



**MINERAL RESOURCES AND ENERGY
REPUBLIC OF SOUTH AFRICA**

**REMARKS BY THE HONOURABLE
MINISTER OF MINERAL RESOURCES AND ENERGY
MR GWEDE MANTASHE
ON THE OCCASION OF THE
PLATINUM GROUP METALS INDUSTRY DAY
JOHANNESBURG, 6 APRIL 2022**

Programme Director, Mr Bernard Swanepoel

Captains of the Industry

Members of the media

Ladies and Gentlemen

The platinum industry, like other mineral sectors, was not immune to the effect of the Covid-19 pandemic.

It fell by 18% in 2020 following the hard lockdown measures and recovered in 2021 when the restrictions were eased. In April 2021, the sector saw a 276% increase in production and 476% in year-on-year sales compared to April 2019. This resulted from restored demand in the automotive, industrial, and jewellery sectors, increased commodity prices that performed above pre-covid 19 levels, coupled with stimulus packages implemented by developed economies.

South Africa, as the world's largest producer, is the key contributor towards growth in world supply, with an increase in output of 26% in 2021.

Given the economic sanctions by Russia, close attention needs to be paid to the global palladium supply. Norilsk-Talnakh contains 46% of palladium containing deposits, whereas Bushveld Igneous Complex contains 39% and the remainder is balanced by Great Dyke Zim deposits, among others. Therefore, supply disruption in these regions affects the price of the metal.

The PGMs sector continues to play a significant role in the country's economic, financial, and social needs by contributing on average 41% and 37% to total mineral revenue and employment.

The new global dispensation of green energy offers South Africa a rare and tremendous opportunity to become a global leader in the production of hydrogen, as well as fuel cells. This is primarily because South Africa holds nearly 80% of the world's platinum reserves. It is the leading global supplier of primary mined PGMs, accounting for approximately 80% and 40% of the world's platinum and palladium supplies, respectively.

About 80% of global demand for PGMs comes from the automotive industry, as components for emissions control from internal combustion engines, with other uses emanating from the jewellery (2%), investment (11%) and general industrial (7%) demand.

Implementation of tighter BS6 Emission norms, which came into effect on 01 April 2021, are expected to drive up usage and consequent prices of these rare metals. Undoubtedly, the future PGMs demand will largely be driven more by the implementation of tighter emissions legislations which will boost platinum use in autocatalytic converters in the short to medium term.

In this context, the Platinum Group Metals (PGMs) commodities are poised to make a significant contribution to domestic and global economies. They provide our country with a comparative advantage, thereby enabling South Africa to benefit in the trade of these commodities.

The commissioning of the Hydrogen Valley Feasibility Study Report saw a successful Public-Private Partnership across national departments, the economic development departments of Limpopo, Gauteng and KwaZulu-Natal provinces, Anglo Platinum, Bambili and ENGIE towards the establishment of the Hydrogen Valley South Africa (HySA).

According to global trends, the demand for platinum in hydrogen-fuelled cell powered vehicles is expected to increase. Government has announced plans to establish a Platinum Valley project that will be built as a new industrial cluster for South Africa. We must support the conversion of truck diesel engines into hydrogen powered vehicles, which was initiated by Anglo American Platinum. This will enhance demand not only for PGMs but also the technologies to be championed.

South Africa's hydrogen valley will identify stable and established project opportunities for kick-starting hydrogen initiatives in promising hubs, with the aim of boosting economic growth and job creation. This in turn is set to spur the development of circular industries, increasing local platinum demand, and reducing its carbon footprint.

The industrial corridor project is planned to start in a PGMs mining area in Limpopo, including the Limpopo Province Science and Technology Park, and continue through the Johannesburg-to-Durban corridor (OR Tambo International Airport to King Shaka International Airport).

These initiatives are poised to be trend setters in the application of PGMs as green source of energy. This requires bold leadership on our part as government and as the private sector.

For mineral beneficiation to thrive in our country, the PGM industry must champion the implementation of our Beneficiation Strategy.

Although the PGM business has been doing well before and during commodity boom, scrap/recycled metals has been a growing business for years. This has affected how primary producers of PGMs plan for their production. Accordingly, scrap being one of the demand drivers in the PGM business.

As the industry, you should unpack the potentials of the PGM industry and share insights on how we can collaboratively resolve challenges encountered. Bottlenecks existing in the legislative environment, trade policies and the various support required to kickstart the hydrogen production and fuel cell industries must be resolved.

The Department is ready to support measures that will boost international investment and ultimately our economic reconstruction and recovery programme.

I thank you.