Ticking boxes won't revive the mining industry

The mining industry, which has been the engine of growth of the South African economy for about 150 years, has stalled. Commodity prices have plunged and production costs risen as the infrastructure within which the mines operate has deteriorated. Production is restricted by erratic power supplies and exports are throttled by Transnet's lack of capacity and problems at the ports. Mining companies have to spend vast sums both to protect their assets and for personal security. There are few new projects and exploration has dwindled to nearly zero. Beneficiation has moved backwards as more chrome and manganese ore is being exported and less is smelted domestically to produce alloys.

In late February Anglo American Platinum (Amplats) announced that it had initiated a Section 189A process that would result in the retrenchment of 3 700 employees. This followed Arcelor Mittal's (Amsa's) threat to close facilities at its Newcastle and Vanderbijlpark steel plants which would involve the loss of 3 500 jobs. Amsa blamed their problems largely on factors beyond their control, citing Transnet's inability to provide an efficient rail transport service and the erratic supply and high cost of electricity.

Amsa also reported that steel demand had collapsed under the weight of a sluggish economy and a failing state, with the country's apparent steel consumption declining by 20% over the last seven years to an annual level of about 4 million tons. As demand for steel is a key indicator of industrialization this shows that South Africa has deindustrialized over the last decade.

However, President Ramaphosa struck an upbeat note at the Mining Indaba in Cape Town when he announced that 39% of the South African mining industry is now owned by blacks and the audience responded with rapturous applause. Did that mean that ownership of the industry has now been expanded to a much larger number of blacks or simply that a few wealthy individuals have gained a larger share of the industry? If expansion in black ownership does not equate to an increase in benefits and prosperity for the wider black community then calculating ownership figures according to race is a mere box-ticking exercise.

It also raises the question of foreign ownership. Perhaps the architects of this ownership-by-race analysis could also inform the South African public of the percentage of our mining industry controlled by foreign companies. It would be interesting to know what proportion of the South African mining industry belongs to the Chinese through their ownership of chrome ore and alloy producer Samancor. Or the Russian oligarchs through their involvement in the production of manganese ore and alloys? Or the British through Anglo American? Are these figures available?

Furthermore, foreign owned companies like Samancor and Acerinox, the Spanish company that owns Columbus Stainless Steel, which are not listed on the Johannesburg Stock Exchange (JSE) deny South African citizens of all races any possibility of ownership of projects in their own country.

Evidently not prepared to face up to the really important problems facing the mining industry, MP Sylvia Lucas flippantly remarked during the State of the Nation (SONA) debate in Parliament that load-shedding was not 'the end of the world'. Perhaps not, but certainly the cause of billions of rands in damage to the national economy.

Also during this debate, the Minister of Mines, Gwede Mantashe proudly asserted the government's control of the mining industry, saying that ANC cadre deployment would continue and the ANC will continue to deploy 'capable' cadres because the party has brought about racial transformation. This may be so but he also needs to ask himself why the South African mining industry over which he presides was rated in May last year for the second time by the prestigious Fraser Institute in Vancouver, Canada, as one of the world's ten worst destinations for mining investment.

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