

**SPEECH BY MINISTER OF MINERALS AND ENERGY,**

**MS BUYELWA SONJICA, MP, AT THE LAUNCH**

**OF THE BENEFICIATION STRATEGY,**

**GALLAGHER ESTATE, MIDRAND.**

**READ BY CHIEF INSPECTOR OF MINES, MR THABO  
GAZI.**

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# **Keynote address by Minister of Minerals and Energy, Ms Buyelwa Sonjica**

**Programme Director,**

**Captains of industry,**

**Leadership of the labour movements,**

**Distinguished guests,**

The rising economic tide, which is wreaking havoc in our ordinary lives requires not inactivity, but calls for unprecedented counter-cyclical policy interventions and partnerships with all stakeholders in the economy.

We are gathered here today in the mist of a depressed global economy, from which South Africa is not immune. Consequently, both demand and prices for commodities have been severely affected, with the exception of a handful of commodities that have remained resilient.

The trading structure of our mineral commodities is essentially premised on a model that sought to sustain a colonialist political configuration and serve its agenda. This has created vulnerabilities for the mining industry in South Africa, which must be minimised through interventions such as today's launch.

Since the implosion of the financial crisis at the beginning of the last quarter of 2008, over 100 thousand jobs have been lost in all sectors. Our learned colleagues inform that a further 200 to 300 thousand jobs could be lost this year, as the crisis deepens. As you would know, every job in South Africa supports at least 8 other South Africans, demonstrating the severity of the ramifications of the anticipated job losses. The bulk of these job-losses are in the mining and manufacturing sectors, both of which represent the backbone of South Africa's economy

I wish to draw from Dr Martin Luther King Jr.'s articulation, which is relevant to this intervention, namely: "The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy". The current situation has reminded all of us, as government, labour and business, of the need to cooperate at all levels in order to contribute to our economic growth,

Government and business leaders across the globe are aggressively searching for solutions to turn the current situation around and drive the world economy out of the current slump. Developing countries cannot afford to wait for the solutions being sought by the so-called most powerful economies, but have to find their own solutions which are adapted to address their specific challenges.

It is also crucial that we put in place specific enabling environments rather expeditiously, which will also position South Africa correctly to leverage maximum benefit, when the global economy experience an upswing. I am in no doubt that it is incumbent upon all in the South African economy to find a path out of the downturn.

As part of the efforts to sustain the macro-economic goals of South Africa, we hereby present to you the Beneficiation Strategy for the Minerals Industry of South Africa. Beneficiation is a deliberate policy intervention seeking to move South Africa from being a resource based, to a knowledge based economy, creating economic sustainability beyond the mining phase.

At the crux of the strategy is the need for South Africa to derive the maximum value from the mineral resources. This position requires your imagination, resilience and ambition to identify real business opportunities, build businesses and contribute to the country's economic growth and fight against unemployment and poverty.

Our intention with the adoption of the mineral beneficiation strategy as a policy position of South Africa is to incrementally grow our competitive advantage and indeed our value addition per capita to acceptable levels, benchmarked against the economically progressive countries.

In addition, the extent of the external vulnerabilities created by our significant dependence on external markets will also have be reduced somewhat.

Accordingly, this strategy will present opportunities for investment in the country by South African and foreign investors, as per the PGM beneficiation, which grew from less than 2% in the latter part of the 1990s to just over 20% in 2008.

We are also contributing to research and development in supporting our beneficiation initiatives through our state councils such as Mintek.

The value proposition of the beneficiation strategy presents provision for a framework within which South Africa can implement an orderly development of the country's mineral value chains in order to leverage benefit from inherent comparative and competitive advantages.

Essentially, the strategy is intended to support national programmes such as the National Industrial Policy Framework (NIPF), consistent with the provisions for a sector specific strategy and key action plans for downstream mineral beneficiation as well as the development of the nuclear power capacity, for instance, which is intended to

diversify the country's energy basket and to ensure security of energy supply.

Among a few milestones since implementation of the Mining Charter are the amendments of the Precious Metals Act and the Diamond Act, which culminated in the extension of the scope of the diamond board becoming the South African Diamonds and Precious Metals Regulator and the establishment of State Diamond Trader, respectively. These entities were created to expedite the creation of an enabled environment to seamlessly effect local beneficiation of both diamonds and precious metals. Their progress has also not been without challenges, albeit remarkable success has also been noted in other areas. The success of such entities depends on the full support and cooperation of all stakeholders in the industry.

There are other minerals whose percentile beneficiation levels have remained below a 3% threshold. The customary reaction we receive from some of our stakeholders is a vehement opposition to such propositions – I am however convince that we are presenting a compelling proposition today, which will be fully embraced and complemented by all key stakeholders with positive contribution and indeed an indication of how best we can make such initiatives as beneficiation work for the country

As we present the beneficiation strategy for the minerals industry of South Africa to you today, you are kindly invited to submit written inputs into the document. We look forward to receiving your constructive input, which will strengthen the implementation of the value addition program. The urgency of implementation requires your full support

In conclusion, I wish you well in your deliberations on the beneficiation strategy for the minerals industry of South Africa. History will judge us positively for fundamentally changing the economic landscape of South Africa for the better.

I thank you