

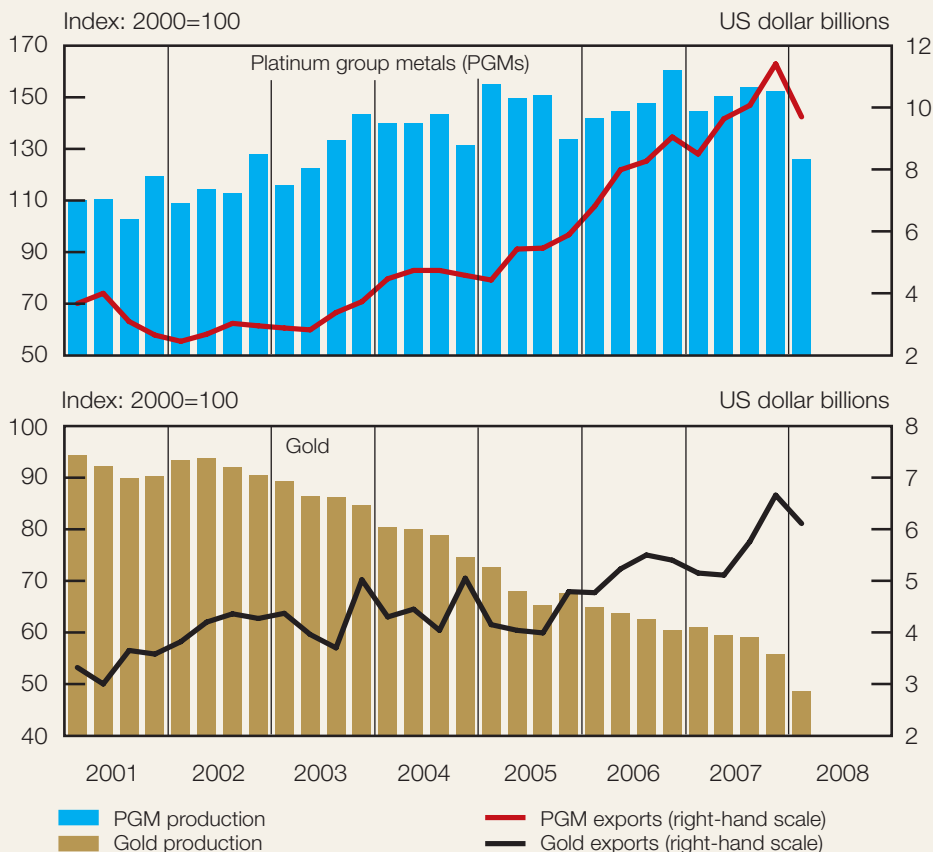
## Production and exports of precious metals

South Africa's mining sector is an important supplier of gold, platinum, coal and diamonds to the rest of the world. Its contribution to economic activity and employment is significant; currently, the mining sector's share in gross value added amounts to almost 8 per cent, and the sector employs about 3 per cent of the economically active population. Mining products contributed approximately 56 per cent to total South African exports of goods in 2007.

In the longer run, South African gold production has trended downwards as the shallower, high-yielding ore bodies have increasingly been depleted. This trend has remained intact, notwithstanding an international gold price which has recently been very favourable from a producer point of view. By contrast, the production of platinum group metals has trended upwards, reflecting significant investment in this subsector. South Africa is responsible for the bulk of the world's platinum production, and exports the precious metal as such or in catalytic converters used in vehicle emission control systems. Revenue from platinum group metal exports has exceeded gold export proceeds since 2004.

However, in the first quarter of 2008 both platinum and gold export volumes fell considerably despite international prices, which soared to new peaks. The mining sector had to deal with electricity rationing, and in January 2008 gold and platinum mining companies were forced to halt production for five days. Subsequently, a quota of 90 per cent of the mining companies' normal power requirements was imposed before it was raised to 95 per cent in March 2008. In addition, significant cost pressures associated with the rising costs of key inputs also affected production. Furthermore, production was held back by higher fatalities in the industry, which resulted in the intermittent closure of certain mines.

### Platinum and gold: Production volume and export proceeds



While the volume of exported precious metals declined significantly in the first quarter of 2008, this was partly offset by higher international prices of these commodities.