

## **SA to lose out on billions without transition blueprint, Minerals Council economist warns**

A strategic policy framework for promoting trade in the minerals used to produce clean energy technologies could add billions of rand to SA's annual exports.

Research by activist group Publish What You Pay suggests that if SA can make that transition, minerals have the potential to boost annual exports by \$11bn (R195bn) over the next four years. In the same period, African countries stand to gain a combined \$32bn in annual exports, generating more than 2.3-million jobs.

While SA already benefits from the primary mining of transition minerals, these findings highlight the significant value that can be unlocked by developing downstream value chains within the country.

"African countries can make the most of their transition minerals by adding value to them: transforming them into products that can then be exported at better prices or using them to address Africa's own development needs," reads the report.

The country is behind the curve on developing a strategic policy framework for transition minerals, said Minerals Council SA chief economist Hugo Pienaar. "There is currently no strategy on transition minerals in SA," he told Business Day.

### Limit ability

"Our general view is that as a country we should have commodity strategies for all our key minerals. The commodity strategies should consider the entire value chain of each mineral — from exploration to mining to end user applications."

SA has a competitive advantage in the primary mining of several transition minerals, said Pienaar. These include manganese, copper and cobalt. However, several factors limit the country's ability to capture the more lucrative, downstream segments of transition minerals value chains.

"SA does not have [a] notable comparative or competitive advantage in end-user applications of these minerals," said Pienaar, but there is significant potential if the country can remove key constraints on upstream beneficiation. These include energy shortages, double-digit electricity tariff hikes and a shortage of skills.

"The biggest challenge — once the energy and skills issues have been sorted — is that SA is a very small market for end-user applications [and] products, so our approach as a country should be to develop regional markets and value chains."

Developing regional frameworks, such as those of the African Continental Free Trade Area, could enable SA to access minerals and other inputs at lower prices while expanding into new markets — in time making it more competitive in the processing and manufacturing phases.

“This will generate economies of scale for end-use applications of our transition minerals. SA enterprises will also have the advantage of proximity to the regional market compared with global competitors from outside the continent,” said Pienaar.

#### Manufacture cells

With the right policy framework in place, SA could take advantage of the minerals that are already mined in the country by developing downstream value chains.

Manganese for example, could be used to manufacture lithium-ion cells for battery manufacturing and EV production, while vanadium and ferrochrome can be used in steel production. Vanadium can also be used in the energy storage sector, petrochemical refining sector and aerospace industry.

In July, mineral resources & energy minister Gwede Mantashe announced the development of a “Critical Minerals Strategy” to identify key constraints for SA’s transition minerals sector and propose measures to deal with them, as well as look at market development opportunities. It is set to be implemented in October.

Pienaar said the ministry’s strategy, which follows a value chain approach, was progressing well, but warned that the framework only accounts for transition minerals.

“Our view is that the policy [or] strategy should not only be for transition minerals but for the entire suite of key minerals in the country. And these should be developed by the [department] in consultation with other stakeholders, including ourselves.”

Several key policies have been implemented in SA over the past few years to promote downstream beneficiation in the mining sector. In 2023, the department of trade industry & competition published a long-awaited white paper to “set the ball rolling for the domestic assembly and/or manufacturing of electric vehicles in the country”.

The SA Renewable Energy Masterplan is another ongoing project that “seeks to build local industrial capabilities in terms of renewable energy and storage technologies”.

“We would caution against any policy that tries to restrict the export of transition minerals,” said Pienaar. “Instead, we need an enabling mineral policy and macro environment that encourages the exploration and mining of transition minerals, both for export and domestic use.”

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