

# Climate Change and Industrial Development in South Africa

Gaylor Montmasson-Clair  
Trade and Industrial Policy Strategies (TIPS)



# Outline

1. Introduction
2. A taxonomy of the transition
3. A policy response
4. Conclusions

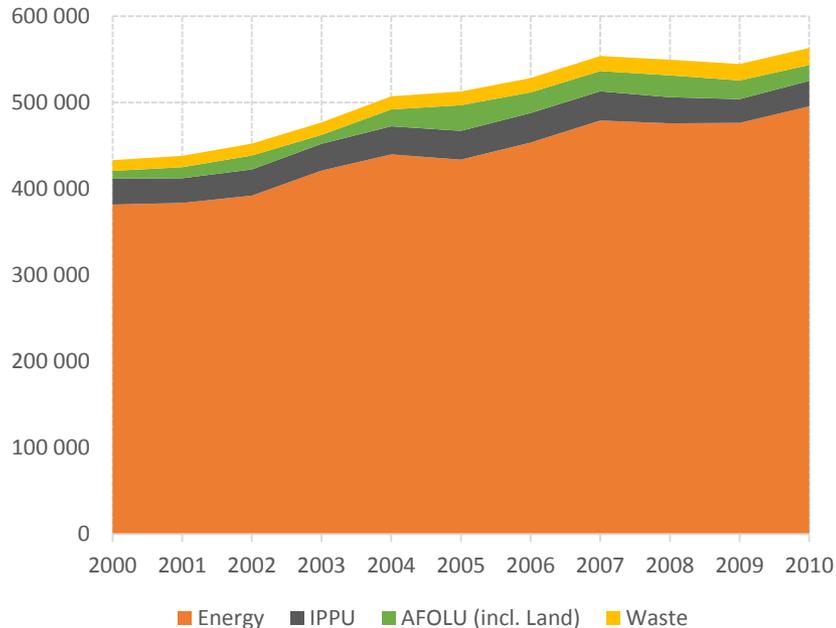
# 1. Introduction

- ▶ Climate change is a global challenge, now with a international agreement, which requires urgent and ambitious response
- ▶ A global transition towards a climate compatible world and new pathways of 'green' development are taking shape to address these challenges, leaving little political choice and room to manoeuvre for a developing country like SA
- ▶ The transition to a low-carbon economy is not an environmental issue, but primarily a socio-economic question with core implications for economic policy (notably trade and industry)

# 1. Introduction

- ▶ In SA, the entrenched domination of the energy- and carbon-intensive MEC over the political and economic dynamics generates particular challenges for the transition

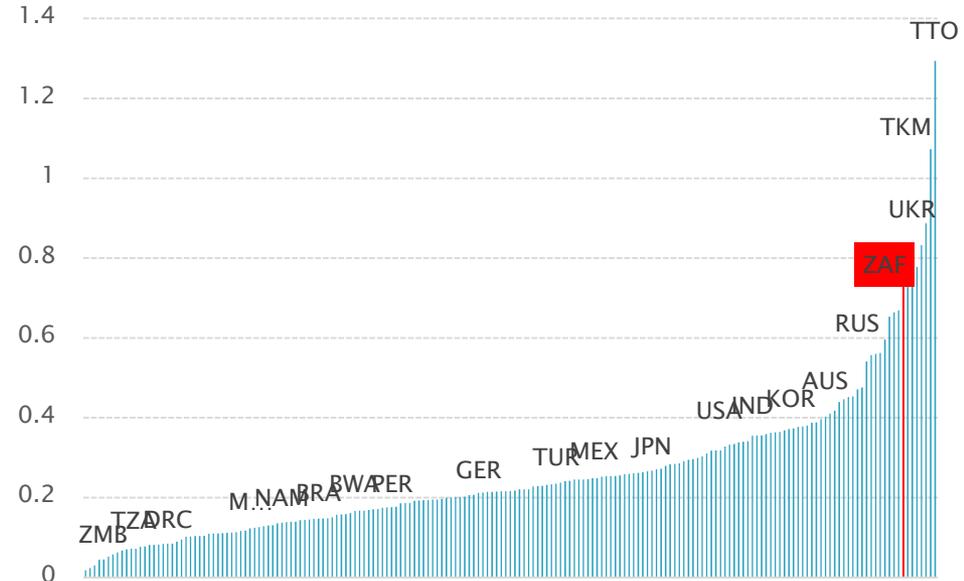
**Figure 1: South Africa's GHG emissions per sector from 2000–2010**



