

MINING PRP LAUNCH

Joel Netshitenzhe, MISTRA Executive Director

12 December 2018

SETTING THE SCENE ON THE POLITICAL ECONOMY OF MINING

We wish again to express our gratitude to all of you for joining us today.

We cannot thank Minister Gwede Mantashe enough for gracing this occasion; and, by so doing, once more acknowledging the need for comprehensive reflections on the future of mining in our country.

Today, the Mapungubwe Institute celebrates the product of plodding industry: a book on the political economy of mining in South Africa, and the seventeenth in a series of priority research products that the Institute has released since its inception some eight years ago.

Why did we venture into the political economy of mining?

South Africa, with its vast mineral endowments, has performed relatively well with regard to the technical aspects of mining: be it equipment and products or engineering and other services.

However, we have not fully exploited our comparative advantages even during the commodities super-cycle. Until recently, private sector relations with government have been fraught; and levels of social cohesion in relation to labour and mining communities still leave much to be desired.

These issues speak to the need for our society fully to master the political economy of mining. We need to cast our gaze beyond cyclical factors, and narrow definitions of transformation, to shape long-term structural dynamics.

The authors in this book proceed from the premise that the mining industry needs to position itself not as scavenger, but as an asset for current and future generations. We pose the question whether South African mining is a sunrise industry, or some sunset activity that belongs to a vanishing age, not because we doubt the potential that this industry commands.

Rather, running like a red thread through this book is an appreciation that humanity cannot do without mining. From global urbanisation trends; to the growth of the middle class; the expansion of the global car fleet; and the minerals that will be required for a low-carbon future – the message is clear: and it is that mining will continue to be a critical platform for human development.

The political economy of mining is about operations for mutual benefit:

- how companies contribute to socio-economic development
- whether they manage their environmental impacts throughout all phases of their operations
- how they provide safe and healthy workplaces and treat workers as partners
- whether they engage with communities and manage socio-economic impacts at a local level
- how they address gender issues across the hierarchy of company operations
- whether workers and communities have mustered the strategic and organisational acumen to sue for maximum benefit while ensuring sustainability of mining operations.

For South Africa, pursuing a developmental path with mining as a central pillar of its strategies is unavoidable. In the same measure as this industry, historically, defined virtually everything South

African, it can serve as a platform for a new industrialisation drive and contribute even more decisively to the country's growth and development. A resource curse is not the natural order of things

The chapters in this book are inspired by the conviction that the mining sector commands massive social agency which can be utilised for the collective benefit of the commons.

This requires a vision that brings together the interests of all the social partners.

An element of this is judicious extraction to ensure sustainability of the resources in the long-run and global security of supply.

Managing the political economy of mining also means taking heed of the bugle of modernisation. New technologies are creating possibilities for smart mines in the context of the Fourth Industrial Revolution. This, of course, will benefit productivity, safety and environmental sustainability. But it should also be informed by the principle of a 'just transition', so labour and society at large are not left socially stranded by what is meant to be an advancement in human civilisation.

South Africa's mining vision should be based on a deliberate effort to build a mature mining cluster that brings into alignment forward, backward and human resource linkages.

Platinum Group Metals, referred to in the book as the gold of the 21st century, illustrate this perhaps more than any other minerals. On the demand-side, beyond catalytic convertors and jewellery, it's a matter of time before fuel cell technology comes of age on a massive scale in both stationary and mobile applications. On the supply-side, Hydrogen South Africa's centres of competence have made massive progress on fuel cell research and pilot studies; and the PGM Industrial Development Zone is taking shape.

Managing the political economy of mining also implies inclusivity in asset ownership: for entrepreneurs, workers and communities. This is critical not just from the point of view of sense and sensibility; but also, to ensure social cohesion. Combined with this should be rational policies to address the issue of artisanal and small-scale mining.

The underlying assumption in any visionary thinking should be that each social partner has a critical role to play: each is as much entitled to benefit as it has a contribution to make to the advancement of societal interests.

We launch this book in a new environment, compared to the disastrous period when the project was initiated, characterised then by the hollowing out of the state and systemic corruption. The current efforts, led by the Minister and his colleagues, to reverse the malign impact of that period are to be welcomed.

It is our view that the possibility to forge a social compact has never been stronger. Thus, shall South Africa's mining industry steadily rise to become an even better asset and catalyst in the country's development agenda.