Introductory Remarks by Mr Jeff Radebe, Minister of Energy of the Republic of South Africa on Nordic Countries Breakfast Meeting held during the Africa Utility Week at Cape Town Convention Centre, South Africa 14 May, 2019

Programme Moderator, His Excellency Mr Tobias Elling Rehfeld, Ambassador of Denmark

His Excellency Mr Niklas Johasson, Deputy Minister of Foreign Trade, Sweden

Her Excellency Ms Cecilia Julin, Ambassador of Sweden

Her Excellency Ms Astrid Emilie Helle, Ambassador of Norway

His Excellency Mr Kari Alanko, Ambassador of Finland

Senior Government officials,

Nordic Countries Industry representatives

Distinguished guests, Ladies and Gentlemen

Good morning.

It is an honour and my pleasure to be with you this morning. South Africa has had a distinguished relationship with the Nordic countries who have supported us during our liberation struggle and have further extended support to the democratic government. I am especially grateful that your governments have
supported us to set up policies in the energy sector. This was achieved through bilateral and multilateral relationships. We still continue to enjoy this cordial relation.

**Need for energy investments to grow the economy**

The South African economy has not been growing at a desired level and our President, Mr Cyril Ramaphosa has committed to grow the economy, create jobs and ensure the industrialisation through increased investments. South Africa has one of the highest income inequality, youth unemployment and very low economic growth rate. The government needs to address these triple challenges urgently. The energy sector is the engine to economic growth and needs investments.

**Energy constraint in South Africa**

We are aware that South Africa energy sector is constrained. Our current energy needs are increasing. If the economy has to grow, our generation capacity has to increase now. In addition, our electricity infrastructure is old and in need of more investments to accommodate intermittence due to deployment of renewable energy.

The energy sector in South Africa, like the global energy sector, is going through a transition where we have to ensure that as we increase generation of clean, accessible, affordable, secure and sustainable energy for all. This brings its own challenges.
South African Energy Mix

South Africa is richly endowed with coal and more than 80 percent of our energy is from coal. We therefore need to embrace technologies that would enable South Africa to use coal using clean coal technologies with reduced emissions. We have and continue to enjoy support of your member countries such as the Kingdom of Norway government through programmes such as carbon, capture, storage (CCS) and use. Although the CCS technology is not yet commercialised at large scale but we remain hopeful as the use of coal in South Africa is about affordability, sustainability, job creation and economic growth. I hope that your companies represented here will continue to work on clean coal technologies and can assist South Africa and many other regional countries that are also depending on coal as a major source for the electricity.

Renewables

South Africa has been supported by Nordic countries to develop the renewable energy sector. Today, South Africa has one of the leading renewable energy independent power producer programmes. Most of the Nordic companies have accessed opportunities from the renewable energy sector as technology suppliers, power generators and advisors to the sector. The success of the renewable energy sector in South Africa has also led the Southern African Development Community (SADC)
energy sector to emulate and develop their renewable energy sectors. In South Africa we are finalising the Integrated Resource plan and renewable energy is part of the energy mix. We are looking forward to companies from Nordic Countries to participate once the bidding process is initiated.

Social challenge of unemployment in South Africa & role of energy investment

One of the major social challenge in South Africa is youth unemployment. South Africa's population is largely made up of young people; those who are below the age of 35 years constitute 66% per cent of the total population. 42% of youth are not in employment, education or training. This is a total of 8.2 million people. As the energy sector we need to ensure that investments in the sector create employment and business opportunities for our young people. Most of our youth do not have the requisite skills to enable them to participate in the energy sector. We look forward to some of your companies to support skills development of leaner and young people so that we do not depend on imported labour in a country with high unemployment.

SADC Energy sector needs and opportunities

I am aware that some of your companies are operating at a regional level. Energy or electricity access in the SADC region is very low with some countries having as low as 28 percent. The SADC Energy Ministers have endorsed an energy programme
with specific projects which cover gas, hydro power projects, solar and wind, and a few coal power projects. The list also include interconnectors to ensure that the Southern African Power Pool can trade smoothly and also have transmission infrastructure configured to uptake renewables. In light of the need to transition to cleaner energy, the SADC Energy Ministers approved in 2018 the development of the SADC Regional Gas Master Plan covering evaluation of the available gas resources and existing markets, gas utilisation strategy, supply and demand analysis, infrastructure development plans, identification and linkages of value chains as well as institutional, regulatory and fiscal frameworks. The above are major areas of focus for the region which also presents opportunities to investors who have an interest in gas development, renewable energy and energy efficiency in the region.

**Energy, Water and Food Nexus in the region**

As country and a region we have taken note of the energy, water and food nexus issues. SADC Energy Ministers took a ministerial decision in 2018 that the region finalise the development of a nexus investment framework that would drive planning and implementation of joint projects and initiatives that would enhance job creation, water, energy and food security in the region. This is an important area where we will need the support to put policies in place and project to ensure that we manage the
energy, water and food nexus. This especially important for South Africa as we are a water scarce country being in the top 20 driest countries in the world.

**Conclusion**

The South African energy sector is poised to grow. The country needs both the finance, technology and skills to increase the electricity generation capacity. The investments in the sector should ensure that job creation, industrialisation and development of energy equipment manufacturing is relocated to our countries so that the down-stream benefits are also enjoyed in the country. As indicated above markets for such products will be available in both South Africa, Southern Africa and indeed the sub-Saharan Africa region which has huge energy poverty challenges. Your Excellence Ambassadors, I hope some of you companies will consider investing in the energy sector in South Africa.

I thank you.