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ZUMA, CHAIRPERSON OF THE AFRICAN UNION
COMMISSION AT THE AFRICAN MINING INDABA
MINISTERIAL SYMPOSIUM**

3RD FEBRUARY 2014, CAPE TOWN

Programme Directors

Honorable Minister of Mineral Resources of the Republic of South Africa and host of the Symposium, Ms. Susan Shabangu,

Your Excellencies, African Ministers and Government Officials

Representatives from the Chambers of Mines, Mining Companies, Financiers and Investors

Representatives from the UNECA, the World Bank and other international organisations

Your Excellency, African Union Commissioner for Trade and Industry and other AU Commission officials

Distinguished speakers and panelists

Ladies and Gentlemen

It is a great pleasure and honor for me to be amongst you at this great 2nd Ministerial Symposium and part of the 20th *Investing in Africa Mining Indaba*.

My appreciation, therefore to the conveners and organizers of this event, for the invitation to give this keynote address, on behalf of the African Union.

Excellencies, Ladies and Gentlemen

The mining sector, along with other natural resource sectors, remains critical to African development, and has been an important contributor to growth on the continent over the last decade.

In fact, it would not be an understatement to say that Africa's mineral resources defined its relationship with the rest of the world, for at least the last few centuries, and thus the recurrent references to scrambles for Africa.

The importance of Africa's energy, metallic and non-metallic minerals was recognized during the early days of the founding of the Organization of African Unity, in its Charter adopted in 1963 and its subsequent Commodities Task Force established in the 1970's after the oil crisis.

Fifty years later, many of the issues problematized by the post-independent generations remain with us today, and we are resolute that they must and should be addressed.

Excellencies, Ladies and Gentlemen

It is amongst the huge ironies of the sector, that according to the Mckinsey report *Reverse the curse; maximizing the potential of resource driven economies* of December 2013, that

“69% of people in extreme poverty are in resource-driven countries and that almost 80% of countries whose economies have historically been driven by resources have per capita income levels below the global average.”

This is a situation that must be untenable to us all, to governments and international organisations as much as it should be to the mining executives, financiers, investors and professionals gathered here at this indaba.

The African conversation about its much needed and urgent political, social and economic transformation, and the vision and roadmap for this transformation which we call Agenda 2063, therefore includes the critical discussion about mining and other natural resources sectors.

The end result of this transformation process should be an integrated, prosperous and people-centered Africa, at peace with itself and taking its

rightful place in the world. I hope this Symposium and Indaba will address its contribution this vision.

The issues in the mining sector are known, as outlined in the African Mining Vision, adopted in February 2009. But let me raise some of the critical issues in this vision, which our conversation today should interrogate.

Firstly, the aspirations of the African people are simple: for a continent with shared prosperity, where they are not paupers, whilst the riches are taken from soil and bowels of the African earth, often with their own sweat, blood and efforts, and are shipped elsewhere. African people's aspirations are that this situation must change.

Central to the African Mining Vision is therefore the development of the sector on the continent, out of the enclaves, into a sector that can "catalyze and contribute to the broad-based growth and development of, and is fully integrated into, a single African market." This means that we have to get serious, and do work sector by sector, and region by region on the building of down-stream linkages into mineral beneficiation and manufacturing and up-stream linkages into mining capital goods, consumables and services industries.

We have recently seen the initiatives taken by Botswana (and Namibia) with regards to the diamonds sector, and we need to ensure that this becomes indeed an African initiative and a new global hub for the diamond trade, since Africa accounts for over half of the global share of diamond production.

African countries must also look at other minerals where it accounts for over 25% of global production, such as cobalt, the platinum group of metals, manganese and phosphate or where it can build regional value chains around particular minerals, such as the Eastern Congo, north-eastern Angola and Zambia's copper belt or with minerals such as bauxite.

Africa is also a large producer of the mineral Columbite-tantalite (or coltan, the colloquial African term) and as the second fastest growing cell

phone market in the world, also needs to look at this sector, as producers rather than as consumers only.

We often talk about African growth being driven by demand for its commodities in Asia and other parts of the world, but as our economies reach the critical tipping point of sustained 7% and above growth, with greater diversification and industrialization, and with our population set to reach two billion by 2050, we must also pay attention to stimulating and meeting domestic African demand.

A second critical issue raised in the African Mining Vision, ladies and gentlemen, is the “side-stream linkages into infrastructure (power, logistics and transport; communications, water) and skills, research and technology development”.

We know mining companies by the nature of their business have expertise and capacity in all of these areas. We also know the infrastructure backlogs on the continent, which remain a major challenge to industrialization and trade amongst African countries.

The next session will look at PPPs, and will no doubt address this issue, but let me just say that we have to pool our capabilities, capacities and resources, and have a shared approach towards infrastructure: in planning, in implementation, in funding and in usage.

