Evolution of IDC Beneficiation Strategy: Enhancing the Primary Beneficiation of Raw Materials to Developing Industry-wide Value Chains
Parliamentary Colloquium on Beneficiation, 26 & 27 August 2014

Towards rapid, sustainable and inclusive development

Mazwi Tunyiswa
Head: Metals, Transport and Machinery Products SBU
Content

• Evolution of IDC Beneficiation Strategy

• Enhancing Primary Beneficiation of Raw Materials

• Further Strategic Goals and Achievements

• IDC’s Involvement in Developing the Steel Value Chain

• IDC SBU Case Study

• Three Key Issues to Consider
Evolution of IDC Beneficiation Strategy

IDC Annual Report 1995:
“The void between primary commodity industrial and manufacturing industries will be filled through Government encouragement of forward linkages and minerals beneficiation.” (RDP para. 3.6.6)

• Mid-1990s: Identify unexploited potential for large resource-based beneficiation projects that present opportunities for world-scale production units with international competitive advantage.

• Late 1990s: Development of commercially sustainable mining sector projects, downstream beneficiation industries and linkages with other sectors of the economy. Specific focus on developing mining and mineral beneficiation projects, both new and expansionary, not normally undertaken by major mining groups.

• Mid-2000s: Development of commercially sustainable mining and beneficiation projects in SA and the rest of Africa, as well as development of a vibrant entrepreneurial mining sector and funding assistance to mining-related activities such as contract mining.

• 2010s: Primary mining, primary and secondary beneficiation, and mining services, with activities covering mining industry in general in SA and the rest of Africa, focusing especially on:
  – Energy minerals (coal, uranium);
  – steel and steel-related inputs (iron ore, coking coal, manganese, chrome);
  – precious metals (PGMs, gold, diamonds);
  – new technology related minerals (e.g. lithium, rare earth elements etc.).
Enhancing Primary Beneficiation of Raw Materials

- IDC involvement in mineral beneficiation projects over the past 20 years included:
  - Expansion of aluminium production capacity from 175 000 to 665 000 t.p.a by establishing a new smelter (Alusaf Hillside (Gencor), 1994-1996)
  - Expansion of stainless steel production capacity from 125 000 to 600 000 t.p.a. (Columbus Stainless, 1994-1996)
  - Establishment of large carbon steel mill to produce 1.2 million t.p.a. of quality grade steel from high grade Sishen iron ore (Saldanha Steel, 1995-2000)
  - Establishment of a ferrochrome smelter to produce, in progressive stages, 420 000 t.p.a. (Hernic Ferrochrome, 1995-2010)
  - Expansion of production capacity of semi-fabricated aluminium rolled products from 50 000 to 200 000 t.p.a. (Hulett Aluminium, 1996-1999)
  - Establishment of cold-rolled and galvanised steel products plant with a capacity of 610 000 t.p.a. (Duferco Steel Processing, 1997-2001)
  - Expansion of phosphate concentrate production capacity from 2.9 million to 4 million t.p.a. (Foskor, 1998-2000)
Enhancing Primary Beneficiation of Raw Materials (cont.)

- IDC involvement in mineral beneficiation projects over the past 20 years included (cont.):
  - Expansion of phosphoric acid production capacity from 450 000 to 720 000 t.p.a. (Indian Ocean Fertilisers (Foskor), 1999-2002)
  - Establishment of a ferrochrome smelting facility plus a 520 000 t.p.a. pelletizing and sintering plant to produce 235 000 t.p.a of ferrochrome (SA Chrome & Alloys (name changed to Merafe as from 2004), 2001-2002)
  - Establishment of integrated chrome mine, beneficiation plant and smelter to produce 267 000 t.p.a. of ferrochrome (International Ferro Metals, 2005)
  - Expansion of ferrochrome production capacity by 360 000 t.p.a (Merafe, 2006-2013)
  - Establishment of manganese sinter complex to produce 2.4 million t.p.a. (Kalagadi Manganese, 2011-2014)
  - Establishment of a coal washing plant (Exxaro Resources, 2006-2012)
  - Construction of a directly reduced iron plant (Iron Mineral Beneficiation, 2012-2014)
  - Construction of a steel mini-mill (Veer Re-rollers, 2012-2013)
Further Strategic goals and Achievements

- Transforming the domestic mining sector by promoting BEE ownership and participation. Examples include:
  - Funding for Mvelaphanda Resources shareholding in Goldfields;
  - Financing of Savannah Consortium’s equity stake in Aquarius Platinum (SA);
  - Direct IDC equity holding in broad-based BEE company Incwala Resources’ platinum mining investment;
  - Partnership with Royal Bafokeng Nation in SA Chrome (name changed to Merafe from 2004).

