
**OUTLINE OF AN ADDRESS BY BOBBY GODSELL TO THE UASA CONFERENCE HELD
ON 31ST AUGUST 2001 IN JOHANNESBURG**

Vandag wil ek graag oor drie dinge met u gesels:

- Globalisasie;
- Die wêreld goudbedryf;en;
- Die uitdagings wat hierdie prosen en hierdie bedryf aan ons land stel.

Dit is hierdie drie dinge wat beide my sakelewe en doelstellings omraam en wat sentraal lê aan die strategieë van die twee organisasies waarmee ek verbind is, naamlik die Wêreld Goudraad en natuurlik, AngloGold. Maar nog meer, hierdie drie sake verbind my lewe en my doelstellings met u organisasie. Binne hierdie drie vormings-aspekte sal die toekoms van al drie organisasies bepaal word.

1. Globalization

Globalization has certainly become a focus of attention ... and worldwide. Unfortunately much of the debate about globalization generates more heat than light. Let's try to generate some light on this subject.

Globalization is a term that is used for a handful of trends that have been re-shaping our world over the last decade. Important amongst these trends is the end of the cold war. This phenomenon divided the world into two antagonistic blocks very shortly after the end of World War Two. So for most of the second half of the twentieth century we lived in a divided world. There was a capitalist American 'first world' and a socialist Russian second world.

Then too there was also a third world, or a group of Non-aligned nations - those regions which had for many years been ruled as first world colonies, and whose economies were still developing. This 'third world' very often simply provided the fishing grounds in which the Russian and American fishing trawlers fished. We know a lot about these fishing grounds in South Africa. We experienced one of them right on our borders with up to 50,000 Russian paid and transported troops fighting a civil war in Angola against an American equipped UNITA.

The world, during the cold war, divided into two militarily antagonistic blocks. Equally the world economy was fragmented into a group of countries with market economies, a group of countries with socialist economies, and a group of developing countries.

Die vloei van geld en van goedere, van menings en van mense is verhoed deur ystergordyne, bamboesgordyne, en mure soos die Berlynse Skandmuur.

Maar met die val van die Skandmuur het die Sowjet-unie ook geval, en sosialisme as wereld-ideologie daarmee saam. Nou lyk die wêreld heel anders. Nou is 'n globale wêreld moontlik.

The lifting of the physical and ideological barriers between nations and economies permitted an unobstructed flow of ideas and information, goods and services.

In terms of the newly restructured World Trade Organisation member countries have a commitment to open their borders to goods and services from the world economy. We have seen a dramatic change in the goods and services on offer in South Africa, from car models to financial services, from personal computers to mobile phones. In many areas of our market it is difficult to determine whether a product is made domestically or imported.

People are more mobile than ever before, with Silicon Valley in California boasting a veritable United Nations of skilled employees. In another very important change in labour markets the emergence of 'world companies' has seen a division of both production and product across

national borders. So many world airlines now have their data "back office" work done in India, the marketing run in Europe or North America, their planes manufactured in one country and maintained in another. The company I work for employs American Mining Engineers in South Africa, Afrikaans shift bosses in Mali, and is taking hard rock drilling expertise, using BaSotho drillers to Brazil.

American investors now direct their money into companies and projects quite literally all over the world. One of AngloGold's shareholders is the San Diego Firemens' Pension Fund.

The gold industry in this global market

The gold industry worldwide is going through tough times. For 150 years, through the international gold and gold exchange systems, when governments and central banks were its main customers. No matter how profitably or inefficiently the industry produced its metal, the central banks bought everything produced, at a price at first agreed by governments, and later set by a group of five banks meeting twice each day in London - the so called morning and afternoon gold fix. This has all changed. Today central bank sales constitute the largest category of supply rather than demand. More gold is coming onto the market from central bank vaults than from mines in any one country, including our own.

The end of the international gold exchange standard in the early 1970's saw a boom in gold prices and gold mining. Companies, particularly in North America and to a lesser extent Australia, raised new capital, expanded exploration, bought up new assets. Their business plans anticipated a continuous rise in the gold price. This was true until the early 1980's. Then the gold price, at least in US dollars, began to move sideways and then down. Today, at least in money of the day, the price trades is where it was 16 years ago.

Those gold companies that want to survive have therefore had to mine smarter, reduce costs and improve efficiencies. Also they have to consolidate. In the nickel industry, the top ten producers around the world account for 90% of world production. In iron ore the top ten produce 70%. In gold the same top ten produce a meager 40%.

