NEW CALEDONIAN NICKEL
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We all know how nickel is important for New Caledonia and the Caledonians. For some, it is a poison for others it is a remedy, because, although strategic for the country, the economic and social sectors' benefits are inefficiently identified.

For the past ten years, the nickel sector has generated significant tax revenues for the territory with a value added rated from 3 to 18% of the Gross Domestic Products, depending on nickel's world prices rates. It currently represents more than 10,000 jobs.

Therefore, isn't it legitimate to wonder about the prospects of this highly cyclical, capital-intensive and oligopolistic industry where four major groups supply two-thirds of the world's refined nickel, and where four South East Asian countries, which are China, Japan, Taiwan and Korea, absorb 60% of the world consumption? Isn't it legitimate to wonder if the Caledonian economy's dependence on nickel's sector will be increased? Should we continue to rely with much hope on nickel in New Caledonia?

The response is unequivocally yes, but yet we still need to know how to manage it and how to take advantage of the mining resources. Still, we must understand how to increase its added value!

During the 2008 economic and financial crisis, the Northern plant and that of Gwangyang in South Korea - two highlighted development projects, undertaken on frontage by the SMSP Group, in partnership with Xstrata Nickel for the first and with POSCO for the second – have been the two puffs of hope during the world economic gloominess, as currently in 2007, we launched simultaneously these two plants' construction works.

To do so, we of course had to rely on widely proven industrial processes which could combine economic profitability with the environmental scale, enabling to build solid bridges between the mine and metallurgy, the economy and politics, the social and environmental issues, the communities' aspirations and the sharing of wealth.

But more importantly, we relied on the upgrading and optimization of the mining resources, a strategy which constitutes in our view, the only lever supporting the development of solid and balanced trade partnerships where the resource's environmental management is part of its own valorization's strategy.

Although the territory owns approximately 25% of the world resources, the Caledonian nickel currently accounts for only 7% of the global consumption. The country's reserves are very imperfectly known, and although one of the 5 chapters of the New Caledonian Valuation of the Mining Wealth's Chart stipulates the objective of improving the resources' assessment, still the inventory remains to be carried out. So far, these resources should undeniably ensure the Caledonian economy sound long-term horizon.

To draw this conclusion, we rely on our own history, of over 20 years' experience of industrial and human adventure, that I invite you to discover in the film… 20 years old is the age of reasoning, of maturity, but also the age, where everything becomes possible. In the light of the foregoing, the balance review of these last twenty years should be drawn because our success is forged outside, not to say despite, the colonial legacy.

It summarizes the ongoing resource management and the permanent maintenance of its control of the Caledonian interests. So, thanks to its strategy of the valorization of resource, from which process the two plants derived, the SMSP will hold a majority shares in a total production capacity of 90 000 tonnes of nickel metal content in ferronickel from 2014 onwards. The SMSP Group will then become the world's leader in ferronickel production and New Caledonia will benefit from the revenues generated by this metallurgical operation, incomes ten times higher than those resulting from the mining activity.

It goes without saying that the question of resource valorization involves the whole territory, detainer of one of the most important global mining reserves. With the launching of production of the Caledonian plant in South Korea, processing and valorization of NMC's low-grade ore, with the commissioning of Vale New Caledonia, processing intermediate products from the Southern limonite, and with the commissioning of the Northern Plant, which processing of saprolite ore, extracted the Koniambo Massif, is planned for 2012, New Caledonia is prepared to become one of the first nickel producers in the world. Added to the Doniambo plant, presently blowing its hundred candles of existence, all these processing units should produce in 2014, approximately 210 000 tonnes of nickel metal per year, that is to say 15% of world production.

This sector will represent between 15 and 20% of the territory's Gross Domestic Products. It is a great diversification tool catalyzing a human activity in multiple jurisdictions, progressively consolidated through a number of merchant and non-merchant services, which represent today nearly 50% of our Gross Domestic Products. One just has to visit the Vavouto site in the North, or that of Vale New Caledonia in the South, to understand the multicultural brewing and the structuring roles, these world-class industrial projects play. Whether they are seen as the industrial, commercial, economic, environmental, social or cultural prism, the country is structured itself along with them as Nouméa was once structured around Doniambo.