- Attracting foreign partners (e.g. India-based Coromandel Fertilisers Ltd into Foskor; Spain-based Acerinox SA into Columbus Stainless).

- Development of industrial parks and facilitation of incubator development (e.g. standard factory units and stainless steel incubator n the vicinity of Columbus Stainless).
Further Strategic Goals and Achievements

- Restructuring of steel industry (e.g. unbundling of Iscor; Exxaro; equity stake in Palabora Mining Company; Scaw Metals acquisition).

- Export earnings generation (basically all mining and mineral beneficiation investments).

- Import replacement through increased beneficiation and value chain development domestically (e.g. steel value chain, from ore mining to steel / stainless steel manufacturing, to various intermediary and consumer products; aluminium value chain, from smelting to various semi-fabricated and consumer goods; platinum value chain, from refining to catalytic converter production).

- Facilitating investments in lesser developed regions (e.g. Kalagadi Manganese at Hotazel, Northern Cape).

- Community involvement and development (various).

- Encouraging local procurement, especially from SMEs and BEE firms (e.g. Columbus Stainless procurement from SMES in Middelburg-Witbank area; Hulett Aluminium from BEE firms).

- Stimulating local development and employment (e.g. Saldanha Steel’s enormous impact on Saldanha Bay area’s development and employment of its economically active population).
IDC’s current portfolio of projects and initiatives as part of the steel value chain

### IDC Projects and Initiatives across the Steel Value Chain

<table>
<thead>
<tr>
<th>Projects/Initiatives</th>
<th>Raw Materials</th>
<th>Iron Making</th>
<th>Steel Making</th>
<th>Processing/Value Add</th>
<th>Distribution (Merchant)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palabora Copper (Magnetite)</td>
<td>• Palabora Copper (Magnetite) • Kumba Iron Ore • Sedibeng Iron Ore</td>
<td>• Masorini Iron Beneficiation (MIB) (scrap replacement)</td>
<td>Integrated Mills • AMSA • Scaw Metals • Masorini Iron and Steel Pty Ltd • Columbus Stainless</td>
<td>• Duferco Steel Processing (DSP) • SAFAL</td>
<td>• Scaw Metals</td>
</tr>
<tr>
<td>Masorini Iron Beneficiation (MIB) (scrap replacement)</td>
<td>• Duferco Steel Processing (DSP) • SAFAL</td>
<td>Columbus Stainless</td>
<td>• Scaw Metals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sedibeng Iron Ore</td>
<td>• Columbus Stainless</td>
<td>• Columbus Stainless</td>
<td>• Columbus Stainless</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kumba Iron Ore</td>
<td>• Columbus Stainless</td>
<td>• Columbus Stainless</td>
<td>• Columbus Stainless</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrated Mills</td>
<td>• Columbus Stainless</td>
<td>• Columbus Stainless</td>
<td>• Columbus Stainless</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steel Making</td>
<td>• Columbus Stainless</td>
<td>• Columbus Stainless</td>
<td>• Columbus Stainless</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Processing/Value Add</td>
<td>• Columbus Stainless</td>
<td>• Columbus Stainless</td>
<td>• Columbus Stainless</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution (Merchant)</td>
<td>• Columbus Stainless</td>
<td>• Columbus Stainless</td>
<td>• Columbus Stainless</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output</th>
<th><strong>290 mt (Magnetite)</strong></th>
<th>500 000tpa Scrap Replacement</th>
<th>2 500 000tpa (Flat) • 652 000tpa (Long)</th>
<th>600 000tpa (Galvanised HRC) • 150 000tpa (Coated Steel)</th>
<th>1.0mtpa (Long)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel</td>
<td>2 500 000tpa (Flat) • 652 000tpa (Long)</td>
<td>600 000tpa (Galvanised HRC) • 150 000tpa (Coated Steel)</td>
<td>1.0mtpa (Long)</td>
<td>1.0mtpa (Long)</td>
<td>1.0mtpa (Long)</td>
</tr>
</tbody>
</table>
Case Study: IDC Industry-wide Strategy for the Metal, Transport and Machinery Products Value Chain

Key Focus Areas

**Automotive Sector: Vision 2020**
- Increase the local content in parts and components
- Multi OEM Automotive Assembly
- Development of SA OEM
- Buses, Taxis, medium and heavy commercial vehicles

