The original commercial cut-off grade on which price has been calculated is 2.3%, compared to 2.1% for Japan. Also, taking into account penalties payable by *NMC* for supplying lower grades, the Caledonian based company buying ore from other local mining companies is forced to sell nickel ore in Korea at a loss compared to the similar one sold in Japan. Export will be in the end for the benefit of *Posco*, not *SMSP*. This situation is an obstacle to a successive outcome.

If the near term prospect of activity level seems to be maintained, clouds over the Agora are thickening. All the plants are losing huge amounts of money. It's inconceivable a resolution of the problems happens quickly:

- Faced up with the harsh reality, the parent company of *SLN*, *Eramet* announced on 14 October 2015 in Paris that it will postpone all its investments, especially the future coal-fired power station in Noumea. This announcement is very concerning, because the power station was an absolute necessity to boost the competitiveness of the plant. This announcement also sprang a surprise, because *SLN* during the past prosperous years, gave high dividend payout (US\$ 766 million in two years 2012 and 2013). So, *Eramet* gave priority with the complicity of the three Provinces via *STCPI* to shareholders than to urgently needed investments.
- The three local plants already announced astronomical losses for 2015: US\$ 192.3 million in one year for *SLN* and around US\$ 430 million for both the Northern and Southern plants (*Glencore* and *Vale*). Payout from *Posco* may drop to zero, while *NMC* will generate important losses.

Facing so huge losses, there are few possible strategies: stand-by or selling. One does not preclude the other. To put the plants into a stand-by would mean serious firing. The selling or the opening of capital share to a new investor would mean the dilution of the equity position of the existing shareholders, especially of public authorities. This would ruin the "Orthodoxy of 51% equity share" and the strategy of resource nationalism. Many people would take to the streets.

Conclusion

New Caledonia hasn't emerged today from the natural resource curse, far from it. The country focused all of its energies on a single industry that is mining, and neglected other major sectors. As a result, the country or for some the emerging nation is overly dependent on the price of commodities and its economy is becoming extremely volatile. Prosperous years driven by investments and jobs allowed avoiding to choose. As in the other French Islands, despite recurrent debate, economic issues were put on the backbench: competitiveness,

productivity, investment viability. Theoretical questions remain predominant: the sharing of power between the Country and the Provinces, the balance of power between Congress and Government, the so-called “Orthodoxy of 51% equity share”. Yet, theoretical questions lead quickly to mental block. And nothing is solved...

Pending the ultimate takeover of *SLN*'s mining resource by the rise in equity to up to 50.1% or banning export of raw nickel ore to supply Korea, supporters of “the Orthodoxy” imagine to achieve a hypothetical “economic sovereignty” from the crust of resource nationalism. They try instead to provide *SMSP* with new mining titles in order to revive a third project with *Jinchuan* in China. As with the Korean partnership, this would allow to bring to a joint venture new mining resources for cash under the guise of a mythical participation majority. The purpose is not to control the natural resource, but to get some cash advance to help the struggling holding company and its subsidiaries. Is it the interest of the country to get involved in this headlong rush? Maybe it's time of proclaiming a moratorium, so the Caledonian population could finally digest and appropriate as much as possible a nonetheless relative control of existing industrial projects and begin to improve their competitiveness. This is far less noble, but certainly wiser and more effective.

Reference section

¹ <http://www.investopedia.com/terms/r/resource-curse.asp>

² Le Monde quotidien, 13 juin 2014 : http://abonnes.lemonde.fr/societe/article/2014/06/13/petite-histoire-de-l-usine-du-nord_4438066_3224.html

³ Census – August 2014

Population des différentes communautés d'appartenance de Nouvelle-Calédonie en 2009 et 2014

Communauté d'appartenance	2009		2014	
	Effectif	%	Effectif	%
Européenne	71 721	29,2	73 199	27,1
Indonésienne	3 985	1,6	3 859	1,4
Kanak	99 078	40,3	104 958	39,1
Ni-Vanuatu	2 327	0,9	2 568	1,0
Tahitienne	4 985	2,0	5 608	2,1
Vietnamienne	2 357	1,0	2 506	0,9
Wallisienne, Futunienne	21 262	8,7	21 926	8,2
Autre asiatique	1 857	0,8	1 177	0,4
Autre	2 566	1,0	3 428	1,3
Plusieurs communautés	20 398	8,3	23 007	8,6
"Calédonienne"	12 177	5,0	19 927	7,4
Non déclarée	2 867	1,2	6 604	2,5
Ensemble	245 580	100,0	268 767	100,0

Source : Insee-Isee, recensements de la population

⁴ Mathias Chauchat, Les institutions en Nouvelle-Calédonie, août 2011, CDP Nouvelle-Calédonie, SCEREN <http://www.sceren.com/cyber-librairie-cndp.aspx?l=les-institutions-en-nouvelle-caledonie&prod=476211>

⁵ Loi organique n° 99-209 du 19 mars 1999 modifiée relative à la Nouvelle-Calédonie, <http://www.legifrance.gouv.fr>

⁶ This table has been slightly modified since its publication: Financial bodies *AFD / ICAP (Agence Française de Développement / Institut Calédonien de Participation)* are no longer shareholders of *SOFINOR (Société de Financement et d'Investissement de la province Nord)* in the North and have since been replaced by *SAEM* (semi-public companies) of the Northern Province. Shareholding in the South has also changed with the dilution of *SUMIC* shares in favor of Vale (*Sumitomo Metal Mining Co., Ltd. and Mitsui & Co., Ltd.*, through a jointly owned company they have formed *Sumic Nickel Netherlands*).

⁷ RPCR, Rassemblement Pour la Calédonie dans la République (anti-independence camp).

⁸ L'impact du nickel en Nouvelle-Calédonie IEOM-CEROM juin 2015 ; http://www.cerom-oultremer.fr/IMG/pdf/etude_cerom_-_impact_du_nickel_en_nouvelle-caledonie_-_juin_2015.pdf

⁹ Syndex, *Nickel, métal du diable ou vecteur de développement ?* Juillet 2015, p. 63.

¹⁰ *Idem*

¹¹ *Idem*. The figure for 2015 is based on the entries in supplementary budget 2015

¹² Gaël Lagadec & Olivier Sudrie, *Du court au long terme : un scénario « norvégien » pour pérenniser la rente nickel en Nouvelle-Calédonie ?* Revue Développement durable et territoires, Vol 4, n° 3, octobre 2013.

¹³ Mining Scheme, *Schéma de mise en valeur des richesses minières de la Nouvelle-Calédonie*, mai 2009, édité par le gouvernement de la Nouvelle-Calédonie www.dimenc.gouv.nc

¹⁴ <http://nouvellecaledonie.la1ere.fr/2015/10/13/le-schema-minier-la-bible-du-nickel-caledonien-ou-un-simple-document-d-orientation-295435.html>

¹⁵ <http://www.lnc.nc/article/pays/oui-à-la-chine-mais>

¹⁶ @DemainDNC, 16 octobre 2015, p. 4. In precise figures, the Caledonian mining production increased from 92 845 tons of contained nickel in ore in 2009 to 178 080 tons in 2014. Despite expectations, over the same period, local nickel metal production increased by 52 132 to 82 754 tons. In the same interval, the mining exports (Japan, Korea and Australia) increased from 48 561 to 70 328 tons of contained nickel / source: Dominique Nacci, *Calédonickel*, <https://caledonickel.wordpress.com/2015/10/20/tests-de-performance/>