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Canadian business chamber flays SA

Charlotte Mathews

Resources Editor

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SA's energy crisis, which was of its own making, not only caused immense financial damage but also showed that its leadership was incompetent, Canada-SA Chamber of Business president Bruce Shapiro said yesterday.

He was speaking at the African Mining Congress 2008 conference in Sandton.

The energy crisis was one of the challenges for SA in attracting foreign investment to its mining sector, he said.

Shapiro's comments came only four days after Business Against Crime chairman Mark Lamberti said the government was "out to lunch" in its dealings with the organisation. It was "exceptionally difficult" to get things done, Lamberti said.

Shapiro heads the Toronto-based, independent non-profit business chamber, whose mission is to help its members and Canadian companies develop business interests with SA.

He said many of the issues SA faced were shared with countries elsewhere in Africa, including looming changes in political leadership.

But even more important for SA was its high crime rate.

"I believe crime is the Achilles heel in SA," Shapiro said. He also questioned whether SA had addressed the problem of a sustainable water supply.

The skilled labour shortage being experienced by the mining industry everywhere was accompanied in SA by problems in obtaining work permits.

Beneficiation policies, as punted by Minerals and Energy Minister Buyelwa Sonjica, had not worked in Canada's diamond industry and there was no reason why they should work in SA because the cost structures were wrong, Shapiro said.

On HIV/AIDS, very little was being done by the government and most of the good work was being done by the private sector. The effects of SA's high

unemployment were made worse by the large number of illegal immigrants in the country.

The processing of mineral licences had to be improved, and land claims needed to be resolved.

There was a lack of consistent promotion of SA's opportunities and projects, though this was not only a shortcoming in SA.

Transparency was important in Africa, and a proper settlement in Zimbabwe was very important, Shapiro said. The attitude of South African politicians towards Zimbabwe "has not impressed the west".

Investors did not like political uncertainty. Because of uncertainty about SA's election next year, Canadian companies were conducting additional due diligence investigations on potential new projects in SA.

There also had to be transparency in awarding mining licences, he said. Once there was ministerial discretion involved, it led to bribery and corruption. African countries had to reduce delays in awarding such licences.

"Countries have to address the concerns of foreign investors because Africa is dependent on foreign finance," he said.

There was plenty of funding available from private equity investors as well as international goodwill, but the surrounding environment had to be welcoming.

Shapiro said about 140 companies listed on the Toronto Stock Exchange had projects in Africa and 26% of those projects were in SA.

SA was still "the main game" for mining in Africa but if the Democratic Republic of Congo could create the right operating environment, billions of dollars in investment would flow there, Shapiro said. But he also acknowledged that foreign observers applied double standards. SA was criticised over the introduction of mining royalties and dealings with local communities, despite the same issues having been contentious in Canada.