

The Chamber of Mines comments on today's announcement by Anglo American Platinum (AMPLATS)

The Chief Executive of the Chamber of Mines Mr. Bheki Sibiyi said that it is most unfortunate that so many people may lose jobs in the platinum mining sector at a time when creation of jobs was a critical national imperative in South Africa.

“It is however important to note that the South African platinum sector has faced some serious international and domestic headwinds over the past two years. Demand for PGMs has been hit by economic recession in Europe and the economic slowdown in the Chinese economy. This has fed through into falling prices. The platinum producers have also been adversely affected by rapidly escalating domestic costs (especially the recent doubling in the electricity prices), some structural challenges such as falling grade and declining productivity. The negative economic impact of falling prices and rapidly rising costs was exacerbated by the wildcat strikes that took place in 2012. All these factors have had a major negative impact on the viability of many mines. These conditions have led to more than 50% of the platinum mining companies in South Africa to be loss-making at current prices and current costs.”

Mr. Sibiyi applauded AMPLATS for the serious consideration it had given to the creation of jobs for about 14 000 employees as a measure designed to reduce the negative impact on those who are likely to lose their jobs. Job creation initiatives will include the social and labour projects incorporating housing, infrastructure and small business development in Rustenburg and the labour-sending areas.

“We hope that such job creation measures will bring relief to employees and the families of those who may be negatively affected by the restructuring exercise” he said.

Mr. Sibiyi concluded by stating that the platinum mining sector has established itself as the largest component of the South African mining sector on the basis of contribution to GDP, export earnings, employment and its overall contribution to the South African economy. It is important that all efforts need to be put in place to ensure that the platinum sector is viable and sustainable in the future in both the short-term and the long-term.

“We believe that AMPLATS is embarking on this restructuring exercise in order to meet the need to remain viable in the short term and to reposition the company for sustainable medium and long long-term.” he concluded.

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