

Mining execs are making the best of a difficult situation

Given the tight relationship between the fortunes of the global economy and the metals and mining industry, it does not bode well that fewer than half of the senior metals executives voice any level of confidence in the prospects for the global economy over the next two years.



While confidence in the global economy is low, KPMG's [2016 Global Metals & Mining Outlook](#) survey suggests that most metals executives believe they can survive and maybe even grow in the medium term. Indeed, almost two-thirds say that they are confident of achieving growth in the next two years and 63% believe that the industry will achieve a measure of growth over the same time period.

Jacques Erasmus, KPMG's global head of mining, based in South Africa says, "When growth does return, the market will likely be significantly different than in the past, particularly given the structural changes taking place and the environmental regulations currently being tabled around the world. You can't just batten down the hatches and wait for the storm to pass and this explains why these executives are making the best of a difficult situation."

Accordingly, 77% of the survey respondents say that cost and performance management are high priorities for the future. And, having invested heavily into new capacity during the upcycle, many metals and mining operations are now keenly searching for new growth opportunities to help absorb some of their spare production capacity – 71% say that growth will be a high or an extremely high priority over the next two years.

Growth opportunities

When asked what they will do to drive growth in today's economy, respondents cite two main strategies: growing their existing market share and entering into new markets (29% equally).

In part, the survey suggests a pullback from previously 'hot' emerging markets; 33% of those metals organisations with existing investments in Africa say that they will likely reduce their investments over the coming years. One-in-five of those currently operating in the ASEAN region also expect to pull back somewhat. Yet, at the same time, the survey shows that metals organisations are refocusing their investments into driving growth within their larger markets, China and the Americas in particular.

Tapping into technology

The KPMG survey also shows that metals executives plan to channel significant investment towards developing and implementing new manufacturing technologies aimed at driving efficiency and improving performance. Just over a quarter of respondents say they have already invested into additive manufacturing and 3D printing, and an additional 27% say they will definitely invest more in the future. One-in-six say they have already invested into AI and cognitive computing solutions; while 32% say they will certainly invest more. However, the greatest focus for investment seems in robotics with 42% of respondents who assert that they will invest in this area over the next two years.

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