

Mine grab concerns 'dampen prospects'

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PROSPECTS for the mining industry would remain weak as long as nationalisation fears continued to keep investors at bay, mining companies said yesterday.

But, Anglo American Platinum (Amplats), a subsidiary of Anglo American, played down the fears of nationalisation.

Amplats chairwoman Cynthia Carroll said in the company's latest annual report: "We believe that recent fears around potential changes to the mining tax regime in South Africa may be premature.

"The South African government has demonstrated a track record of constructive engagement with the industry and we expect this to be no different in this instance."

Carroll said she found comfort with president Jacob Zuma's State of the Nation speech in February.

The ANC's policy conference in Manguang later this year is expected to feature its decision on whether or not to nationalise mines.

An ANC study on the nationalisation policy last year has proposed a resource rent tax of 50 percent on mining super profits. It has also proposed the reduction in the royalty tax from 4 percent to 1 percent.

However, other mining companies are feeling the pinch as a result of concerns around the ongoing nationalisation debate or extracting more from the sector, which contributes 8 percent to the country's gross domestic product, and employs 1 million people, half of whom are directly employed.

Black-owned Royal Bafokeng Platinum said the nationalisation debate only added a burden to the challenges in the local mining sector.

"Uncertainty around the debate regarding nationalisation of the South African mining industry has discouraged investment in the industry," the company said in its annual report.

Other challenges included the numerous pieces of legislation relating to health and safety, the environment and the awarding of mining permits and licences.

ArcelorMittal South Africa, the biggest steel producer in Africa, concurred. "Mining weakened due to nationalisation fears, causing investors to take a wait-and-see approach towards new investment."

The mining sector is a major player on the JSE and accounted for 43 percent or R1.9 trillion of the value of the exchange at the end of 2010.