

Issues facing mining and impeding economic potential

Energy security and cost, logistical port and rail bottlenecks, regulatory uncertainty, modernisation, social tensions with communities and organised labour, and crime, including illegal mining are some of the key issues which undermine our relative competitiveness and impede our growth potential as a country, says Roger Baxter, CEO, South African Minerals Council.



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"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.

"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," he says.

Addressing the issues

The Minerals Council appreciates the constructive engagement with the Department of Mineral Resources and Energy (DMRE) 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 R61bn and tax revenues by R5bn; 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,” says Baxter.

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