**Fabrication of components for energy generation and distribution**
- Renewable energy components
- Conventional energy components
- Emerging industries: shale gas and nuclear industry components

**Metal Fabrication, Capital and Transport Equipment Sector**
- Rail and rolling stock
- Ship building

Drivers

**Demand-side**
- International demand
- Local demand
- Other niche areas
- Government and SOEs

**Supply-side**
- Value addition
- Improved competitiveness
- Import replacement
- Quality SA manufactured products

SBU Mandate

Development of Complete Value Chains
## Automotive Sector: Vision 2020

### Increase Local Content in Components
- Finance new 1-tier, 2-tier component manufacturers in South Africa
- Finance capacity expansion at existing components manufacturers.
- Increase local content of electronics, interior, body panel and engine components

### Buses, Taxis, medium and heavy commercial vehicles
- Leverage public transport procurement to generate enough demand for a viable local assembly of buses:
- Leverage the extensive procurement in the taxi industry to attract a taxi assembly plant locally:
- Enhance existing capacity of local industry to assemble commercial vehicles, “yellow goods” and trailers.

### Establishment of Multi OEM automotive assembly plant
- Increase Volume uptake by OEMs
- Government incentivises for local assembling of semi and completely knocked down units (APDP, AIS)
- Designation of passenger vehicles for government fleet

### Establishment of an “RSA Auto” OEM
- Partnerships and joint ventures with established multi-national OEMs
- Promote the concept
- Secure potential co-investors

### Expected Outcomes
- Employment – approximately 1500 direct Jobs
- Increase local manufacturing
- Reduce import leakages
- Promoting the participation of Black entrepreneurs in the manufacturing sector
- Incubation plant established for RSA produced vehicle
- Export into rest of Africa
- Rejuvenate foundry and tooling industries
# Metal Fabrication, Capital and Transport Equipment Sector

## Increase Local Content of State-owned Enterprises capital expenditure programmes

- Leverage upon Prasa, Transnet and Eskom strategic procurement to develop globally competitive local industry. More R400 Billion to be spend by SOEs.
- Attract international OEMs to set up locally
- Rail Infrastructure and components
- Identify and exploit CSDP opportunities from municipalities and other private sector
- Electricity Infrastructure (Power Pylons, Substations, water pipes, etc)
- Development Black Industrialist: Acquisitions and start-ups
- Leverage upon the national infrastructure plan. 18 SIPs with more than 645 projects identified
- Localization opportunities for infrastructure inputs
- Ship Building and Repair Facilities

## Resuscitate Foundries and Tool, Die and Mould (TDM) industries by 2020

- Roll-out of the National Foundry Technology Network Programmes
- Development of an internationally competitive tooling cluster in South Africa
- Scrap metal beneficiation to form either billets or coils, and thereby reduce exportation of local scrap metal

## Expected Outcomes

- Increase utilization of upstream and down stream industries
- Increased employment in the manufacturing sector
- Promote participation of Black entrepreneurs in the manufacturing sector
- Increase local content
- Reduce import leakage
- Increase exports into Rest of Africa
### Fabrication of components for energy generation and distribution

<table>
<thead>
<tr>
<th>Development of Local solar thin film Industry</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Pilot plant has been established in the Stellenbosch Technopark</td>
<td></td>
</tr>
<tr>
<td>• Next step is to established a full scale manufacturing facility.</td>
<td></td>
</tr>
<tr>
<td>• Technology verification underway</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Establishment of a local SWH manufacturing industry</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promote local manufacturing capacity to support the SWH rollout programme.</td>
<td></td>
</tr>
<tr>
<td>• Programme currently on hold until local content designation finalised</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wind energy components manufacturing</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Windtower plant established in the Coega Industrial Development Zone</td>
<td></td>
</tr>
<tr>
<td>• Next step is to increase local content of parts and components</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nuclear</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Fabrication and components supply into the nuclear build programme</td>
<td></td>
</tr>
<tr>
<td>• Localisation and technology transfer partnerships with multinationals</td>
<td></td>
</tr>
<tr>
<td>• Fuel Supply facility</td>
<td></td>
</tr>
<tr>
<td>• Development of non-energy nuclear applications</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shale gas</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Development of a components industry in anticipation of the expected shale gas boom.</td>
<td></td>
</tr>
<tr>
<td>• Depends on the verification of large gas deposits in the Karoo.</td>
<td></td>
</tr>
<tr>
<td>• Large gas finding off the Mozambiquen coast could also stimulate domestic manufacturing industries</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expected Outcomes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase utilization of upstream and down stream industries</td>
<td></td>
</tr>
<tr>
<td>• Increased employment in the manufacturing sector</td>
<td></td>
</tr>
<tr>
<td>• Promote participation of Black entrepreneurs in the manufacturing sector</td>
<td></td>
</tr>
<tr>
<td>• Increase local content</td>
<td></td>
</tr>
<tr>
<td>• Reduce import leakage</td>
<td></td>
</tr>
<tr>
<td>• Increase exports into Rest of Africa</td>
<td></td>
</tr>
</tbody>
</table>
Three Key Issues to Consider

