

Press Release



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South Africa's attractiveness for mining plummets

South Africa's appeal for mining investment has declined dramatically since 2006, according to the latest *South Africa Survey*, published by the South African Institute of Race Relations in Johannesburg this week.

In 2006 South Africa was ranked 37th out of 64 countries and territories. The country's position has declined since then and its 2010 ranking was 67th in an expanded survey of 79 countries and territories,

The data was sourced from the Fraser Institute.

South Africa's relatively low ranking is a result of perceived policy uncertainty in the eyes of potential investors. Factors such as uncertainty concerning the administration, interpretation, and enforcement of existing regulations are identified as one of the main deterrents to investment.

Concerns over labour regulations, employment agreements, and work disruptions, the reliability of the legal system, and uncertainty over disputed land claims are also considered strong deterrents for mining investment in South Africa.

According to the data, factors influencing mining investment in South Africa's favour are the availability of labour and skills, the quality of the country's infrastructure, the quality of its geological database, and the State's environmental regulations.

The mining sector in South Africa contributes 9.6% to GDP and employs 3.1% of the country's labour force. In 2010 the sector contributed 15.3% of country's exports.

'Uncertainty over nationalisation and mine ownership, and increasing work disruptions are affecting investors' willingness to get involved in mining ventures in South Africa', said Mr Jonathan Snyman, an Institute researcher. 'Investors are looking for a stable regulatory and policy environment, but the conflicting sentiments surrounding the nationalisation debate are not helping to allay their concerns.'

In November 2011 the president of the National Union of Mineworkers (NUM), Mr Senzeni Zokwana, acknowledged that policy uncertainty was hurting investment in South Africa.

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