

# South Africa Urged to Set up Fund to Strengthen Edge in Mining Equipment Sector

Addis Ababa, Mar. 25, 2013 – South Africa, the hub of mining equipment industry in Africa, needs to urgently establish a challenge fund to enable it service other sectors of the economy while maintaining a competitive edge in the industry, a new report on Africa’s economy says.

The fund would signal the government’s resolve to help the sector retain its global relevance through the creation of new products and by lateral expansion into new territories, says this year’s Economic Report on Africa (ERA 2013) co-authored by the Economic Commission for Africa (ECA) and the African Union (AU).

The theme of the report is “Making the Most of Africa’s Commodities: Industrializing for Growth, Jobs and Economic Transformation.” The report advocates a massive industrialization of the continent through leveraging on its resource endowments. It argues that African nations should disregard calls to abandon commodity-based industrialization, pointing out that some European and South American nations had in the past successfully used the same model to grow their economy.

“South Africa is a net exporter of mining equipment, with particularly strong interest coming from Latin America. The industry is growing at an annual 20% and has a global competitive advantage in four areas,” namely mine safety, ventilation, shaft sinking, and tracked mining, the report says. “Mine safety is a particularly strong and fast-growing area.”

Also, the report says the mining industry has a big impact on South Africa’s economy. Of total industry expenditures in 2011, an estimated 89% was spent locally—on input costs, salaries and wages, capital expenditures, direct corporate taxation, loan interest, and dividends to shareholders. The money generated in mining circulates throughout the rest of the economy and makes an impact on sectors as diverse as financial services and housing, according to ERA 2013.

But its competitive edge is waning, the report warns.

“Skills are in short supply, standards are perceived to be on the decline, publicly funded research is shrinking, and the capacity for scientific and technological research is diminishing,” the report adds, calling for urgent steps to reverse the trend.

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