



**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 AFRICA ENERGY INDABA
CAPE TOWN ICC
01 MARCH 2022
09H00**

Programme Director

Distinguished guests

Members of the media

Ladies and Gentlemen

The African Union's vision to create *the Africa We Want* aspires for, among others, "a prosperous Africa, based on inclusive growth and sustainable development".

For the aspiration to be real, the goal of transforming our economies involves prioritising industrialisation, economic diversification and resilience, and investment in energy resources and capacities.

This is the Africa We Want.

This vision arises from our wish to catch up with the industrialised societies and overcome the stigma of socio-economic hardships often used stereotypically to characterise our continent.

Our attempts to lift our economies and our nations from misery and underdevelopment were dealt a severe blow by the global Covid-19 pandemic. In what the IMF refers to as a dangerous divergence, economic recovery in Africa, and parts of South Asia, lags industrial economies. According to the World Bank, in 2023 the GDP of sub-Saharan Africa will be 4% lower than pre-pandemic forecast estimates.

The present situation regarding Ukraine, that pits the Russian Federation against the North Atlantic Treaty Organisation and its allies, threatens our already battered economies. It further postpones our reach for the Africa We Want.

Of immediate effect is the rising price of crude that translates in severely high fuel prices for our individual countries. The relief on fuel taxes, announced by our government in last week's budget, is already corroded by the petrol costs.

The biggest challenge confronting our continent is energy poverty. This is despite the abundance of our individual countries' energy resources, including mineral resources that are catalytic for a low carbon and environmentally sustainable world.

Energy consumption in Sub-Saharan Africa, excluding South Africa, is below thirty gigawatts (30GW). This is comparable to energy consumption in Argentina alone. Apart from low energy consumption, our economies are beset with intermittent electricity supply and high electricity tariffs. Both these factors impact adversely on industrial production and on the ability of the poor to improve their well-being.

Just Energy Transition

The Africa We Want must be shaped against the backdrop of global commitments towards net zero carbon emissions. This is what the African Union means by an “environmentally sustainable and climate resilient economies and communities”.

All of us gathered here today have committed to the United Nations Convention on Climate Change and the Paris Agreement. Individual African countries, with minimal resources, continue to carry the devastating consequences of climate change. This, despite our economies not being major polluters and contributors to global degradation.

Aligned to the United Nations framework, we believe in the principle of common but differentiated roles and responsibilities, thereby cognisant of the developmental reality and divide between the developed and the developing worlds.

We remain committed to contribute our fair share, doing so in a balanced and equitable manner.

Transition must aid development and address historical inequalities, not undermine, and exacerbate them.

We must not be ambivalent about the just energy transition debate. The assumed pendulum swing, or what others call “accelerated transition”, intent on replacing one system with another in a flash, is both irrational and dangerous.

Our overall response must be a fair, balanced and inclusive transition. At its centre must be the people and their livelihoods.

The transition resets present economies, changes the nature of industries; gives newer logics to jobs and skills sets required. We, therefore, need to engage with this reality in a pragmatic manner, and refocus the debate away from the narrow techno-determinist view to one that focusses holistically on what this means for developing African societies.

The Department of Mineral Resources and Energy in South Africa is finalising its policy inputs on the Just Transition Framework for the Energy and Mining Sectors. The bias is towards mitigating the expected socio-economic impacts on our mining and energy communities. It emphasizes re-skilling of workers as well as creating alternative economic livelihoods for the communities surrounding such energy utilities and mines.

We intend to commence with a wide-ranging public dialogue and consultation process in this year.

Energy Infrastructure

Uncertainties in the global supply and security of petroleum resources provide greater resolve for African countries, like South Africa, to own refinery infrastructure capacity. Such capacity guarantees national security. For us, this is further hastened by global, multi-national companies that have signalled their intention to close refineries and import petroleum products into our country. Many other African countries are facing similar realities.

Another challenge is that of inadequate infrastructure to generate and transmit energy, hence intermittent electricity outages that disrupt energy consumption. In South Africa, we are moving towards the separation of generation, transmission, and distribution, to enable the entry of other role players in the electricity market space through the Electricity Regulation Act, that is out for public comment.

Mixed energy technologies are central to efforts to move from high carbon to low carbon emissions. Africa is endowed with natural resources like no other continent,

which can be helpful towards the development of technologies consistent with renewable energy.

As African governments, we must create conducive environments for infrastructure development. It is important that we create an environment for *ease of doing business in Africa*, across the spectrum of upstream, midstream, and downstream.

Continental partnerships on infrastructure development and trade

Africa should be a global trail blazer on renewable energy. Our continent has all the minerals required to drive meaningful development at a fast pace. We need programmes to enable economic exploitation, beneficiation, and exportation. Investment in research and development, and technology, is an imperative, if we are to grow, develop and compete globally.

To unleash this potential in our energy resources we require international cooperation. National and continent-wide private financial and investment sectors must play a role in these initiatives.

We have reset our economic diplomacy work towards a clear bias on Intra-African Cooperation and Trade. As such, we have and will continue to engage in both bi-lateral and multi-lateral platforms on the continent.

We need to foster stronger ties on inter-African oil and gas trade. Already, South Africa imports the bulk of its crude requirements from African producers, including Nigeria and Angola. There is ample opportunity for a massive expansion of gas trade, especially from the Gulf of Guinea and the broader West Coast of Africa, where we have many producers and some already exporting. We collaborate closely with the African Petroleum Producers Organisation and urge more meaningful engagement with this continental body.

In this context, the recent oil discoveries in Namibia are a massively welcome impetus for development in that country, but also for us on the tip of the continent and for our region. We trust that the development of the domestic Namibian gas market emanating from these finds, will benefit the region in terms of substituting diesel usage in power generation. Our sources inform us that the Namibian oil fields, when fully developed,

could catapult the country to among the top five (5) oil producing countries in Sub-Saharan.

Conclusion

Energy must drive regional and continental economic development as is the case with the advanced economies.

We need to continuously share ideas on how we can collectively accelerate Africa's energy sector development to be at the core of all socio-economic development, and of continental growth and development.

Africa must define its own just energy transition that will economically empower and enable the continent to grow.

Our own agenda, our own execution, where we cooperate, and invite others to partner with us to achieve the Africa We Want.

I am confident you will add meaningful contributions to the deliberations and show confidence to inspire rapid development in the continent's energy sector.

I thank you.