

## **MEDIA STATEMENT**

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### **MINERALS COUNCIL URGES ACCELERATED IMPLEMENTATION OF INSTITUTIONAL AND STRUCTURAL REFORMS**

**Johannesburg, 25 August 2021.** The Minerals Council South Africa notes the StatsSA report of record unemployment of 34.4% announced yesterday and urges government to accelerate the implementation of institutional and structural reforms to improve competitiveness, grow investment and raise the inclusive growth rate to create jobs.

South Africa posted record high unemployment rates in the second quarter of 2021 as the formal sector cut 375,000 jobs, according to StatsSA. Official unemployment is at an all-time high of 34.4% with 7.8 million people out of work on the narrow definition and a 44% unemployment rate on the expanded definition.

Roger Baxter, CEO of the Minerals Council, notes that: “Mining and related sectors can materially grow investment, production, exports and value creation for the country, through continued collaboration on critical reforms that will unlock this investment.

“The Minerals Council and the Minister and Director General of Mineral Resources and Energy have been engaging on the key constraints to mining investment and how to revive the sector in the new normal.

“Logistics remains one of the main constraints for the South African economy, and it is one of the main infrastructural reforms government has committed to undertaking.”

The average monthly export performance of the mining sector in the first six months of 2021 has not returned to 2019 pre-Covid levels. Total export sales for 2021 are R1 billion and 2.7 million tonnes lower than in the first half of 2019.

Rail and port constraints have meant companies mining bulk commodities like iron ore, coal, chrome and manganese have been unable to benefit from higher global commodity prices.



Transnet Freight Rail has experienced high levels of theft and vandalism on its network, as well as other operational challenges.

On Monday 23 August a senior Minerals Council delegation, led by Minerals Council President Ms Nolitha Fakude met with the Transnet Leadership team for a full day's workshop on the critical issues and how we can work together to resolve constraints, improve performance and ultimately to get back to growth.

The mining industry's performance has further been disrupted by criminal activities, community unrest, activities of procurement mafia and poor service delivery at municipal level.

While there has been welcome progress on infrastructure reform, such as allowing the construction of embedded 100MW energy projects and moving towards private sector participation in the country's ports, more urgency is needed to unlock the economy.

Greater collaboration and a focus on joint problem solving will lead to better solutions and practical implementation. The five most critical structural and institutional reforms are the urgent stabilisation of South Africa's fiscus; opening Transnet and Eskom to private investment and competition; the complete reform of the civil service; improved law enforcement to halve crime in three years; and creating policy and regulatory certainty to create global investment competitiveness.

"Unless further clear and bold political decisions are urgently made on further critical structural and institutional reforms, South Africa faces the real possibility of a full-blown sovereign debt crisis and the emergence of further social upheaval. In the absence of much higher levels of economic growth none of these problems can be solved," concludes Roger Baxter.

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