

MEDIA STATEMENT

MINERALS COUNCIL WELCOMES PRESIDENT RAMAPHOSA'S CALL TO REBUILD SOUTH AFRICAN ECONOMY

Johannesburg, 18 September 2020. The Minerals Council South Africa welcomes President Ramaphosa's address this week announcing the further lifting of restrictions with the shift in the country's COVID-19 status to Level 1 from Sunday.

The Minerals Council also shares the view of the President and of the country's health experts cautioning that, while restrictions are being relaxed, South African businesses, other institutions and citizens must remain vigilant and continue to exercise safe behaviour at home, at work and in their communities.

The mining industry supports the President's call to "move to rebuild our economy, restore growth and create jobs" and is ready to play its part.

To this end, the Minerals Council reiterates its support for the economic recovery strategy developed under the auspices of Business for South Africa (B4SA) and Business Unity South Africa (BUSU).

Says Minerals Council CEO, Roger Baxter: "The South African economy was in a crisis even before the outbreak of the COVID-19 pandemic, with the country performing well below its potential. Over the past decade the South African economy decoupled from other emerging economies in terms of having a much slower economic growth rate. We have experienced declining international competitiveness, a collapse in business and investor confidence, falling investment, low levels of economic growth, rising unemployment and accelerating poverty and social upheaval. COVID-19 has made a bad situation worse. The economy has run into several structural constraints (electricity, rail and ports) and institutional constraints (red-tape, declining capacity in the state to enforce law and order, etc.), which have basically resulted in the collapse in the country's productivity growth and potential growth rate. These structural and institutional constraints need to be urgently addressed.



“We must address the key issues which undermine our relative competitiveness and impede our growth potential as a country. Like the rest of the economy, the mining industry has significant potential, and if the issues holding it back were to be addressed, this potential could be unleashed, enabling the industry and the country to embark on a new path of inclusive growth and investment, and ultimately, a better future for all.”

The Minerals Council has identified the issues the industry needs addressed by government and itself, and through a social compact, including energy security and cost, logistical port and rail bottlenecks, regulatory uncertainty, modernisation, social tensions with communities and organised labour, and crime, including illegal mining. The Minerals Council appreciates the constructive engagement with the Department of Mineral Resources and Energy during the COVID-19 pandemic in terms of working together to save lives and save livelihoods. The industry remains committed to fighting the pandemic and ensuring all safety and health protocols are implemented to contain COVID-19. At the same time addressing the structural and institutional constraints will enable the mining sector to help lead the economic recovery.

“If all these issues were to be addressed, we estimate that mineral sales could increase by R61 billion and tax revenues by R5 billion; 70,000 jobs could be saved; 26,000 additional direct mining jobs and 47,000 additional indirect jobs could be created in the next four years,” concludes Mr Baxter.

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