Mining sector response to the Industrial Development Strategy 2026

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Ladies and gentlemen and special acknowledgement to Deputy Minister John Steenhuisen, Chairperson of the Portfolio Committee on Trade, Industry and Competition, Mr Masina; Honourable Members, senior representatives of government, leaders of industry, distinguished guests, good morning.

It is a privilege to join you at this important colloquium on South Africa's industrial development strategy. Thank you for the opportunity to present the Minerals Council's considered assessment of the Industrial Development Strategy 2026 and to share what we consider to be its strengths and shortcomings and associated opportunities and challenges.

The Minerals Council's more than 60 members represent more than 90% of South Africa's annual mined production by value and produce minerals across the spectrum of South Africa's mineral endowment. The Minerals Council has represented the mining sector for 136 years, giving it a unique vantage point to consider the enormous contribution mining has made in that time, underpinning the ascent of South Africa as our continent's most sophisticated, industrialised and powerful economy.

South African mining companies dominated world **gold** production for decades, providing a critical element of the global economic system. Since the 1920s, our country has been the leading source of **platinum group metals**, which are essential in petrol and diesel engine exhaust systems to scrub out pollutants. Our **coal** has supplied South Africa and neighbouring countries with electricity for the past century, and it remains

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the backbone of our energy supplies. Sasol converts coal into liquid fuels, a critical risk mitigation source of fuel in a volatile world. Our **steel** is made from locally mined **iron ore, chrome and manganese**. We are the world's largest source of chrome, manganese and **vanadium**.

In essence, mining has, for more than a century, been at the centre of South Africa's industrial and manufacturing development by providing the upstream and downstream linkages that make the sector a powerful multiplier for community, jobs and economic benefit.

After more than a century of mining, the sector remains the backbone of South Africa's economy. In 2025, mineral and mineral-related exports amounted to about R1 trillion, representing 49% of South Africa's total merchandise export earnings. This is a critical source of funding for **government to appropriately invest in the country's growth**. The sector employs 470,000 people and a further 10 jobs depend on each one in mining, hence, millions of people's livelihoods depend on mining. The sector is valuable for South Africa, the SADC region, the African continent and the rest of the world. Due care must be exercised in the legislative interventions for this industry to minimise damage to investor sentiment and curtail its growth.

The DTIC's release of the Industrial Development Strategy in June is a huge opportunity, at a time when the country's economic development can harness domestic and international financial, innovation and human resources to realise its ambition. The DTIC and South Africa cannot achieve this ambition alone.

We must also consider the terms and conditions of these possible providers of resources to revitalise its industrial base, to diversify our economy and create skilled jobs, reducing our worrying levels of unemployment, particularly amongst the youth, and converting our natural endowments such as minerals and agricultural products into end-use products for domestic and international markets.

The three driving themes of decarbonisation, diversification and digitalisation are relevant. Interestingly, each one will need infrastructure that will be built from mineral materials and our mining industry is more than capable for this opportunity.

We do, however, have concerns with the way the mining sector and the potential impact on mineral exports are presented in the strategy, with proposals for restricted exports of chrome and associated tariffs, and the misaligned condition of linking the granting of mining rights to beneficiation.

Quite simply put, these are not proposals that will attract a much-required investment in the mining value chain, such as mineral exploration, the development of new mines or sustained investment in existing operations, and most likely not invite investment in beneficiation processes. Must an investor interested in manufacturing also invest in a mine? Such as auto manufacturer investing in iron ore mines and steel mills?

The Minerals Council reiterates that South Africa's mining sector must be declared a national economic priority to unleash its inherent potential and powerful multiplier effects. By harnessing its potential, mining will make contributions into higher levels of economic growth, reducing unemployment and support industrialisation and economic diversification, driving transformation and social prosperity. This can be achieved through targeted incentives and reducing the cost of doing business in South Africa rather than imposing investor-unfriendly restrictions and conditions on the sector, which will not translate into mineral beneficiation.

