

Media update on the economy/mining sector

Ladies and gentlemen of the media,

Thank you for joining us for this special briefing on the economy, with a special focus on the mining sector.

Firstly, let me comment on the Gross Domestic Product growth rate of 0,9 percent for the first quarter, which was released this week.

The figure means that we must strengthen economic performance and increase the rate of investment. Growth in the remaining three quarters of the year will have to be much higher, for us to achieve the projected annual growth of 2.7 percent.

You will recall that the South African economy was among the first few economies that recovered quickly from the global financial crisis after it had contracted by 1.9%, in 2009.

However, recovery has not been as strong as needed. We need faster growth. Without faster growth we cannot succeed in reducing unemployment, poverty and inequality.

Our long term development blueprint, the National Development Plan as well as the New Growth Path, which now forms part of the National Development Plan, call for growth rates of above 3.5 percent per annum to put the economy on the right footing.

Therefore, Government will redouble its efforts to support the economy towards achieving this objective. However, we cannot deliver growth on our own.

We need business, labour and community sectors to play their part. More importantly, we need all South Africans to play their part. We must all promote our country and promote activities that enhance economic growth in every possible way.

We are implementing our plans and are working harder to boost performance in the six job drivers namely, mining, agriculture, tourism, infrastructure development, the green economy and manufacturing.

Our country needs a stable and growing mining industry.

Mining has been a key feature of this country's economy for more than 130 years.

It remains the cornerstone of our economy, even though it is now smaller, relative to the size of the overall economy.

The industry accounts for 6 percent of GDP, and about 18 per cent if one includes links with other sectors.

The industry also generates 60 percent of our export revenues and is a valuable contributor to corporate taxes.

It also provides jobs for about a million of our people and nationals from neighbouring countries.

Since our economy is intertwined with the global economy, especially Europe, our mining industry has unavoidably been affected by the depressed global economic environment.

The global recession has led to substantial declines in commodity prices and in the demand for our minerals abroad. And when our mining sector is in difficulties, this affects the wider economy, leading to industrial slowdown.

In addition, 2012 was a difficult year for the mining sector.

The industry was hit by a number of unfortunate events including wild cat strikes that resulted in regrettable incidents of violence, loss of lives, and disruption to mining production.

The tragic and painful events of August last year in Marikana during which more than 40 compatriots lost their lives are currently being investigated by the Farlam Judicial Commission of Inquiry.

It is against this background of economic and social difficulties that government has embarked on various initiatives to support the mining industry.

In this regard, last week, I asked Deputy President Kgalema Motlanthe to lead the interactions with labour and the mining companies, assisted by the Ministers of Finance, Labour and Mineral Resources.

A series of interactions have taken place during the past week and these have been fruitful. The parties have appreciated the intervention and assistance from government.

The Minister of Finance has been using every available opportunity to reassure foreign and domestic investors of our seriousness and commitment to the mining sector and to affirm confidence in South Africa as an investment destination. He has been assigned to continue with this task.

The Minister of Labour has been tasked with supporting mining companies and unions in ensuring fair labour relations processes that promote order and stability in the sector.

The Minister of Mineral Resources will continue with her task of supporting the industry in both policy and operational aspects, to promote certainty and stability in the sector.

Also high on the agenda is the improvement of the living conditions in the mining towns, which we committed to as business, government and labour in October last year.

We wish to emphasise that our country has an excellent legal framework governing industrial relations.

Given the beginning of the collective bargaining season in both mining and other industries, we call on parties to recognise the impact of the industrial relations environment on jobs and development.

We call for fair and expeditious settlements of wage negotiations that can contribute to the attainment of the country's job creation and job retention goals.

With regards to mining, I urge business, organised labour and government to continue engaging constructively.

Everything we do must be designed to strengthen and stabilise the sector, and ensure that it serves all stakeholders - the investors and owners, workers, government and the broader society.

I will travel to Japan this afternoon to attend the Tokyo International Conference on African Development with other African Heads of State, and also undertake an official visit to strengthen relations between Japan and South Africa.

I will continue to receive reports on progress made in the interactions with mining companies and labour.

I intend to meet sectoral leaders when I return to take the matters forward.

I must emphasise that we are encouraged by the positive sentiments towards South Africa in recent investor surveys, which will contribute to increased investment.

We will also continue to enhance our strengths which are recognised worldwide. These include our infrastructure development programme, goods and market efficiency, financial market development, technological readiness, business sophistication and innovation.

Only last month, South Africa was chosen as the Offshoring Destination of the Year for 2013, by the European Outsourcing Association.

This confirms our status as a leading business process outsourcing destination of choice.

Last month we also announced a whopping 10.2 percent increase in tourist arrivals to our country for 2012, while the world average increase was at around four percent.

It is worth noting that in 1993, South Africa received a mere 3.4 million foreign visitors. By 2012, the figure had grown by 300 percent to 13.5 million visitors, of which more than 9 million were tourists.

This is an outstanding achievement for a country that was once a pariah state.

We urge South Africans to support government, business and labour in the current processes and complement our work by promoting the country in every possible way. This will help to boost confidence in our successful young democracy.

Working together we can do more!

I thank you.

Issued by: The Presidency
30 May 2013