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Beneficiation & Manufacturing

Select High-Level Remarks



In This Presentation...

1. Beneficiation vs manufacturing
2. 5 High-level interventions that could promote beneficiation
3. Beneficiation as manufacturing activity: South African manufacturing conditions – the status quo
4. 6 current challenges to manufacturing and the policy changes they imply

Beneficiation a peculiar South African Term?

The case for manufacturing involvement in the debate:

1. Numerous domestically based manufacturing firms located both upstream and downstream of the mining value chain: manufacturing not only supplied by mining, but also supplies mining with mining, conveying and processing equipment.
2. **Beneficiation and role of manufacturing in beneficiation not only limited to the beneficiation of minerals, but extends also to beneficiation other raw materials such as wood and agricultural products, recyclable materials such as scrap and human resources.**
3. Beneficiation involves value addition and processing, many processes of which are much more common to the activities of manufacturers rather than those of miners, farmers or other upstream activities.
4. **Beneficiation of recyclable materials and scrap (eg foundry activity, paper and packaging) often more job-intensive and less energy intensive than beneficiation of ores**

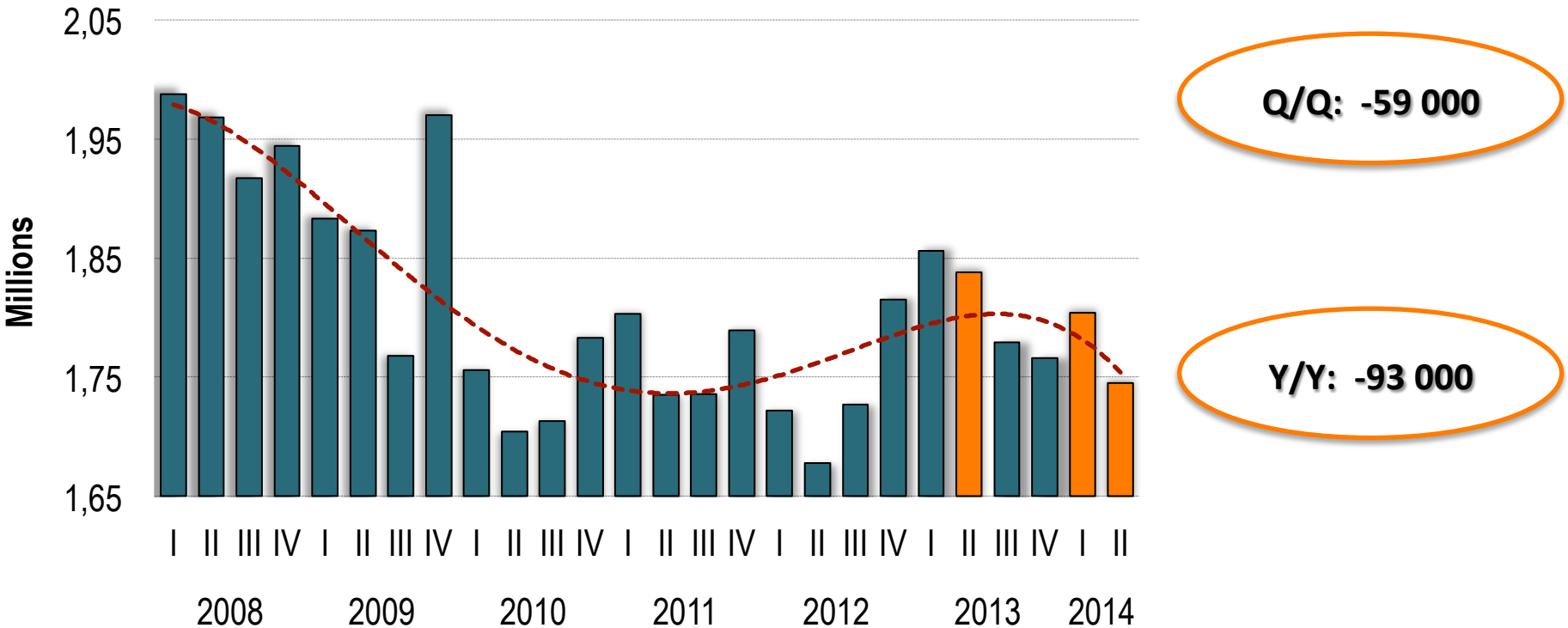
Five High-Level Interventions

- 1. Level the playing field with regards to intellectual property rights**
2. Make environmental measures work for sustainable beneficiation, rather than against it
- 3. Promote investment in infrastructure and services that either directly beneficiates or indirectly promotes investment in beneficiation activities**
4. Identify preferential procurement opportunities for locally beneficiated products
- 5. Depoliticise and promote access to land and raw materials**

