

Effect of labour strike on national economy

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The global mining industry, with its role in the resources supply chain, acts as a core force influencing the health of the 'global economy'. Numerous industries across the globe depend on the supply of commodities.

There are about 40 countries with significant dependence on mineral exports, of which 30 countries are low or middle income. Out of top ten countries driving global mining output (in production value), Australia tops the table followed by Brazil, Russia, India, China and South Africa (BRICS). The mining industry, therefore, plays a significant role by way of foreign direct investments (FDIs), export opportunity, government revenue, national income (GDP) and direct and indirect employment creation.

The African continent contributes 7% of the world's mineral exports from mining 20% of world's land area. South Africa delivers 65% of mineral exports by value in Africa. South Africa is estimated to have the world's fifth largest mining sector in terms of GDP value. The opportunities for mining, resources and infrastructure companies have been impressive. Needless to say, South Africa has the largest reserve of platinum group metals (PGM) and is a significant producer of gold, manganese, chrome, vanadium, titanium and coal.

Values of output

Frost & Sullivan metals and mineral's research group estimated that the mining production output values of South Africa are 25% for coal, 38% for gold and PGM and 16% for iron ore. The reported 70,000+ workers going on strike has resulted in the top mining player's halting production at facilities. This has intensified over the last 20 weeks, giving birth to an unexpected minor threat for the national economy, due to the halt in mining output. This has reduced export revenues, resulting in the depreciation of South African rand (against \$).

The mine owners and labour unions have not been able to reach an understanding and this has resulted in substantial losses for the mines and workers alike. Current losses are estimated close to R22bn. It will be the cohesive decision of the three Ms - mine owners (corporates), ministry and authorities (government) and mineworkers (Association of Mineworkers and Construction (AMCU)) that will result in a solution to weeks of to-and-fro discussions and bring the industry back to a place where it can contribute effectively to the global market once again.

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