Source: Author's composition, based on data from DEA, 2013

Note: IPPU refers to Industrial Processes and Product Use

**Figure 2: Carbon intensity per country (in kCO<sub>2</sub>e per GDP (2011 USD based PPP))**



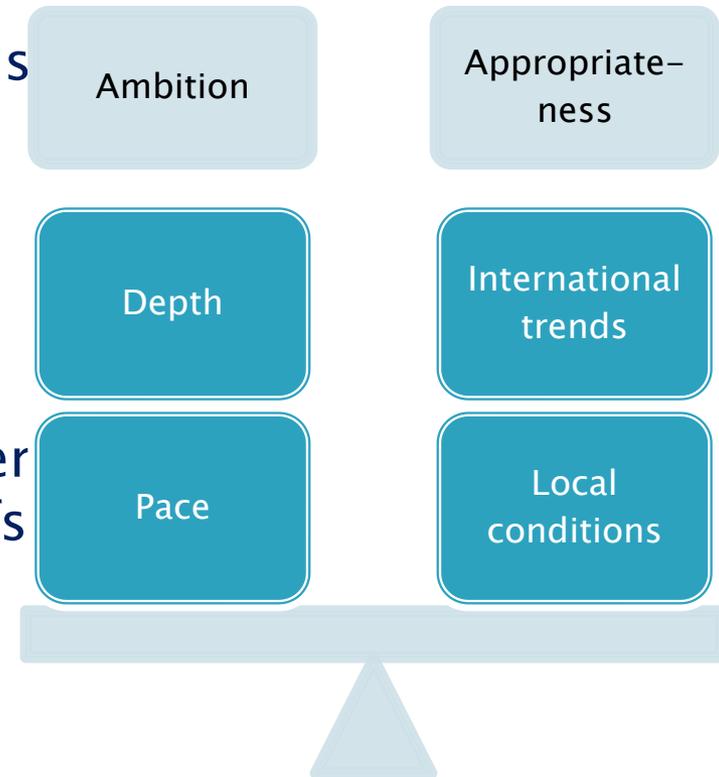
Source: Author's composition based on

data from the World Bank

# 1. Introduction (Context)

- ▶ The transition means managing a balancing act
- ▶ Transitioning with a timing and at a pace similar to other countries, in line with SA's context
  - Transitioning enough to maximise the benefits of the transition and minimise the risks associated with not transitioning,
  - but in line with SA's capabilities in order to minimising the short-term trade-offs and threats
  - Particularly, the current economic context cannot be ignored, as it limits the options from a public (ability to support industries) and private (ability to transition) perspective

Figure 3: A balancing act



Source: Author's composition

## 2. A taxonomy of the transition

- ▶ No one sizes fit all due to substantial firm and sector heterogeneity
- ▶ Impact on what to produce and how to produce
- ▶ A multitude of upcoming and potential threats as well as opportunities, which are mostly sector specific