Beneficiation as Manufacturing: The Status Quo

The manufacturing sector shed jobs in Q2 2014

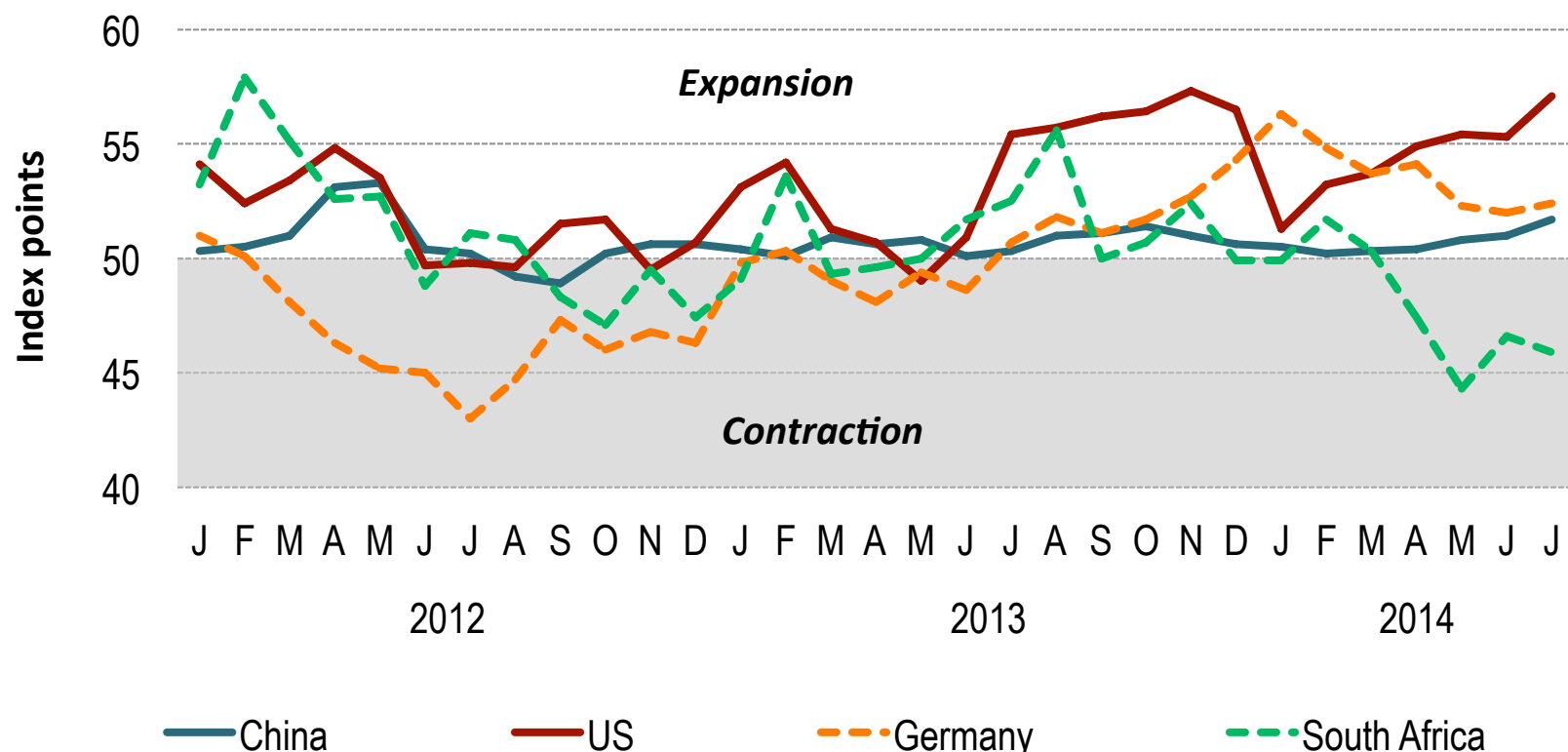
Quarterly manufacturing employment, South Africa, Q1 2008 – Q2 2014



Beneficiation as Manufacturing: The Status Quo

SA's manufacturing conditions deteriorated in relative terms

Purchasing Managers' Index, SA vs. major trading partners, 2012 Jan – 2014 Jul
(50 = no change)

