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(ZCTU)**

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**Common Issues and Interests for Building Linkages
around Country and Continental Initiatives**

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Introduction

Mining stretches back for generations. Modern mining started with the colonial period in Africa and southern. The discovery of gold and diamonds in South Africa catapulted mining development and could be considered the catalyst for economic development in the region, as it contributes immensely to economic activities, fixed investment, employment opportunities, infrastructure, secondary industry, gross capital formation and foreign exchange earnings.

That as it may be the region's strategy for mining continues to have shortfalls as it is predicated on a NEO Liberal doctrine. The mining industry is highly dominated by multinational companies. Small scale and artisan miners cannot compete with the established mining companies and are confronted with multiple challenges such as cost of capital, lack of skills and access to markets.

Mineral dependency

Country	Mineral	Mining Exports as Total % Exports	Year
Angola	Crude petroleum	98.5	1996
Botswana	Diamond, copper, tutille (titanium dioxide) , bauxite, platinum	79.1	1997
Mozambique	Aluminum	0.3	1995
South Africa	Base metals, ores and concentrates, coal, diamond, iron and steel	28	2004
Zambia	Copper, cobalt, coal emeralds	83	1995
Zimbabwe	Gold, ores and concentrates, asbestos, chrome platinum	23.4	1996

Source: (Graville 2001, South Centre 2005b, South Centre C, Department of Minerals and Energy 2005)

Heavy dependency on mining and failure to diversify has translated into what is effectively an enclave. The mining industry often has weak links with the rest of the economy as it tends to be more capital intensive. Which often leads to development of enclave type methods of production, where exploitation of resources is geographically concentrated and creates small pockets of wealth that fail to spread to the rest of the economy.

The consequences of mineral dependency

Observing that mineral dependent countries usually suffer from the Dutch disease ie the phenomenon observed in the Netherlands following the discovery of the natural gas,

whereby the discovery of the natural gas lead to deindustrialization and dependence on one commodity.

Spending effect

Revenues generated from mining are spent on non –traded goods and services, as opposed to being invested in a sector that would diversify the economy and ensure its sustainability

Resource movement effect

Labour, money, equipment, technology are then concentrated on the successful mining industry at the expense of other sectors.

The enclave effect

This arises when there is no investment in beneficiation because sufficient revenue from the export of the raw product.

High dependency of foreign direct investments

In the mining industry attempts to prop up black ownership through various indigenisation or black empowerment programmes have been made but they are fraught with policy incoherence. TNCs pursue profitability at all costs which are achieved through

- **economies of scale**
- **vertical integration and consolidation**
- **flexible employment**
- **retrenchments**

A Search for Alternatives

Mining and extractive industries can contribute to foster a sustainable development strategy if linkages are developed between this sector and other sectors of the economy. There is therefore a need for a multi-faceted approach or strategy for mining with the following proposed strategies

- beneficiation of raw materials (value addition) and how it can lock in benefits internally (eg employment creation)
- creation and promotion of value chains and channels to create an endogenous (internal) engine for development, integrating the small medium and informal mining activities
- identifying and adapting science and technology to the local environment
- use of promotion of environmentally friendly and sustainable technologies and processes
- promotion and use of technologies and processes that are healthy and safe for the workers

- development of alternative sources of livelihoods for mining communities through the adoption of active labour market policies and programmes where the minerals have been exhausted
 - development and promotion of research in new technology eg for recycling and further extraction of ore dumps
 - explore possibilities for producer countries to control and determine market conditions as is the case with OPEC
 - identify best practices from the region and elsewhere in the sector (eg Namibia Diamond processing plant or Ghana experience with diamonds)
 - adoption and implementation of the Decent Work Agenda and the Global Jobs Pact
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- decent work agenda refers to work that is productive, gives a fair income, security in the work place and social protection for the family, equal treatment, better prospects for personal development and social intergration
 - global jobs pact refers to the acceleration of employment creation, jobs recovery and sustainable enterprises as well as shaping a fair and sustainable globalisation
 - need to redirect resources to satisfy critical needs of the people and achieve economic and social justice