



Speech by the
Minister of Mineral Resources and Energy
Mr SAMSON GWEDE MANTASHE, MP
at the Africa Oil and Power Conference

10th, October 2019

Cape Town International Convention Centre (CTICC), Cape Town

Programme Director

His Excellency, the President of Senegal;

Excellencies, the Ministers responsible for Petroleum and Energy from different countries here present;

Senior Government Officials

Chairpersons and Chief Executive Officers

Representatives of Investors in Oil and Gas

Honoured Guests

Ladies and Gentlemen

Allow me to add my voice in welcoming all of you to our country, albeit a day later, on behalf of His Excellency President Cyril Ramaphosa, the Government and the people of South Africa. I am honoured to be amongst many of my colleagues - fellow Ministers responsible for Energy, Petroleum and Mineral Resources as well as other dignitaries. We are also delighted that State-owned energy companies, as well as private sector players, in the Energy sector continue to derive value from this conference.

Necessarily, we must remind ourselves of the task that faces us on our continent. Over 500 Million of us do not have access to modern forms of energy. We remain the most energy deficient continent and where indoor pollution afflicts many. Resolving Africa's energy challenge should, therefore, be the main outcome of these meetings. With policymakers, investors and key service providers gathered here, we can make tangible strides in achieving this outcome.

This conference takes place amid some challenging geopolitical developments. On the one side is an ongoing trade war between the USA and China - two of the biggest global economies, that has adverse consequences on our currencies and commodity prices. On the other hand, are ongoing tensions in the Middle East, evidenced by the recent attacks on Saudi Arabian oil facilities. These attacks have had a temporary impact on global petroleum prices, including in South Africa. The danger of escalated tensions could see a sustained negative impact on our economies.

South Africa recognises the energy and mineral resources sectors as catalysts to economic growth. We have witnessed how an adverse impact of high costs and unreliable supply of energy have on the productive sectors of the economy. In this regard, we believe that lowering the cost of energy should be a major area of focus in order to enable the growth of the extractive and manufacturing sectors. Resource extraction requires vast amounts of energy. Consequently, when electricity costs are high, sustaining investment in resource extraction becomes a challenge.

We are about to conclude our Integrated Resource Plan (IRP). The Plan will lay the foundation for investment in power generation in the country. Such an investment should have the impact of lowering the cost of doing business in the country.

Relevant to this conference, the Integrated Resource Plan makes provision for Gas to Power projects. We have already announced that the Coega Special Economic Zone (SEZ) will be the site of the first LNG import terminal. The site will lay the foundation for new Gas to Power plants. It will also be the point of converting existing power plants from Diesel to Gas. We further intend to use the location as a base for importing feedstock for the GTL refinery in Mossel Bay.

Linked to this, is the amendment of the Gas Act of 2001, which will be tabled in Cabinet soon.

We are convinced about the importance of all energy carriers in our energy mix. Africa is endowed with fossil fuels which we cannot abruptly stop using. We are not consumed by denialism when it comes to challenges of climate change. We subscribe to the approach of a just transition towards cleaner forms of energy. That just transition, in our view, includes – amongst others - investment in cleaner coal technologies. In this regard, we have engaged the key role players to support research in cleaner coal technologies. Also important in this transition is a greater focus on the efficient use of energy.

On the Upstream, I announced earlier this year that I intend separating the Petroleum resource regulation from the Minerals and Petroleum Resources Development Act. To this end, I will soon be tabling a Petroleum Resources Development Bill before Cabinet.

On the regional front, we note with great interest and a sense of admiration, the major gas finds in the Eastern part of the continent, especially in Mozambique and Tanzania.

We are aware that one of the oil companies in South Africa played a pivotal role in the monetization of the earlier gas finds in Mozambique. We remain ready to contribute to the development of the recent finds, either through the importation of gas or the importation of electricity generated by gas.

Earlier this year, we announced hydrocarbon finds by Total and its partners, off the Mossel Bay coast. We are confident that this find will spur further interest in the upstream potential of South Africa.

Ladies and Gentlemen,

the African Union's Agenda 2063 enjoins us, as policymakers, to ensure that Africa develops a working, world-class energy infrastructure that connects all our countries. The endowment of Africa with Oil and Gas needs to be harnessed to deliver modern energy services to all households and businesses. The Gas that is being discovered in our countries must not only be destined for exports but should also find its way to our power-plants and other petrochemical facilities. This will ensure that we do not always import beneficiated hydrocarbons. The gas endowment must be translated to improved access to modern energy forms by consumers in this continent of ours, as envisaged in Agenda 2063. The gas should also be able to attract investments in economic activity including manufacturing, which in turn creates the necessary jobs. We are mindful, however, of the need to earn foreign currency from the export of oil and gas. Therefore, the necessity for a balance.

We have taken note of the global industry shifts. We are encouraged that many African countries have set themselves the vision to enter the global gas market; and to promote the development of a domestic and regional gas market. Natural gas can improve efficiencies of many industries that currently use sub-optimal fuel sources in their production processes. This will lead to a turnaround in the industrial capacity and demand in the region.

On liquid fuels, it is an anomaly that we continue to import large quantities of diesel and Petrol; when so many of our countries are endowed with Oil. Importation of refined products drains foreign currency reserves in many of our countries. Further, revenues obtained from the proceeds of exploration are used to purchase petroleum products.

A collaborative approach is necessary to turn this around. We need to attract investment in refining hubs throughout the continent. In Sub-Saharan, we are aware of the large refinery complex that is being built in Nigeria. We should welcome that. In South Africa we are working closely with Saudi Aramco to conclude a feasibility study into a crude oil refinery and associated petrochemical plants.

Programme Director,

the challenge that faces us in this conference, is to respond - amongst others, to the following;

- Taking concrete steps towards energy collaboration as African Countries, and with our other International partners
- Facilitating collaborative partnerships that propel the Agenda of Africa's ongoing development to another level
- Leverage the natural endowment with these oil and gas resources in such a manner that the main objective of affordable access to energy for economic development and prosperity is achieved.

I would like to conclude by wishing all of you a pleasant stay in Cape Town. I trust that you will find time to experience the warmth and hospitality of the people of our country.

I Thank You