In fact there is no global gold company. Three groupings of gold companies exist:

- one in North America, which as it is the home of major investment markets enjoys the highest ratings per production and reserve ounce;
- a second in Australia, with lower ratings;
- a third in South Africa with yet lower ratings.

All companies (and I guess all unions and associations) want to be leaders rather than followers. Companies want to be leaders in their markets. Therefore increasingly gold companies are seeking to acquire the very best gold assets worldwide, to hire the best management worldwide, and to attract the broadest and deepest set of investors worldwide, that is. to go global, to compete in global markets for skilled resources, for scarce capital and for state of the art mining technology.

A second major area of challenge is to build a new customer base for gold. As I noted before governments and central banks used to be our customers. Now they are our competitors. Ours customers are the hundreds of millions of people across the world who buy gold jewellery, gold religious objects and gold coins and bars.

Building this customer base, as well as exploring new product development, and maintaining a dialogue with central banks is the purpose of the World Gold Council. This body will spend some \$55 million this year, including \$10 on a major new advertising campaign to promote gold.

2. Maar hoe word Suid-Afrika hierdeur geraak?

Apartheid is beeindig en Suid-Afrikaners kan nou met die res van die wêreld meeding. Maar ons speel nie op 'n gelyke veld nie. U sal die opmerking of dalk aanmerking onthou van

Australiese krieketspelers tydens die eerste wedstryd tussen die twee lande na Suid-Afrika se terugkeer tot internasionale krieket, dat Suid-Afrika 'n "derde wêreld land met 'n derde wêreld krieketspan" was. Hierdie houding teenoor ons land (en, welliswaar teenoor ons kontinent) bestaan steeds. Amerikaanse beleggers doen nie die moeite om eers te probeer om 'n onderskeid te tref tussen Sierra Leone en Suid-Afrika nie, ten spyte van die feit dat hulle so ver van mekaar is as San Francisco van Saigon.

Die media beelde van blanke plase wat geplunder word, en misdaadvlakke, en die ekonomiese, sosiale en politieke onstabiliteit van sommige van ons buurlande, kombineer om 'n negatiewe indruk van ons land te skep.

Hier te lande, in Suid-Afrika, veroorsaak ons misdaad, arbeidstakings en swak produktiwiteit, dat ons nie 'n rooskleurige prentjie skets vir beleggers en ontleders nie.

Teen hierdie duister agtergrond moet ons onthou dat Suid-Afrikaners goud myn op groter dieptes, in nouer some en in harder klip as enige ander plek op aarde. Nogtans is ons in baie aspekte van ons mynbou wêreldklas: diepvlak ventilasie, skagsinking, hidroliese ondersteuning en hysmasjien tegnologie. Ons het nie veel wie by ons kan kers vashou nie. Dis ook 'n mite dat diepvlak myne noodwendig hoër koste myne is. Groot Noligwa, South Deep en Driefontein bewys dit.

Soos ons bewys en almal verbaas het in ons politieke verandering kan swart en wit Suid-Afrikaners saamwerk om 'n land te skep waarop ons kinders trots sal wees. Ons het dit gedoen by the stembus, en ons is besig om dit by die werkplek te doen. Ons het die Australiërs op die rugby- en krieketveld verbaas. Ons kan en wil dit in die werkplek ook doen.

In my bedryf, moet ons goud myn en bemark op 'n manier wat die belegger 'n beter opbrengs bied as wat hy elders kry. Goud aandele het sedert die begin van hierdie jaar dit gedoen. Die uitdaging is om te verseker dat ons voortdurend op hierdie vlak lewer.

Wat vir my 'n feit soos 'n koei is, gebaseer op 25 jaar ondervinding, is dat ons vermoë om al hierdie dinge reg te kry te make het met mense.

Dit gaan oor die verbetering van vaardighede, en van die opvoeding van ons werknemers. Dan nog verder, gaan dit oor ons vermoë om mense te betrek in die beplanning en ontwerp van werk. Die persoon wat die werk doen weet tog heel beste hoe om dit te doen en nog beter te doen. Betaalsisteme moet werknemers vir hulle bydrae tot ondernemings-sukses vergoed.

Die Suid-Afrikaanse goudmynbedryf het 'n lang pad gestap om 'n verhouding tussen bestuur en werknemers, insluitende alle vlakke van toesighouding, te vestig met veiligheid 'n gedeelde oogmerk. Nou moet ons dieselfde vir produktiwiteit en doeltreffendheid doen. In hierdie globale markte is slegs produktiewe werk (volgehoue) werk wat hou.