• Issue 1: Strengthen the Material Sciences – The Building Blocks for Industrial Development

• Issue 2: Decide Where We Fit Into Global Value Chains

• Issue 3: If We Want to Develop – Diversify and Export
Issue 1: Strengthen the Material Sciences – The Building Blocks for Industrial Development

**Strengthen Research Institutions**

- Vastly increase the capacity and capability of research institutions to assist industries with materials and engineering R&D.
- Invest in necessary analytical and testing equipment to support industries.
- Get material scientists and engineers to collaborate in developing new materials and products for industrial applications.

**Invest in Material Sciences and Engineering**

- Invest in the material sciences and engineering capabilities of universities.
- Offer generous graduate and post-graduate (including PhDs) bursaries to students with mandatory work obligations.
- Increase educational support programmes for students.

**Improve Educational Outcomes**

- Invest in new generation of maths and science teachers.
- Increase educational spending and support for maths and sciences.
- Encourage kids to do maths and science.
- Promote excellence in teaching and learning.
### Issue 2: Decide Where Fit Into Global Value Chains

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Make Choices** | - Choose our battles carefully – not everything can be manufactured here.  
- Link our participation in value chain to our materials, capabilities and skills base.  
- Choose proximate opportunities where we can easily draw on our existing capabilities.  
- Decide which value chains we are going to fully develop, e.g. automotive, PGMs |
| **Acquire Know How** | - Leverage market access, subsidies and incentives to acquire technology and know how.  
- Engage with OEMs to localise assembly/manufacturing.  
- Engage with OEMs to localise supplier industries. |
| **Develop Own Technology** | - Use foreign technology to develop own technologies through transfer arrangements/licenses.  
- Develop reference technologies based on foreign technology.  
- Improve reference technologies with subsequent models. |
Issue 3: If We Want to Develop – Diversify and Export

Opportunities to Capture Market Share

• South African exports lags global peers, but opportunities to capture market share

Source: COMTRADE

Towards rapid, sustainable and inclusive development
Top Ten Exports – Japan, Germany and USA

• Common products in key developing country export baskets:
  – Vehicles
  – Machinery
  – Electronic Equipment
Top Ten Exports – South Korea, China and SA

- Common products in Korea and China export basket similar to developing countries:
  - Vehicles
  - Machinery
  - Electronic Equipment

- SA high concentration of basic materials in top ten export basket:
  - Basic Iron and Steel
  - Basic Precious and Non-ferrous Metals
  - Basic Chemicals
THANK YOU
Back up slides
South Africa has successfully achieved stages 1, 2 and 3 (upstream) beneficiation levels for most metals and industrial minerals such as PGMs, chrome, coal and iron ore. However, it has been less successful in achieving stage-4 (downstream) beneficiation for a number of reasons as outlined below:

- **Minerals Energy Complex (MEC) argument** – South Africa’s economic structure favours upstream concentration through investments in capital and energy-intensive upstream mineral exploitation and beneficiation (i.e. stage 1, 2 and 3 beneficiation), to the detriment of expanding downstream labour-intensive industries and increasing economic diversification (i.e. stage 4 beneficiation).

- **Anti-competitive pricing of inputs** – highly concentrated and dominant upstream producers exercise market power over prices of inputs such as steel and chemicals into downstream production (e.g. charges of import parity pricing have been levelled against ArcelorMittal and Sasol).

- **High relative cost structures** – South Africa’s relative cost structures for labour-intensive production may be higher than those of its competitor countries. These could include wage and salary costs, energy costs, as well as transportation and logistics costs. High cost structures undermine the country’s competitiveness and are further intensified/compromised by sustained currency appreciation and excessive volatility.

