

Mine disruptions may reduce SA's GDP by half pct point

For the past few months, the unlawful strike action on SA's gold and platinum mines has attracted widespread media coverage, *TimesLIVE* says, and political and social costs are now beginning to show in the numbers.

Unfortunately, as significant portion of manufacturing in the country is tied to the mining industry. It was hardly surprising to see that factory output also contracted in the past 12 months.

Last week, Finance Minister Pravin Gordhan acknowledged that lost production on South Africa's platinum and gold mines would thump exports by R12.5-billion, a shortfall we can little afford. Overall, economists forecast the disruption and strife will probably lop off a half percentage point from South Africa's GDP, while the harm to South Africa's reputation as a mining destination will be long-lasting.

South Africa is blessed with 80% of the world's platinum reserves. Platinum is used extensively by the motor industry to clean carbon emissions, and demand for platinum jewellery from the East remains robust, its application in the electronics industry is also increasing all the time. According to *TimesLIVE*, however, the cost of producing an ounce of platinum on SA mines has been rising dramatically due to out-of-control wage increases, power costs and other charges. The fall in margins has weighed on profits, leaving the miners short of funds they need to finance future growth.

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