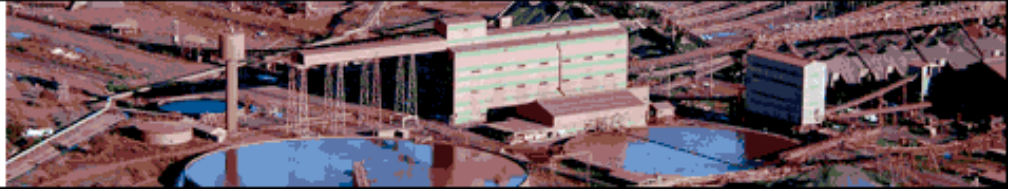


The logo for Bateman, featuring the word "BATEMAN" in a bold, blue, sans-serif font.The logo for Creamer Media's Mining Weekly Online. It features the text "Creamer Media's" in a small font above "MINING WEEKLY" in large, bold, white letters on a red background, with "Online" in a smaller font to the right.

SA's nationalisation talk creating investor shivers – Canada-SA Chamber

By: Martin Creamer

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JOHANNESBURG (miningweekly.com) – Talk of the nationalisation of South Africa's mining industry was creating shivers in the international investment community despite the rebuttal of the South African government, Canada-South Africa Chamber of Business president **Bruce Shapiro** said on Wednesday.

Shapiro told the Terrapinn African Mining Congress in Johannesburg that it was important to note that Africa faced competition from other regions, notably South America, and, at the moment to a much lesser extent, Russia.

Montero Mining Exploration director Dr **Tony Harwood**, who spoke from the same podium, concurred, and added that India, Thailand and many other countries were open to mining investment, while Africa's political and infrastructural constraints were simultaneously inhibiting investment in mining.

"The competition is mostly in the political arena," Shapiro said, adding that several African governments had, of late, been talking about, or actively implementing, policies that could drive away investors.

"Right here in South Africa, the ruling party has been talking of forming a government-owned mining company. We don't know to what extent this will affect the private sector, but one wonders whether a business atmosphere, where the government competes directly with the private sector, will be conducive enough for everybody," Shapiro said.

"Also, recent calls by the president of the ANC youth wing and Cosatu to nationalise mining creates shivers in the international investment community and significantly reduces foreign direct investment, despite a rebuttal by the government.

"Next door, in Zimbabwe, there is talk of government owning 51% of any mining investment. In Zambia, the government constantly changes its taxation policy, and in the Democratic Republic of Congo, contracts are being reviewed to suit new government preferences.

"These changes are, of course, driven by a justifiable desire to give ownership of resources to the people, or to enhance the benefits from resources to the people, but, in business terms, that is often viewed as government interference, and financiers and investors tend to look elsewhere at the slightest hint of interference.

"So, effectively, African governments hold the key to maintaining the attractiveness of this continent's mining sector, and that key is direct engagement with companies and a sharing of ideas that lead to policies that satisfy both sides.

"For example, instead of the South African government starting its own mining company, it could draw up proposals of what it wishes to be done by private business and invite counterproposals, and the two sides could meet halfway.

"In Zimbabwe, the government could require a reasonably lower percentage, which would be attractive to business, and so on.

"Overall, a consistent and positive message to investors and accompanying actions is needed to keep foreign direct investment flowing," Shapiro said.

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