- **Increasing ‘financialisation’ of economic activities** – private capital allocation in search of high returns are increasingly directed towards speculative and non-productive activities, financial services and consumer credit, and away from investments in manufacturing and supporting industries.
South Africa has successfully achieved stages 1, 2 and 3 (upstream) beneficiation levels for most metals and industrial minerals such as PGMs, chrome, coal and iron ore. However, it has been less successful in achieving stage-4 (downstream) beneficiation for a number of reasons as outlined below:

- **A reluctant and complacent private sector** – the market failure argument, where the private sector is either unwilling or unable to invest in downstream projects even though there may be viable opportunities.

- **Constrained energy environment** – the current energy-constrained environment in South Africa has had a negative impact on recent beneficiation efforts, particularly on planned energy-intensive projects in stages 1 to 3.

- **Constrained skills base and competencies** – South African firms, particular SMMEs, may lack the specific managerial, technical and administrative skills and competencies to drive further downstream activities. South Africa’s ratio of engineers per capita is amongst the lowest within the middle income countries grouping:
  - SA – 1 engineer per 3 166 people;
  - Brazil – 1 engineer per 227 people;
  - China – 1 engineer per 130 people;
  - India – 1 engineer per 157 people; and, among others,
  - Malaysia – 1 engineer per 543 people.
Mining and mineral beneficiation: Diversifying SA’s mining sector

• IDC involvement in mining capacity development over the past 20 years included:
  – Expansion of phosphate rock mining capacity from 2.9 million to 4 million t.p.a. (Foskor, 1998-2000)
  – Continuous development of chrome ore mining operations (Hernic Ferrochrome, 2000-present)
  – Construction and development of copper mining operations (Metorex, 2003-2007)
  – Establishment of iron ore mining operation to produce 2.8 million t.p.a. (Sedibeng Iron Ore, 2008-2013)
  – Alluvial diamond mining (Blue Gum Diamonds, 2008)
  – Expansion of phosphate rock mining capacity from 1.9 million to 3.1 million t.p.a (Foskor , 2009-2010)
  – Manganese ore mining operation to produce 3 million t.p.a. (Kalagadi Manganese, 2011-present)
  – Establishment of coal mining operation (Sudor Coal)
  – Establishment of coal mining operation (Tendele Coal, 2011-2014)
  – Establishment of platinum mining operation (Sedibelo Platinum Mine, 2012-present)
  – Establishment of chrome mining operation (Chronimet, 2012-2014)
  – Expansion of coal mining operation (Exxaro Resources, 2012-2014)
Mining and mineral beneficiation:
Case study (mineral base diversification): Merafe

In 1999, IDC took an equity stake in South Witwatersrand Exploration Company for the acquisition of chromite resources, and provided a loan facility for beneficiation trials and feasibility study funding. The company’s name was changed to South African Chrome and Alloys (SA Chrome) at year-end. After the successful completion of the feasibility study, the IDC approved R150 million in equity and a R100 million debt facility in February 2001 for the establishment of a ferrochrome smelting facility in Boshoek, near Rustenburg, to produce 235 000 tons of ferrochrome per year. The first furnace was successfully commissioned in June 2002.

IDC also played an instrumental empowerment role in the establishment of SA Chrome and Alloys by involving the Royal Bafokeng Nation (RBN) in the venture. The opportunity for further expansion was deemed excellent as RBN held large chrome deposits near the project. Royal Bafokeng Resources Holding (Pty) Ltd (22.2%) and IDC (25.2%) were the principal shareholders of SA Chrome, then a JSE-listed ferrochrome producer.

Early in 2004, SA Chrome and Xstrata plc, a London- and Zurich-listed international resources company that was seeking an empowered partner in South Africa capable of contributing a sizeable asset, announced a pooling and sharing arrangement of their ferrochrome interests. The Joint Venture (JV) between the two companies, which was formed in July 2004, created the largest ferrochrome producer in the world. Operating 8 chrome mines and 20 smelters, with a combined capacity to produce over 1.9 million tons of ferrochrome annually, it was able to cater for approximately 20% of global demand for ferrochrome. The JV is SA’s lowest cost producer of ferrochrome.

Later in the year, SA Chrome changed its name to Merafe Resources Ltd (Merafe), with RBN and IDC owning approximately 29% and 22% of the shares, respectively, in this JSE-listed company. Subsequent to Glencore’s merger with Xstrata in May 2013, the venture became known as the Glencore-Merafe Chrome Venture.
IDC is the largest single shareholder in JSE-listed Hulamin Ltd, with a 30% stake. Hulamin manufactures technically-demanding, world-class quality, high-margin aluminium semi-fabricated products. These include heat treated plate, can end and body stock, closure sheet, bright treadplate, thin gauge foil, superior finish painted products and clad products for automotive heat exchangers, which are principally supplied to export markets (approximately 65%), as well as the local market.

