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Hon Parks Tau, MP
Minister of Trade, Industry & Competition
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17th March 2025

Dear Minister Tau

The need for a review of the economic viability of the Musina Makhado Special Economic Zone

We visited the Musina-Makhado Special Economic Zone (MMSEZ) in January of this year to establish the feasibility and desirability of this project. Last night's investigative programme on the Musina Makhado Special Economic Zone (MMSEZ), aired on MNET's Carte Blanche, confirmed some of the fundamental issues we discovered that call into question the economic rationale for this development as well as its financial viability.

This zone was conceived over ten years ago in a very different world, when heavy industrial development projects paid little regard to the social and environmental impacts such developments would have. Based on the exploitation of the Soutpansberg coal field, it envisages the construction of a mega steel plant and metallurgical complex, a short-term industrial development that will have extremely negative long-term consequences. It also conflicts with the vision of the Vhembe Bioregional Plan, which the Limpopo government has done all in its power to suppress.

The new DTIC vision, which you outlined together with the new strategy your department is developing, is based on the three pillars of decarbonisation, decentralization and digitalisation. It would be hard to conceive a project more in conflict with that vision than the MMSEZ, which is counter to the commitments South Africa has made to reducing its carbon emissions and places the interests of Chinese investors above the economic wellbeing of local residents. The zone's proponents blithely ignore the impediment that water scarcity places before the zone, and no proper study has been done into the viability of damming the Limpopo river and piping water from there to the zone, which it will depend on.

The company developing the Makhado coal deposits, MC Mining, is in severe financial distress and has outstanding loans of R360 million to the IDC. It recently underwent a recapitalization with its Chinese investors converting their loans into equity, to cover the working capital shortfalls that grow by the day. The fact that MC Mining has commenced mining without the necessary permits and in the face of several judicial reviews of the entire project demonstrates its desperate need to generate cash flow from the mines to pay off its debts. It is likely MC Mining will be interdicted from continuing its operations until the court reviews are heard, putting the entire zone in jeopardy.

There are many other reasons why this plan could end up being an enormous white elephant and embarrassment to Limpopo and your department. We are therefore calling for a review of its viability, from all angles, including economic, environmental, social and governance perspectives. We will also be calling on you, the dtic and the Limpopo government to appear before our respective portfolio committees to explain why this development should not be halted forthwith.

Toby Chance, MP
DA Spokesperson on
Trade, Industry & Competition

Andrew de Blocq
DA Spokesperson on Forestry, Fisheries
& The Environment

Attachment:

1. Response to a written question on MMSEZ expenditure and investment commitments

the **dtic**

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2455

Mr R W T Chance (DA) to ask the Minister of Trade, Industry and Competition:

With regard to the Musina-Makhado Special Economic Zone, what is the update on the (a) status of securing funds to complete the basic infrastructure necessary for the construction of top structures, (b) total funds (i) raised to date and (ii) still to be raised and (c) commitments from private sector investors in various sectors including (i) coal mining, (ii) electricity generation, (iii) steel making and (iv) other manufactured products? NW3853E

REPLY:

1. The Musina-Makhado Special Economic Zone (MMSEZ) entity has indicated that they have secured via the Provincial MTEF for the period 2020/21 – 2026/27,
R 1,070 billion in order to complete the basic infrastructure necessary.

Furthermore, **the dtic**'s Industrial Zones Programme is also assisting the MMSEZ entity with Technical Infrastructure advisory to ensure the development and implementation of infrastructure is done on time and within budget.

2. The estimated funds required to complete the bulk infrastructure is R 2,270 billion –
(i) According to the MMSEZ entity from the R1, 070 billion MTEF allocation they have already received R 510 million to date; and

(ii) a further R 1,2 billion is still required.

3. (i) The entity has reported that there is no coal mining commitment from the private sector.

(ii) The entity has highlighted that they have received commitments to the value of R38 billion within the renewable energy space from two companies, Red Rocket Energy (R10 Billion); and Kona Maanda (R28 Billion). It is estimated that these companies will generate a combined 3500MW.

(iii) MMSEZ reported on 5 private sector investors with a cumulative investment value of R 90,047 billion in iron and steel manufacturing:

Taiyuan Iron & Steel Company (Metua	R72 billion
MCC International (Meta)	R14.4 billion
Tengy GROUP CO., Ltd (Meta)	R3.6 billion
Guangdong Yuda Construction Engineering Group Co., Ltd	R38 million
Kinetic Group	R900 million

(iv) MMSEZ also indicated, investment commitments in other manufactured products amount to approximately R 7 billion, with a focus on agri-processing, pharma and logistics:

TomAfricka - Merit Group (Agri)	R 350 million
Agri-Intelect Pty (Agri)	R 82 million
Berakot Farms	R43 million
Mob Power Solutions (Manu)	R1.6 billion
IntProd Synergy Development (Manu)	R3 billion
Abok Pharmaceuticals (Manu)	R263 billion
Soleil Du Sud (Manu)	R380 million
African Chemicals (Logi)	R20 million
Synergia Oil and Chemicals Pty(Ltd) (Logi)	R2.4 billion

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