Given the enormity of the backlog, we should move away from building infrastructure only for one purpose, whether it is power generation and distribution capacity for a mine, whilst the communities and villages surrounding the mine are still in the dark. A good example is the new pipeline that transports gas between Nigeria and Algeria, where there are also plans for a Trans-Saharan highway on the same route. When we also look at the construction of new railways, to transport coal and other minerals to the coast, it must as well provide transport for agricultural goods and passengers. This requires partnerships of mutual respect and working together, between governments and the private sector.

In the same vein, for Africa to industrialize, eradicate poverty and to provide hope for its young generations, it needs a skills revolution. Here too governments and the mining sector should work together, identifying the skills required by industry and working together on providing education and training, artisanal and technology development, as well as research.

The mining sector does not exist in isolation from other sectors of the economy. Africa, for example, is resolved to play a much greater part in the Blue economy and in its oceanic resources, including the ownership of ships under African flags. Mining companies are important customers in this regard, and should work with us towards the development of the African shipping sector.

Ladies and Gentlemen, taking place parallel to the Mining Indaba here in Cape Town, is also a meeting of trade unions from across the world and the African continent, that organize workers in the mining and energy sectors. We can and should therefore not avoid talking about the issues of health and safety, of gender and ethnically inclusive and environmentally-friendly mining sector, that pays living and decent wages.

Closely related to this is the building of an African mining sector that harness the potential of artisanal and small-scale mining to stimulate local and national entrepreneurship, improve livelihoods and advance integrated rural social and economic development. There are many parts of our continent where small scale and artisanal miners, men and women, toil away in the most hazardous of conditions.

When we therefore talk about skills and technology transfer and infrastructure development, we also should look at how we can assist these communities and individuals to increase safety standards and increase their productivity.

These matters are critical towards eradicating poverty, building shared prosperity, and the development of new markets on the continent for the products we now export.

The African Mining Vision also calls for the continent to develop a comprehensive knowledge of its mineral endowments, it is often said that we not only live through an age of a new scramble for Africa, but a new age of exploration, since so much of African resources have not yet been explored. The institutions established by the Mining Vision, such as the African Minerals Development Centre, are therefore critical to this process, and yet another area of partnership.

Excellencies, ladies and gentlemen, the issue of resources rents is a huge part of the debate about transformation, both its collection and allocation. Many African countries with mineral resources have and are reviewing their policy frameworks and legislation, to look at such issues as ownership, incentives, contracts, royalties and taxes in the sector, many in the context of their national development plans.

There are models and best practices globally on all these matters, but these are being indigenized to address Africa's specific challenges and our stage of development. The mining sector, rather than seeing this as risk and insecurity, should see it as an opportunity to help shape shared prosperity, a growing African middle class and industry, and therefore greater demand for their goods.

At the end of March this year, African Ministers of Finance and Planning will receive a report from the High Level Panel on illicit capital flows from the continent. Initial findings from the research done by the panel chaired by former President Mbeki indicate that most of the illicit outflows of capital from Africa, are not as a result of corrupt politicians as popular wisdom has it, but by companies who evade taxes, under-declare, inflate their costs and other illegal ways of avoiding paying African countries what are due to them in rents. In fact, the amounts taken out of the continent in this manner, is much higher than what Africa receives in development aid. We hope that the mining sector will work with us in ensuring that the recommendations to stop these practices from the High-level panel are implemented, and that African capital is directed towards African development.

In the same vein, our work around ensuring transparency in contracts, building capacity for contract negotiations and building accountable governance to ensure that the African citizenry can see the results and impact of the rents and taxes from our mineral resources, is as critical as effective collection of rents and taxes from these resources.

Ladies and Gentlemen

Since the adoption of the African Mining Vision five years ago, much progress has been made, but we need a much stronger and concerted push for transformation on all the issues we've raised above.

I know that many countries and regional economic communities are doing work around this area, and we must learn from each other's experiences and pool our capacities. We do know the WHAT of the things we must do in the sector, it is the HOW and BY WHEN that we should pay greater attention to.

As Africa therefore develops its Agenda 2063, which will be finalized by July this year, we invite the mining sector in its great diversity to contribute towards this process.

We should not bequeath to the next and future generations, the same challenges that we our forebears spoke about fifty years ago, and that we are still talking about today. Future generations, our children, grandchildren and great-grandchildren must discuss different issues. We have a great opportunity to do this. The UN in its Millennium Declaration at the start of this century stated that African development is the greatest challenge faced by the world and indeed that this century should be dedicated to African development. To build this African century, Africa must modernize and industrialize, must silence the guns, must skill its people and build its infrastructure.

We do not want to be a generation of missed opportunities. I therefore wish the Symposium fruitful deliberations.