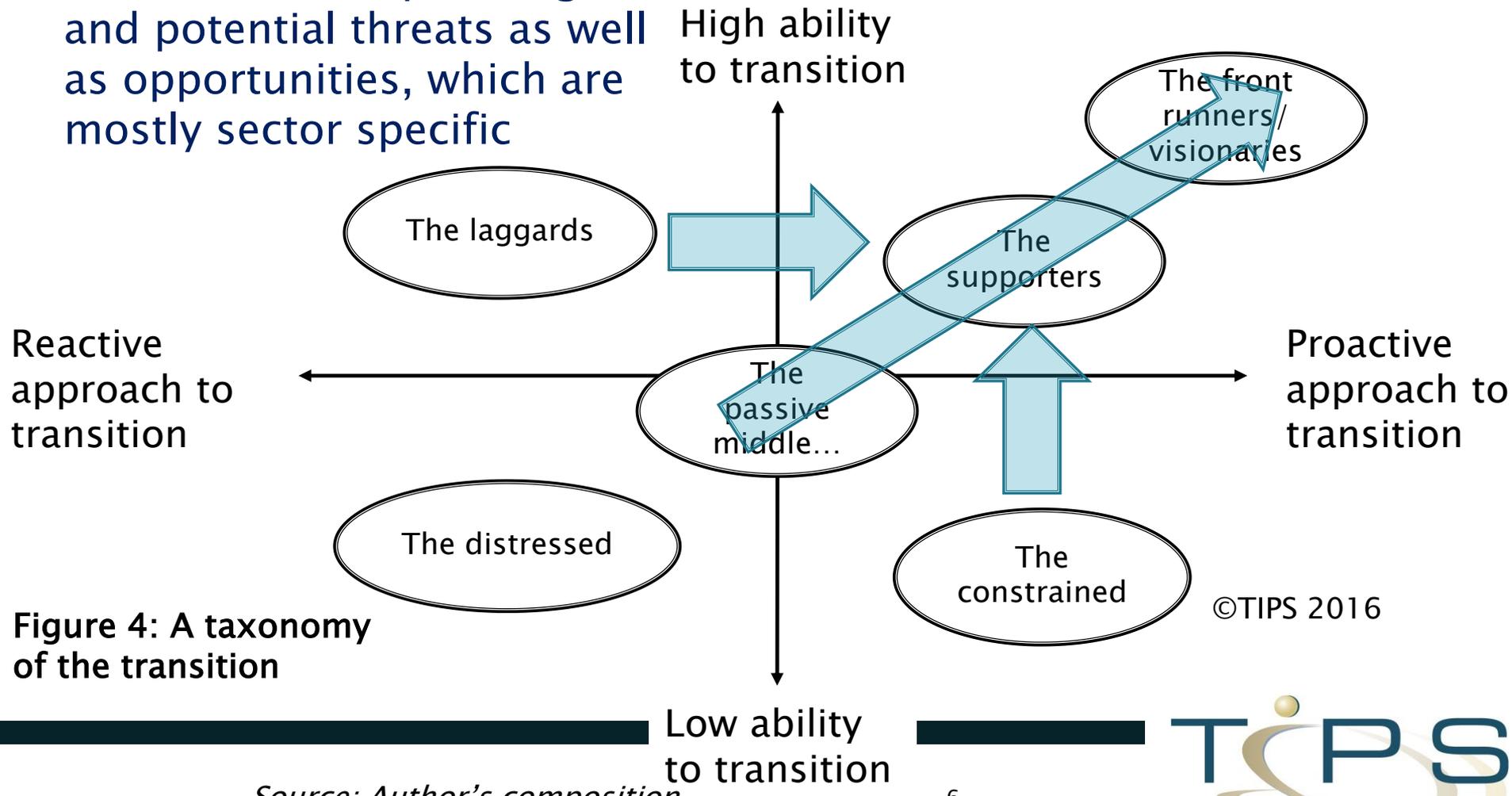


Figure 4: A taxonomy of the transition

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## 2. A taxonomy of the transition

