



mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

Keynote address of the Honourable Minister of Mineral Resources, His Excellency, Mr. Mosebenzi Zwane (MP) at the occasion of the “**Seventh plenary meeting of the Policy Dialogue on natural resource-based development**”, Paris.

30th November 2016

H.E. Mr. Abdoulaye Magassouba, Minister of Mines and Geology, Republic of Guinea;

H. E. Mr. Pierre Duquesne, Ambassador and Permanent Representative of the Republic of France to the OECD, and Chair of the Governing Board of the Development Centre;

H.E. Mr Molekane, the South African Ambassador to France;

Her Excellency, Ms Malefane, Minister Plenipotentiary;

H.E. Mr. Ryotaro Suzuki, Minister, Deputy Permanent Representative, Chargé d'Affaires of the Permanent delegation of Japan to the OECD;

H.E. Mr. Sam Russ, Deputy Minister for Operations, Ministry of Lands, Mines and Energy of Liberia;

Mr. Günter Nooke, Personal Representative of the German Chancellor for Africa, Federal Ministry for Economic Cooperation and Development

Members of the Diplomatic Corps;

Organisers of the Policy Dialogue;

Distinguished participants,

I thank you for the opportunity to address the seventh policy dialogue on natural resource-based development, jointly organised by the OECD and the G7 initiative on strengthening assistance for Complex Contract Negotiation. Contract negotiations are at the nexus of natural resource development, they are the key instrument through which our policies and legislations are translated into tangible results.

We are reminded as we gather here today of the OECD Strategy on Development, which calls for members to ensure that they “strengthen the OECD’s contributions to ‘higher and more inclusive growth in the widest array of countries’”. This requires that we continue to move beyond the rhetoric of shared benefits between producers and consumers of mineral resources and entrench these good intentions in our contracts.

These contracts need to be properly aligned to the visions of the host countries, their governments and people. In the case of the Africa, these are clearly set out in the African Mining Vision. It is imperative to test the provisions of a contract against the tenets of the African Mining Vision, as our governments deepen its domestication.

Let me also reflect on these issues in South Africa, my own country of origin.

– *“It was on the 29th of November 1991 that delegates from twenty groups agreed on a date for the start of substantive negotiations on South Africa's future constitution, a Convention for a Democratic South Africa (CODESA). “ It was this Convention that laid the foundation for a Democratic South Africa that a rainbow nation aspiring towards equal opportunities and justice for all. This struggle for restoration of human dignity awoke unprecedented hope in the majority of the people of the country.*

We are duty bound to deliver the hope and aspirations of the populace through development and implementation of policies and legislation that usher sustainable and inclusive economic growth. These policies and

legislation recognise South Africa's role in the region and global platform, with emphasis on greater integration. In our pursuit to define a renewed development trajectory for the extractive industries in the country, we developed a Mining and Minerals White Paper to lay the necessary policy foundation for reforms. The Mineral and Petroleum Resources Development Act enunciated our policy to enable the State to exercise sovereignty over management and development of its natural resources, as prescribed in the United Nations Resolution 1803 of 1962.

Even with our highly diversified economy, mining remains the soul and heartbeat of the South African economy, as the current global economic climate has laid bare its importance. The industry contributes an average of 10% to the country's Gross Domestic Product, directly employs roughly half a million people and accounts for between 40% and 50% of the value of South Africa's export basket. When taking into account indirect effects, the sector contributes about 15% to 20% to GDP and induced employment of well over one million. This illustrates the current importance and future potential of the mining industry to South Africa and other African mineral producers and those of the Global South.

In our view, the seemingly opposing needs of producer countries and consumer countries are reconcilable and should not be seen as mutually exclusive. There are significant opportunities to develop mutually beneficial relations. We as producer countries have what consumer countries need and vice versa. Let us show that we have truly broken from the unsustainable and unpalatable history of mineral exploitation globally.

In this regard, there are three key elements to the sustainable mining contract;

1. Clear support of Beneficiation and value addition,
2. Transparency in benefits from mining, and a concerted effort to counter illicit financial flows,
3. Shared development of skills and technology including in geology and the mapping and valuation of mineral resources.

As a frontier oil and gas jurisdiction, with considerable prospects for world class discoveries on and offshore, we look forward to the pre-eminence of these principles listed above. We would welcome partnership in research, development and innovation especially in the early stages of exploration as well as more efficient and sustainable extraction methodologies. We further welcome investment into the industry which will contribute to its development and to our energy security.

Our constitution and legislation guarantees security of tenure for investment. Further to this we are working to enhance regulatory efficiency including through the streamlining of the licensing processes for mining and upstream petroleum development.

Ladies and gentlemen, this is our value proposition to you – let us consider developing mutually beneficial arrangements which will secure long term prosperity for both raw material producer countries and consumer countries. We remain committed to participation in platforms like this and certainly look forward to robust deliberations on the subject matter, with outcomes that necessarily benefit all of us equitably across the respective natural resources' value chains.

I thank you.