

:33)

T3 / i i ll? %

OPENING ADDRESS BY MR NELSON R. MANDELA, PRESIDENT OF THE AFRICAN
NATIONAL CONGRESS, TO THE SUB-SAHARAN OIL AND MINERALS
CONFERENCE

CAPE TOWN 29-30 NOVEMBER 1993

wm/om /miwl/ 0/?

Chairperson,

Distinguished delegates

Friends

We have gathered here for the opening session of an important
conference which will deliberate on investments in the mineral
and oil resources of sub Saharan Africa.

This is an occasion of momentous importance, coming as it does,
ten days after the historic agreement reached at the World Trade
Centre in Kempton Park. We have agreed a new Interim Constitution
for South Africa after protracted and difficult negotiations.

We have resolved to dismantle the apartheid state which was based
on racial oppression. We are determined to put in its place a new
South African state, based on non-racialism, non-sexism and unity
for all our people.

This challenge of transformation demands that we reassess the
whole framework of our political, social and economic life and
root out every vestige of inequality and racism that was imposed
by apartheid. It is the only way we can build a new society and
realise the vision of peace and prosperity for which innumerable
men, women and children were detained, displaced, imprisoned,
tortured and murdered. Indeed, this vision has kept our struggle
alive for decades and on 27 April 1994, we will pass into the
commencement of that vision of freedom.

We will vote in the first ever democratic election when, black
and white, men and women, young and old, will choose the new
government.

We intend that the sequel to that historic moment will be a
purposeful endeavour to reconstruct our society, to uplift the
down-trodden and create prosperity for our country, as well as our
region with whom we have an interdependent relationship.

We welcome you here, and, we are confident that your discussions
will be directed by an imperative to seek and find practical
means to enhance the quality of life for all in the sub-Saharan
region.

Colonial history books have totally ignored the enormous heritage
of African mining. Contrary to the assertions of the so-called

"discoverers" of Africa, mining has been an important economic activity in Southern Africa for thousands of years. For instance, The Ngwenya Mine in Swaziland is one of the oldest in the region and ochres were mined there over 40,000 years ago. Apart from iron-ore mining across the subcontinent, there are over four thousand ancient gold mines recorded on the greenstone belts of the Transvaal, Zimbabwe, Botswana and Mozambique. The latter formed part of the Empire of Monomotapa which included the northern Transvaal. Base minerals, such as copper workings at Phalaborwa, have been dated as early as the eighth century. With the advent of European colonialism, mining became the preserve of the settlers and naked exploitation became the order of the day.

South Africa is renowned for its huge reserves of gold, platinum, chromium and manganese. In addition, there is iron, coal, copper, nickel, zinc, which are vital to industrial development. Unfortunately, this amazing wealth has been exploited almost exclusively for the benefit of a small racial minority. Mining and mineral processing are today the cornerstone of our economy and constitute up to eighty percent of our foreign exchange earnings. The sector is also an important employer, a source of government revenue and source of raw materials for other downstream industries. The mining sector was also crucial in providing much of the capital for the development of the other sectors of the economy, particularly the manufacturing sector. Due to the isolated nature of mines, which are usually located deep in the interior, the development of the modern mining sector also caused a concomitant growth in infrastructure, particularly the railway and ports system.

The core of the mining and mineral processing industry is still gold mining, which constitutes about seventy percent of mining exports and employment and eighty percent of revenue. However, unlike most other minerals for which there are large reserves, the bulk of our gold reserves have already been extracted. Since 1884, over 45-thousand tonnes of gold have been removed, constituting over two-thirds of the original resource base, and the remaining 20 thousand tonnes tend to be deep and low grade. Thus the gold mining industry is, in the long term, declining and recent research commissioned by our organisation indicates that at a real price of 350 US Dollars per ounce, output will decline from 614 tonnes in 1992 to 414 tonnes by the year 2007. This constitutes a loss of about R8-billion or 15% of total exports. Alternative exports will have to be found if increasing balance

of payments constraints are to be avoided.

Thus we need massive investment in the mining industry. This will maintain current production levels and ensure that we find alternative means for continued activity in those mines nearing the end of their economic life.

The development of oil in South Africa has been overshadowed by the apartheid regime's paranoia of the international oil boycott. This resulted in the wastage of about R50-billion on liquid fuels from coal and gas projects. Had the same amount been spent on viable beneficiation projects, such as Columbus, all of our gold exports could have been replaced. Now that these synfuel plants exist, our policy will be to see if they can break even on their operating costs and revenue, as the money which has already been spent into cannot be recovered.

The state exploration company, Soekor, has spent billion of rands of government revenue in a desperate search for oil reserves in order to reduce dependence on imports. After thirty years, all they have come up with is a small gas deposit off Mossel Bay that was the basis of the R15-billion Moss gas financial disaster.

Nevertheless, we are informed by some of the major oil trans-nationals that there is hydrocarbon potential off our west coast and a licensing round is provisionally planned for the second half of next year, which we hope will attract international investor interest.

As far as the domestic market for petroleum fuels is concerned, there is currently a process of discussion under way, operating under the auspices of the National Economic Forum, to review the system of regulations affecting the oil industry. Ways are being sought to ensure the lowest possible product prices, whilst retaining employment levels and the sustainability of the sector. In conclusion, I would like to appeal for investment in the mining, mineral beneficiation and oil industries, not only of South Africa, but of the whole of the sub-continent. We believe that there are many areas with exciting investment opportunities and a democratic South Africa will finally have the legitimacy to secure the economic stability and security which are vital for investor confidence. Our representatives at this Conference will no doubt give you more detailed information on our projections for the future of the minerals and oil sectors.

We are confident that democracy in South Africa will also open up new possibilities for cooperation with other African countries in mineral exploration and exploitation. We invite their

representatives here to communicate fully with the ANC delegation participating at this Conference in this regard.

Thank you for your time and your patience. I hope that you have a successful and constructive Conference and that you all enjoy your stay in Cape Town, one of our most beautiful cities.

Thank you.