

## **Rethink On Mineral Beneficiation Policy Needed In Africa, According To Global Advisory Firm**

The pursuit of economic diversification by mineral-rich countries in Africa, particularly through industrialisation is a laudable goal. However, the levers being used to promote industrialisation through beneficiation have not had the desired effect in many instances.

In Eunomix's 2nd Beneficiation Monitor, released this week, some interesting stories have demonstrated why a rethink on beneficiation is needed.

In Uganda, President Museveni lifted the ban on mineral ore exports that had been imposed earlier in 2015. According to the Ugandan Chamber of Mines and Petroleum, the ban had breached contracts with investors who had been issued with licenses and had frustrated major developments in the sector. This follows on from other news earlier in the year, where Zimbabwe backtracked on its Chrome export ban, and Indonesia relaxed export controls on nickel and bauxite. These u-turns demonstrate an acknowledgement that these policies and regulations have not had the desired effect and have actually negatively impacted the mining sectors, and in turn tax revenues, export revenues and investment.

In addition, the efforts to promote diamond beneficiation in Southern Africa have encountered major stumbling blocks in recent years. Although cutting and polishing industries were established in Botswana, Namibia and South Africa, they have all been experiencing significant drops in employment in the past few years (particularly in the cutting and polishing industries) – in Namibia employment has dropped from around 2,000 people to around 600 people, in Botswana about 2,000 people have lost their jobs in the cutting and polishing industry, and in South Africa there has been a drop from 3,200 people to only a few hundred.

Eunomix continues to highlight the fact that under the current economic climate, characterised by a commodity price slump, it is not the time to extract further concessions from battered mining and oil and gas industries through increased state regulation and export barriers.

*Eunomix's Beneficiation Monitors are released every quarter and are dedicated to tracking trends in beneficiation and mineral rent policy, legislation and regulation in Africa. The Monitors aim to provide timely overviews of the continent-wide movement to derive greater local value from the mining*

*industry, with all the implications this entails for economic development, investment climate and the growth of the mining sector.*

*Eunomix is a multidisciplinary advisory firm at the nexus of strategy, risk management and socioeconomic development. The firm specialises in researching resource-rich countries, with a focus on Africa. Serving businesses and governments, Eunomix helps deliver sustainable outcomes in the face of systemic uncertainty, competition for resources and growing demands for shared prosperity.*