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Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## **THE NATIONAL ASSEMBLY**

### **QUESTION FOR WRITTEN REPLY**

#### **QUESTION NO. 4027**

**Mr G Taaibosch (MK) to ask the Minister of Trade, Industry and Competition:**

What are the reasons that the Republic is failing to beneficiate its own minerals and thereby create jobs and make more money, instead of just selling our minerals in its raw form?

NW4573E

#### **REPLY:**

The reasons for the suboptimal performance in mineral beneficiation can be ascribed to a number of factors, most importantly:

- (a) Historical context: the minerals energy complex was established to promote exports of raw minerals an earning foreign currency instead of domestic manufacturing. As a result, the major mines are integrated into global supply chain with mineral processing happening in global hubs. This has led to lack of capital investment commitment to support beneficiation policies.
- (b) Weak implementation of beneficiation policies: there has been failure to legally compel beneficiation through export taxes, quotas and other price setting mechanisms. Beneficiation incentives have also been sub-optimal to attracting new production capacity.
- (c) Infrastructure constraints: there has been supply shortage of competitively priced electricity which has undermined smelting and refining capacity in the country. Poor rail and port performance have disrupted mineral inputs and finished product logistics. Water scarcity has also reduced the processing viability of many manufacturing projects.
- (d) Lastly, SA has lacked leverage in most global mineral markets and cannot dictate prices or how the value chains should be formed.

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