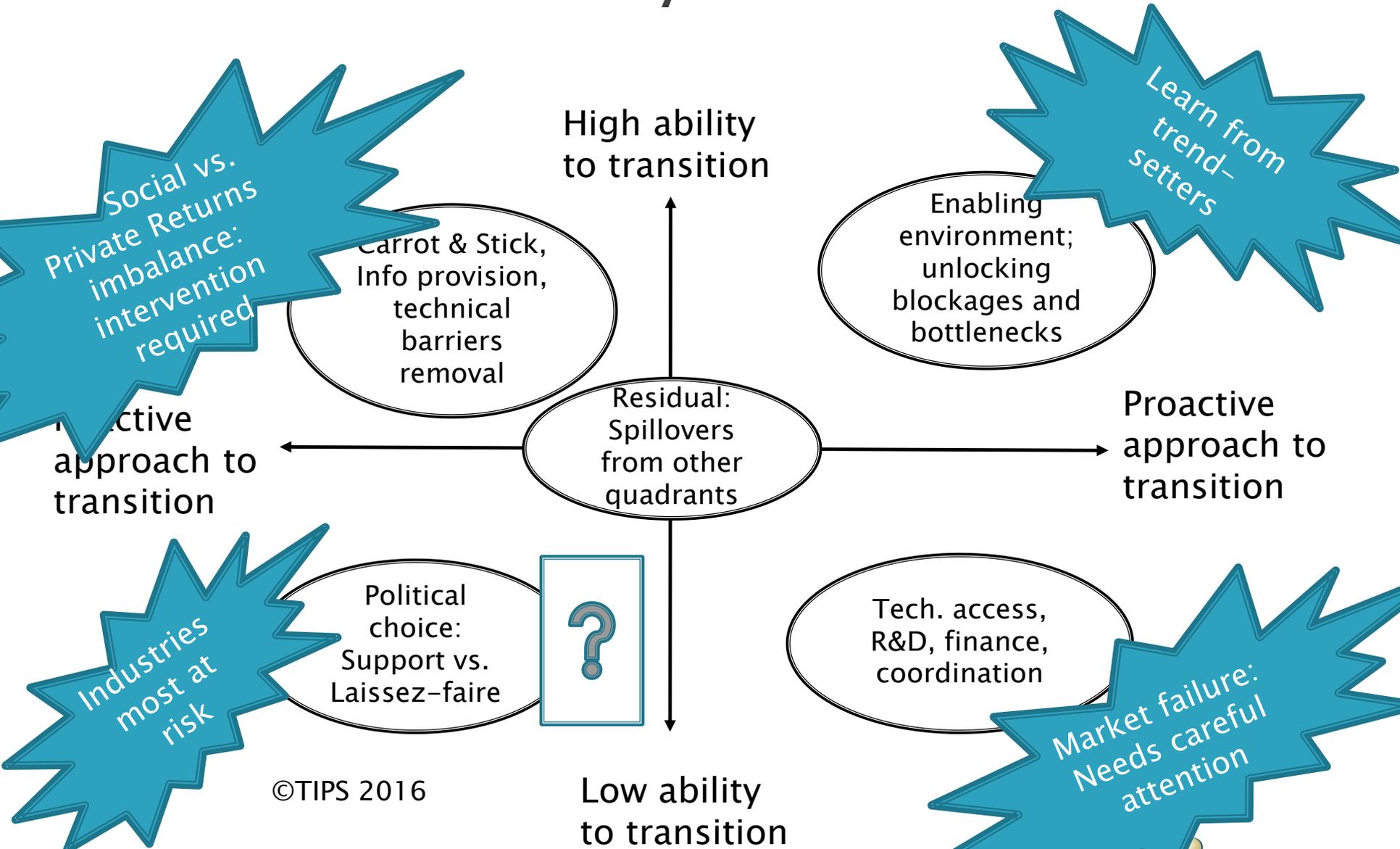
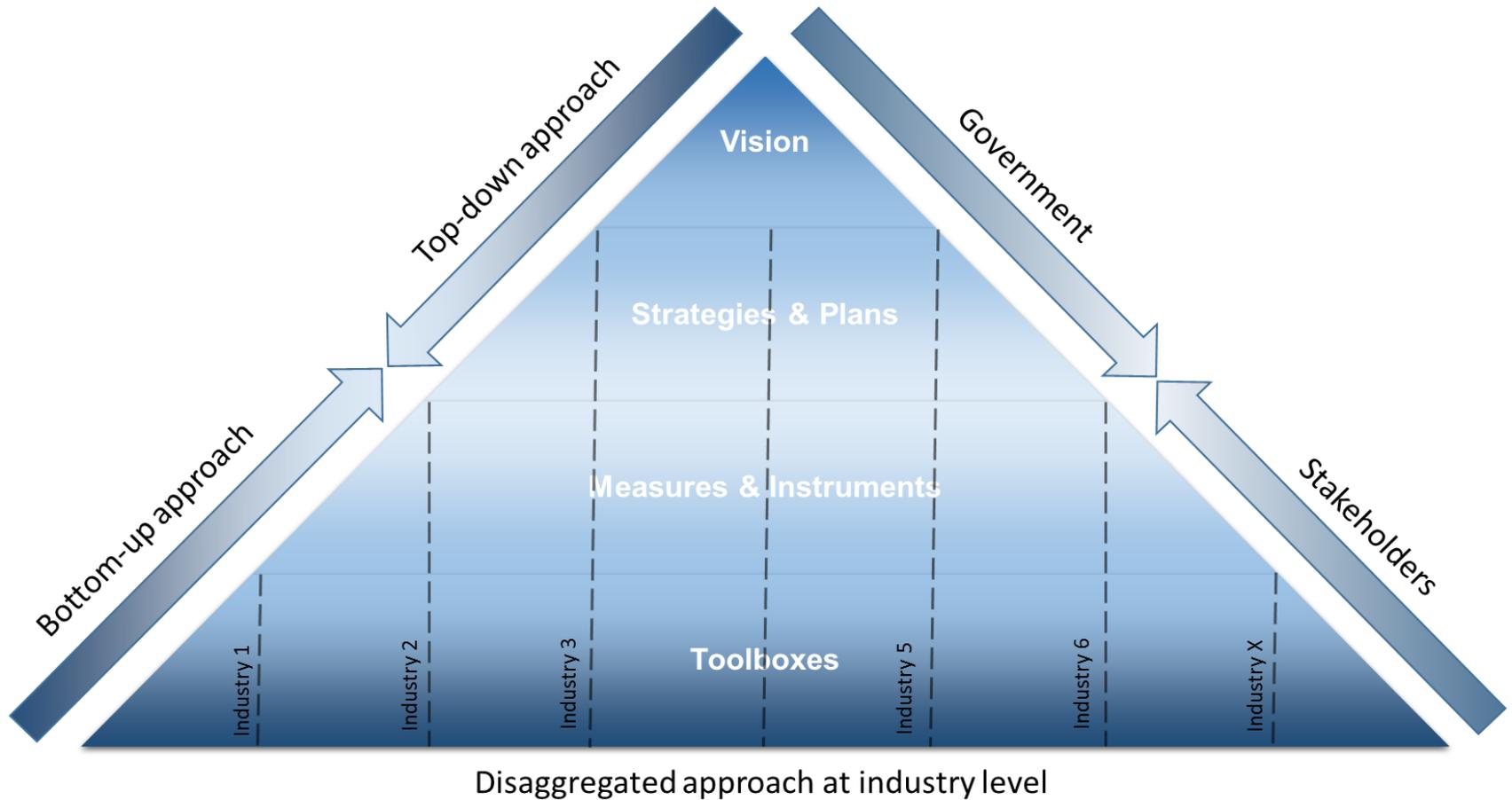