More importantly, on the “caillou”, the nickel periodically takes the consensual and political form of a mining prerequisite before each public consultation on the ins and outs of the social contract and the institutional framework. The obvious presence of many politicians among the participants demonstrates this. It is partly due and thanks to the mining issue that the question of re-cognizing the first inhabitants was conducted and that the betting on peace and on intelligence has finally won. It is because and due to our ability to manage a field of activity, essential to the country and to the future of our children, that the control of this sector has been partly provided by the development of integrated models both at the industrial level as well as at the business level.

As soon as these production units would reach their full production capacity, New Caledonia will be placed behind Russia and in front of Indonesia, on the ranks of the greatest nickel’s producers. Unlike its neighbours however, New Caledonia will export most of its production in the form of metal, which will generate ten times higher added value, compared to the simple sale of crude ore. Although efforts remain to be done in this area, the public authorities’ shares in the metallurgical units will then represent one-third of this production capacity: 34% shares for the three provinces through STCPI in the SLN capital, 5% for the three provinces in the Southern Plant and 51% for the Northern and Loyalty Islands’ Provinces in the Northern plant and in the South Korea’s Gwangyang plant.

Beyond the good governance and the detention of the equity by the communities, remains the question of sustainable development of the mining wealth, an extended building site that deserves to be addressed now, as it determines New Caledonia’s peace and prosperity. Where should we place the cursor in the search for a livable, equitable and sustainable development? How to establish a livable, sustainable and fair trade in the Caledonian nickel’s industry?

In my view, the question of sustainability refers to the competitiveness and the profitability, so the added value generated by the metal’s manufacture and marketing. It is vital as the latter allows to the countries owning the resource to protect themselves from predators, by means of having majority shares, generating profits, creating jobs, preserving and rehabilitating the environment without public funding. Selling crude ore without added value, leads to use up the heritage without finding ways to rehabilitate the mines. Hence the need to develop an integrated mining activity, subsequently fair in terms of trade partnership, where the smelting sector secures its ore supplies and the mining sector gets the sale of the metal’s earnings. Based on these assumptions, the development model is viable as respectful of major economic, social and environmental sets of scales.

This question must be raised with full accountability because the answer will be a notable influence on discussions that will be conducted on the institutional future of the New Caledonia; a country which detains almost the quarter of nickel’s reserves in the world but represents today only 7% of world production resources; a country where 63% of valid mining titles, that is to say 50% of the conceded surfaces, are not subject to deep working research; a country where more than 1700 mining titles are currently held by approximately 50 licensees among which six only are on operation; a country where the distribution of mining titles is a legacy of colonization.

The fact that the Caledonian mining heritage is purely and simply frozen by the inheritors of an outdated system, is detrimental and goes against the country’s interests! The fact that it can be discounted by multinational companies is furthermore unacceptable!

Moreover, it is time to think about the next steps and make an inventory by independent instances of the available resources to allow better distribution and optimization of mineral wealth, especially at the level of the current un-operated deposits of ore with low nickel’s content, not economically recoverable by local industry. These old mines, whose rich ore has been extracted, potentially polluted but recoverable with effective and profitable industrial tools, under the majority control of the Caledonian interests abroad, which would identify the financial levers for the benefit of the community. The funding of these programs, without which, no viable and no sustainable development cannot be achieved, will be finally provided by the return in New Caledonia of metallurgy revenues. Exploitation of these sleeping or freezing deposits would create hundreds of jobs and added value, which in fine, will ultimately serve to finance their rehabilitation especially on the East Coast and in the North.

Once again, this question must be raised with full accountability because the answer will be a notable influence on discussions which will open on the assessment of the Noumea Accord and the territory’s institutional future. The equitable sharing of the Caledonian mining resources is a matter of general interest, which must be dealt with by the competent public authorities, leading up the preparatory work on the discussions on the period beyond 2014.

Since 20 years, the SMSP has extensively contributed to draw the attention of the elected politicians, on the necessity of reasoning “country" and more recently to set up a mining and metallurgy industrial sector’s strategy in New Caledonia, because beyond projects and concerns, beyond joy and anguish, beyond disillusionment and successes, we’re first, life performers, often by the jobs we create and consequently we’re actors of the lives of others. This gives meaning to our own existence!