

Africa Programme Transcript

Securing Africa's future

Advancing transparent and just mining governance for development

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Hon. Phumzile Mgcina

I thank you very much, chairperson of the session, Jide Okeke, business leaders, policymakers, diplomats, civil society representatives, distinguished guests, members of the media. Good morning.

Firstly, I would like to begin by expressing my gratitude to Chatham House for inviting us to this important gathering, which provides a crucial platform to advance the discussions we initiated at the London Indaba in June this year. It is a known fact that our nation and the broader African continent have grappled with a painful history of colonialism of a special type – marked by the oppression, exploitation, and dispossession of the majority of its citizens at the hands of external forces seeking to exploit African natural resources.

The mining industry was notable – the most ruthless sector reflecting a deep disregard for workers' rights and complete neglect of development in mining-affected communities which led to South Africa's shift from an agricultural economy to one relying on migrant and cheap labour. Although the sector played a role in the country's economic expansion and the development of Gauteng, its benefits were largely limited to areas specialising in raw material exports such as KwaZulu-Natal and the Western Cape.

The dawn of democracy in South Africa in 1994 signified a pivotal moment in South Africa's struggle against colonialism and apartheid, steering the nation towards a united non-racial, non-sexist democratic and prosperous society. Since then, the country's initiatives have been centred on redressing the historical injustice of the apartheid government, thereby facilitating the meaningful participation of historically disadvantaged persons, particularly black people and Africans in the mainstream economy. To realise the dream of transformation in South African mining industry, our government passed the Mineral and Petroleum Resources Development Act, known as MPRDA in 2002, and also introduced the Mining Charter in 2004, underpinned by the Freedom Charter's ethos that the people shall share in the country's wealth. This revolutionary legislative framework entrusted the states with custodianship of the country's minerals resources for the benefits of all South Africans, irrespective of race, gender and class.

Significant changes have taken place in the South African mining industry since then, although not at the desired pace and scale. Nevertheless, we were heartened by the rise in the black ownership in South African mining industry, which reached 39% in 2024 up from 2% in 2004. Another notable development in the representation of black managers in the major mining companies in South Africa: black-owned business have been developed and sustained on the back of mining and its procurement initiatives. It's also worth noting that 72,000 women are now active in industry with some holding leadership roles in global mining companies. Notwithstanding this progress, more efforts are needed to transform this industry and make it globally competitive.

To accelerate the achievement of this goal as noted during the London Indaba, we have initiated a comprehensive review of the current mining regulatory framework which has culminated in the gazetting of the draft Minerals Resources Development Bill (MRDB) of 2025, and it is on current form. The MRDB seeks to modernise and streamline the licensing processes, facilitating quick mining and prospecting rights, formalising artisanal and small-scale mining operations, improve competitiveness for junior miners and exploration companies and show adherence to environmental safety and labour regulations as well as mitigating illegal mining risks. We all know that we do have a challenge around illegal mining. It's not only South Africa, but as most countries within the continent, we are struggling when it comes to illegal mining. So, as the country, we said we need to make sure that we formalise those sectors. Whereas the bill is currently undergoing extensive consultation with all interested and affected stakeholders, including businesses, labour, and communities, we appreciate the hosting of this event as a timely initiative to our discussions on crafting a just, transparent, and future-orientated minerals governance system that underpins a comprehensive strategy for Africa's sustainable development.

Understanding the future of our nation and Africa, it's closely tied to how we develop and manage mineral wealth. We have developed and published a Critical Minerals and Metal Strategy for South Africa to serve as the country's blueprint for all resilient mining value chains. The strategy lays out a clear roadmap to leverage our natural resource endowment for inclusive economic growth, industrialisation, job creation and poverty eradication. After conducting 21 commodities studies, our research revealed that every mineral is deemed critical according to eight indicators, such as exports, potential employment indicator, supply risk, export sales, and domestic sales. Building on this research, the strategy identified platinum, manganese, iron ore, coal, and chrome as highly critical minerals and categorised minerals and commodities such as gold, vanadium, palladium, rhodium, and rare earth elements as moderate to high critical minerals. Additionally, minerals like copper, cobalt, lithium, graphite, nickel, phosphates, uranium, and aluminium are considered as minerals with moderate criticality. To optimise value from these critical minerals, the strategy emphasises on exploration and mapping, research development, local processing and beneficiation, infrastructure, and strategic partnership as crucial enablers for a self-sustaining mining industry, such as creating a self-sustaining mining industry that creates high-value products. In keeping with the strategy, we recently convened a G20 stakeholder engagement session where a broad consensus was reached that mineral-rich countries such as ours must mobilise investment in mineral processing infrastructure to enable value addition at source, thereby harnessing critical minerals as a catalyst for sustainable development.

The reality persisted that Africa's natural resources wealth has not shielded our continent from underdevelopment and poverty, as mineral resources extracted from our shores continue to be exported without added value, thereby depriving our continent of the desired profits and jobs. We therefore submit to this

gathering that guaranteeing beneficiation at source is essential to realising a mineral industry that is just, transparent and forward-looking – consequently facilitating Africa's sustainable development.

I thank you.

