

Africa's policy on mineral beneficiation needs a rethink

Eunomix's 2nd Beneficiation Monitor has revealed some interesting findings why Africa needs to rethink its policy of promoting industrialisation through beneficiation.



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In Uganda, President Museveni lifted the ban on mineral ore exports that had been imposed earlier in 2015. According to the Ugandan Chamber of Mines and Petroleum, the ban had breached contracts with investors who had been issued with licenses and had frustrated major developments in the sector.

This follows on from other news earlier in the year, where Zimbabwe backtracked on its chrome export ban, and Indonesia relaxed export controls on nickel and bauxite. These u-turns demonstrate an acknowledgement that these policies and regulations have not had the desired effect and have actually negatively impacted the mining sectors, and in turn tax revenues, export revenues and investment.

Major stumbling blocks

In addition, the efforts to promote diamond beneficiation in Southern Africa have encountered major stumbling blocks in recent years.

Although cutting and polishing industries were established in Botswana, Namibia and South Africa, they have all been

experiencing significant drops in employment in the past few years - particularly in the cutting and polishing industries.

In Namibia employment has dropped from approximately 2,000 people to around 600 people, in Botswana about 2,000 people have lost their jobs, and in South Africa there has been a drop from 3,200 people to only a few hundred.

Eunomix continues to highlight the fact that under the current economic climate, characterised by a commodity price slump, it is not the time to extract further concessions from battered mining and oil and gas industries through increased state regulation and export barriers.

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