Mining and beneficiation are separate and distinct economic sectors in the mineral value chain. Beneficiation must not be imposed on mining - beneficiation forms part of manufacturing and downstream industrialisation. As such, specific measures must be introduced to incentivise and attract investments to stimulate manufacturing of goods and increase demand for mineral materials we produce and diversify our economy. The possibilities are endless in this age of innovation and advanced technologies, energy transition as well as the desperate need for infrastructure development for South Africa and the continent that can unshackle millions of Africans from poverty.

Through significant and constructive policy reforms in electricity and logistic and the government and business partnership, South Africa is embarking on an economic recovery path. The proposals in the strategy could potentially arrest this recovery and reverse the gains earned so far in investor confidence.

At a national level, we are concerned that the government departments such as Trade and Industry, Mineral and Petroleum Resources, Agriculture and Transport, which are all essential to creating a vibrant industrial economy, are poorly resourced with a mere collective budget of R22 billion. This is despite the large economic contribution from the underlying sectors represented by those four departments. To unlock our economy, the national budget must be increasingly directed to departments that regulate the key levers to grow the number of businesses, big and small, that are engaged in our natural resources, manufacturing and network services.

We note with concern the limited inter-departmental consultation on the proposals that could negatively affect mining, including restrictions and taxing of chrome exports, which were referred to as a “blunt instrument”.

Beneficiation needs a manufacturing base, stimulated by a clear and long-term economic and social development plan to absorb the minerals we produce and a sizeable market for end products. Further market development and competitive opportunities for manufacturing and increasing the industrial base are also presented through co-ordinated and co-operative regional integration within the Southern African Development Community. The mining sector does add value to its minerals within its business models to produce mineral materials that downstream local and international consumers can use to make end products.

However, since 2003, electricity prices have increased by 1,185%, well above the rate of inflation, rendering steel manufacturing, ferrochrome and ferromanganese, vanadium and silica smelters globally uncompetitive and forcing their closure. The high price of electricity and difficulties with logistics, as well as availability and efficiency of other utility infrastructure, will determine whether South Africa's industrialisation ambitions can be sustainably realised.

The availability of, and access to, minerals to process is not the constraint for beneficiation. In the words of Professor Glen Nwaila from the University of Witwatersrand, "South Africa's mineral opportunity is less constrained by geology than by energy, logistics and system-wide execution gaps."

Manufacturing's share of contribution to GDP has fallen to about 13% from 24% in 1990. The deindustrialisation of South Africa's economy due to high electricity costs, and, until recently, disruptive load-shedding, combined with sub-optimal logistics services, water disruptions and failing municipalities making the provision of services expensive and unreliable, have all contributed to the underlying malaise in South Africa's manufacturing capacity. Imposing beneficiation obligations and export restrictions on mining companies will not address those constraints.

Lower electricity tariffs, incentives to encourage investments in exploration, well-considered special economic zones that deliver on government commitments, and greater regional economic integration, logistics and development, and other incentives will create bigger and stronger industrial hubs and markets. Expediting private sector participation in electricity, logistics and water to attract much-needed investment and skills capacity in these value chains while addressing municipal governance along with tangible progress in reducing crime and corruption will improve investor confidence and trust towards South Africa.

Beneficiation strategies must first consider relevant markets where it makes economic sense and South Africa has realistic chance of building successful minerals-based manufacturing on commercially competitive terms to meet those market and customer expectations.

Our low economic growth challenge is not because of a lack of beneficiation or our exports of minerals, nor an electricity, logistics and crime and corruption crisis. It is a leadership crisis that has failed to put the interest of the people of South Africa first.

With a favourable regulatory and operating environment, and integrity in governance, the mining sector will play a leading role in South Africa's industrial revival without the need for imposition of restrictive and punitive interventions. The Minerals Council is developing an Investment and Growth Strategy for the South African Mining Industry and working closely with our stakeholders to create a conducive environment for mining to thrive and impact positively on local communities and the country. We look forward to a constructive engagement with the DTIC for a whole country play in the Industrial Development Strategy.

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