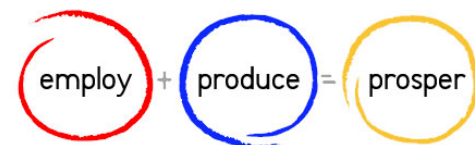


China

US

Germany

South Africa

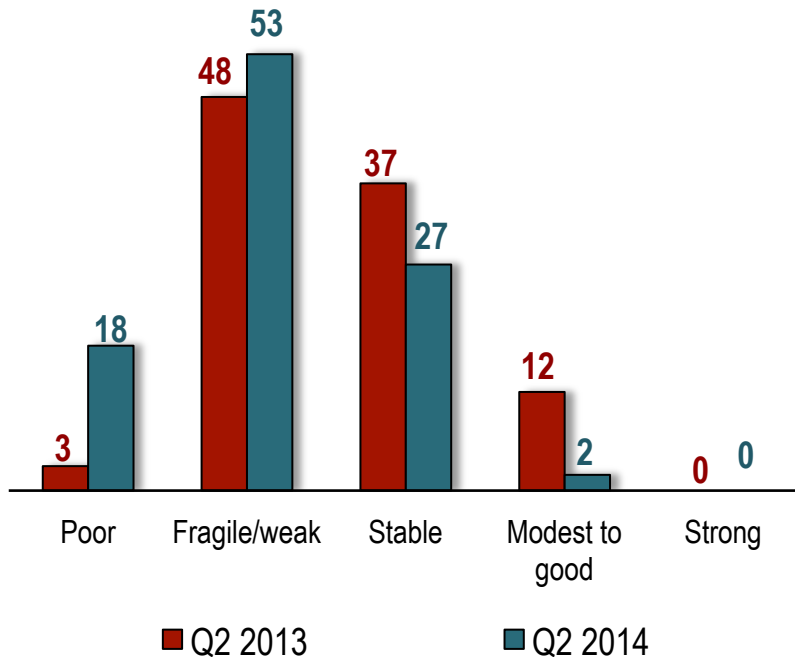


Beneficiation as Manufacturing: The Status Quo

“Stable” conditions expected over medium term, but optimism declining

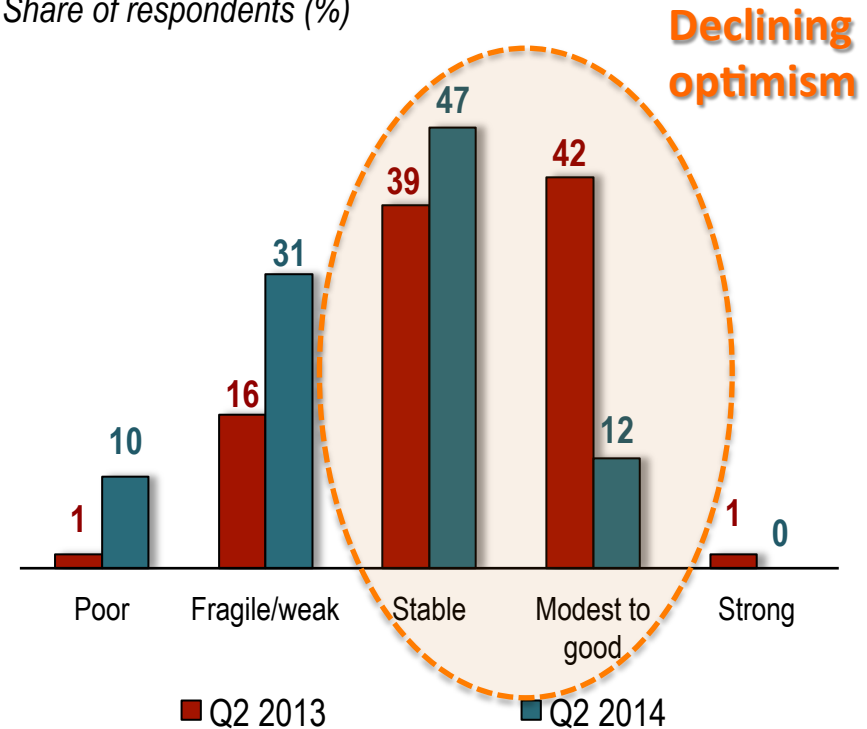
How do you perceive the manufacturing sector's conditions over the next *six months*?

Share of respondents (%)



How do you perceive the manufacturing sector's conditions over the next *two years*?

Share of respondents (%)



Challenges to Manufacturing

and the Policy Changes they Imply

1. Labour Market Stability -> **Auditable strike balloting and zero tolerance enforcement on intimidation and strike violence**
2. Elevated wages and input costs -> **Better demand conditions and reigned in administered costs**
3. Competition from imported goods -> **Import protection to promote level playing field and better local procurement**
4. Low productivity of labour -> **Decentralised bargaining to promote bottom-up pact forming around productivity targets**
5. Lack of adequate skills -> **Better industry/government coordination and better and more event primary and secondary**
6. Subdued consumer demand -> **Strong buy local campaign**



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Thank You

