

The Face of Mining in Africa

Written by Gys Landman

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The face of mining in Africa is changing rapidly and is becoming increasingly complex. More so than ever, the competition for strategic resources is critical to the economic growth of the emerging economies as they posture to challenge the suzerainty of the long established developed states. This once again places the African minerals industry at the centre of the global geopolitical stage.

The game has changed since the periods of colonization, cold war, and independence, all of which sought to achieve the same objective: dominance of the continent's sources of strategic minerals. The evolving pressures on the industry around environment, social licence to operate, and the imperative to preserve scarce natural resources are exacerbated by the entry of new players into the sector who do not necessarily subscribe to the same rules.

In order to equip our members to navigate these waters, the Southern African Institute of Mining and Metallurgy has established a Mineral Economics Committee, which is mandated to set up a watching brief on this changing arena and to better understand the industry's impact on and interface with the economics of resource rich countries in southern Africa. It will draw on the experience of its membership and other sources of knowledge and research to enable our constituency to more competently understand and react to these changes. It is intended to equip the Institute and its constituency to contribute substantially to the broad-ranging debate on their activities currently taking place.

Mining companies are key players in the catalysation and development of economic activity in Africa. How companies conduct their business and with whom they forge new alliances will fundamentally influence the outcome of the formative stages of this new phase of development. There is a legitimate and much needed focus on the minerals policy environment that one has to take into account, and accept that mining companies and their managers, planners, and professional operatives need to appreciate that their influence, at all levels of society and government and both positive and negative, is profound.

While statutory policy clearly provides a framework within which a mining company is legally bound to operate, it is corporate policy that ultimately governs the manner in which we conduct our business. If one considers the fact that statutory policy is reactive and is imposed as a political response to the manner in which mining companies have behaved in the past, national policy by definition structures the future commitments and behaviour of the mining sector. In this sense corporate policy effectively both pre-empts and responds to national policy, and is arguably more important.

In pure pragmatic self-defence, more than any other sector mining companies and their managements have to understand the game. What happens politically in Africa fundamentally affects our business. The African minerals sector is the Queen in this ongoing game of global geo-political and geo-economic chess in which there are many aspirant Kings and legions of duplicitous Bishops desperate to take immediate advantage of the highest bidder. After decades of the mining industry making more effort than any other industry to clean up its environmental act, be socially responsible, politically compliant, and reform its image in civil society, in Africa we face an ongoing destabilization of the playing field that may be neither logical nor necessarily just. Increasingly, it is the lot of the mine manager and chief executive officer to

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manage the politics around mining rather than concentrate their intellect and effort on the real business of exploiting non-renewable resources and creating concurrent wealth and sustainable economies, societies, and environments.

Under my direction, the Institute has charged the Mineral Economics Committee with a work programme targeted at independently and objectively identifying the core political-economic issues facing mining companies, studying them, facilitating open discussion and debate on their implications and in so doing, inculcating in its membership useful insights into and understanding of the political and economic developments in Africa and their implications for our industry. The intention here is not to repeat the extensive and valuable work done by imperatives such as the Minerals and Metals Sustainable Development programme (MMSD), the various programmes initiated by the International Council for Mining and Metallurgy (ICMM), the Extractive Industries Transparency Initiative (EITI), the Natural Resources Charter being developed by Paul Collier, or the scores of other worthwhile projects. The objective is to take what has been learnt from these programmes, extrapolate this to our specific regional operating environments, and to communicate the knowledge gained to our members.

I would encourage you all not only to support the efforts of the Committee, but to actively involve yourselves in its programmes and debates. The SAIMM's July Journal will introduce and expand on the concepts touched on above – be sure to look out for the July issue.