

Press Release

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SOUTH AFRICAN
INSTITUTE OF
RACE RELATIONS

South Africa's Leading Research and Policy Organisation

www.sairr.org.za

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Billions lost due to strikes

Just over R10bn was lost in gold and platinum production during the mining sector stoppages in the 2012/2013 financial year. An additional R180m was lost in coal production during the same period. The total value of production lost across all sectors of mining amounted to R15.3bn. This is according to the South African Institute of Race Relations using calculations by the National Treasury on the cost to the South African economy of the mining sector stoppages.

The Treasury estimates that the mining stoppages subtracted 50 basis points from gross domestic product (GDP) growth in 2012 so that GDP growth was 2.5% instead of 3%. The losses in the mining sector damaged other sectors of the economy. The sectors most affected were fabricated metal products, machinery and equipment, rubber, and basic iron and steel.

Export revenues were also projected to be about R12bn lower in 2012 than they would have been without the disruptions. The Treasury noted that because of the strong linkages that mining had with other sectors, the export losses exceeded the direct losses.

A further consequence of the mining strikes and general labour unrest, among other things, was the downgrading of the Government's credit rating and of the viability ratings of major banks by international ratings agencies Moody's, Standard and Poors, and Fitch in the latter half of 2012 and beginning of 2013.

Boitumelo Sethlatswe, a researcher at the Institute, said, 'The outlook in the mining industry continues to be bleak. According to Statistics South Africa, value added by the mining and quarrying sector decreased by R4bn from R70bn in the third quarter to R66bn in the fourth quarter of 2012. The Treasury reported a decrease of 16.7% in mining output between July and October 2012 as a result of the strikes. Employment in the sector has already shrunk by 131 000 since 2001, and continued policy uncertainty and labour disruptions may lead to further job losses.'

Ends