

Press Release

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IRR

South African Institute of Race Relations

The power of ideas

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Botswana example can save SA mining industry – think-tank report

South Africa's mining industry is in deep trouble but could be saved if it followed the example of Botswana - says the IRR in a policy paper on the urgent need for mining law reform, published in *@Liberty* today. According to IRR research, South Africa has enormous mineral wealth but is not using this as well as its Botswana neighbour is using its more limited mineral resources.

Says the IRR: "Botswana came to independence in September 1966, almost exactly 50 years ago, with annual average GDP per capita of roughly \$80, almost no infrastructure, low literacy rates, a tiny industrial sector, and an economy heavily dependent on subsistence farming and government employment.

"Since then, Botswana has successfully used its mineral wealth to become an upper-middle income country with average GDP per capita of some \$7 240 in 2014. By contrast, South Africa's GDP per capita that year was some \$6 800, or roughly 5% less.

"If South Africa is to make the most of its mineral wealth, it needs to make its mining law, like the 1999 Mines and Minerals Act in Botswana, 'predictable, competitive, and stable'.

"Instead, the ANC government is still chasing in the wrong policy direction on mining, and South Africa is paying the price for this."

As the IRR policy paper shows, Botswana has clear and certain rules on the granting of mining rights and the grounds on which they can be cancelled. It does not impose price and export controls on minerals in a misguided attempt to promote local beneficiation without first overcoming energy and skills shortages. It has never threatened mining companies with nationalisation or uncompensated expropriation. It does not keep shifting its mining rules – and it does not impose onerous black economic empowerment (BEE) and other socio-economic obligations on mining companies.

Adds the IRR: "Botswana's mining law shows a clear understanding that the substantial investment required to develop a mine and carry out mining operations is itself a major economic and social good. In this process, capital is committed and jobs are created, while household living standards and expenditure levels rise. At the same time, tax revenues and export earnings are generated for the benefit of society as a whole."

The *@Liberty* paper can be accessed by clicking [here](#).

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