The rolled products plant located in Pietermaritzburg constitutes the major activity and includes a number of hot and cold rolling mills, together with foil mills, remelt facilities, coating lines and other precision finishing equipment. Hulamin is also the leading producer of extruded aluminium products in Africa with four plants supplying a wide range of markets. In addition, the company owns downstream operations involved in the manufacture and distribution of a range of products, including rigid foil containers, high pressure aluminium cylinders and cladding products for the building industry.

IDC’s involvement in Hulamin dates back to 1995, when the expansion of its rolled products plant in Pietermaritzburg, through new cold and hot rolling mills, was being planned. The expansion project, which cost R2 billion (below the budgeted R3 billion) and was funded by IDC and its partners at the time, Tongat-Hulett group and Anglo American, with IDC also playing a major role in raising offshore finance for the imported content of new plant, received the go-ahead in 1996 and was completed in 1999.

Production capacity was thus increased from 50 000 to 250 000 t.p.a. and the product range expanded. The expansion project led to the Pietermaritzburg operation becoming internationally competitive in terms of manufacturing costs, product pricing and the quality and range of locally manufactured aluminium rolled products. Consequently, it brought forth positive impacts on South Africa’s balance of trade through export earnings generation and import replacement. Through an economic empowerment programme, substantial contracts were awarded to previously disadvantaged groups. Furthermore, local business development was stimulated by awarding a substantial quantum of contracts to Pietermaritzburg firms.

IDC and its partners at the time also facilitated the introduction of broad-based BEE into the company in 2007, specifically by means of a workers trust and strategic partners.
In 1928, the SA government passed a law that led to the founding of state-owned Iscor (Pty) Ltd to reduce the country’s reliance on imports. In 1989, Iscor was privatised and listed on the JSE. To support government and Iscor’s privatisation, IDC acquired a 16% shareholding for R600 million. By then Iscor had been the major integrated SA steel producer for more than 70 years and its mining division, Iscor Mining, had provided security of iron ore supply for its steel mills.

In 1998, Saldanha Steel, with capacity to produce 1.2 million t.p.a. of flat steel products, was formed through an equal partnership between IDC and Iscor.

In November 2001, Iscor Ltd unbundled into two separately JSE-listed mining (Kumba Resources Ltd) and steel (Iscor Steel Ltd) companies. Through this transaction, the mines developed by Iscor Ltd for coal, zinc, heavy minerals and certain industrial minerals used in steel production, together with its two iron ore mines, became part of Kumba Resources Ltd.

This transaction resulted in shareholders receiving shares in both separate listed entities in equal proportion to their existing holdings. As part of the deal, Iscor Steel Ltd gained control of IDC’s 50% holding in Saldanha Steel, ensuring that the latter became integrated into Iscor Steel Ltd, in return for additional shares in Iscor Steel (later renamed ArcelorMittal SA Ltd) and in Kumba Resources issued to IDC.

In 2006, IDC and Anglo American plc with 14% and 65% shareholding, respectively, in Kumba Resources Ltd, a diversified metals and mining company with operations comprising iron ore, coal, base metals and heavy minerals, implemented the unbundling and separate listing of the iron ore assets into Kumba Limited (the 4th largest iron ore producer in the world) and the residual assets used to create Exxaro Resources Ltd, the 2nd largest SA coal producer with a coal capacity of 39 million t.p.a.
IDC and Anglo American plc, as shareholders of JSE-listed Kumba Resources Ltd, facilitated and funded empowerment parties to acquire a 52.5% controlling stake in Exxaro Resources Ltd, thus becoming one of SA's largest black-owned, broad-based BEE companies by market capitalisation.

Through this development, Exxaro is now 52% owned by a black consortium consisting of Eyesizwe, Eyabantu, Tiso, a BEE Women’s Group and the IDC, with the balance owned by Anglo American plc, the Exxaro Employee Share Option Scheme (ESOP) and the public.

IDC together with Anglo American plc and other shareholders of Kumba facilitated the creation of Sishen Iron Ore Company and the Kumba Iron Ore ESOP, who each acquired a 3% shareholding in Kumba Iron Ore Ltd.

In 2012, IDC together with other funders financed Exxaro Resources Limited to part-fund the expansion of its Grootegeluk mine in order to facilitate coal supply to Eskom’s Medupi Power Station.