Figure 5: Differentiated policy responses to different situations

# 3. A policy response

Figure 6: The policy pyramid



Source: Author's composition

# 3. A policy response

Policy level	Role	Diagnostic
<b>Toolboxes</b>	Toolboxes are the foundations of the policy pyramid (data, guidelines, tools, manuals, templates, models and information platforms and repositories)	No central information repository Lack of information and data Need for streamlining and standardising of reporting procedures, facilitating the access to support mechanisms, and spreading methodologies
<b>Measures and instruments</b>	Different mixes of measures for different industrial situations	Complex mix of measures in place (and more upcoming) but lack of clarity, coherence and certainty
<b>Plans and strategies</b>	The need to merge climate change and industrial development frameworks	Multitude of related policies but need to foster alignment and coherence and fast-track implementation
<b>Vision</b>	The need for a differentiated climate-compatible vision for industrial development	Multiple workstreams eluding to a vision but no climate-compatible vision and strategic roadmap

*Source: Author's composition*

**Table 1: Policy diagnostic**



# 3. A policy response

## Vision

- ▶ Design an analytical framework on climate change, competitiveness and socio-economic transitions
- ▶ Develop of a vision for a competitive, climate compatible industrial development and a roadmap for socio-economic transitions, including an analysis of climate risks and opportunities

## Policies

- ▶ Build capacity on low-carbon transition within stakeholders
- ▶ Enhance inter-governmental/stakeholders coordination,
- ▶ Mainstream climate change in industrial development; and industrial development in climate change policies

# 3. A policy response

## Measures

- ▶ Unlock regulatory burden and barriers
- ▶ Contribute to developing the skills base
- ▶ Review existing and upcoming measures and amend them accordingly
- ▶ Create specific ‘transition’ packages for strategic industries

## Toolbox

- ▶ Build the data and information systems for the transition (including baselines and the MPA study)
- ▶ Establish a one-stop-shop platform for climate change and industry
- ▶ Enhance dialogue on economic transition between stakeholder, including through a platform for co-development

## 4. Conclusions

- ▶ Tremendous opportunities for alignment between industrial development and climate change policy in SA providing:
  - Decisions are made on sufficiently robust data and information
  - There is clarity on the end goal and the approach to achieve it
  - A gradual approach is adopted
  - Alignment is promoted from both an industrial development and climate change perspective
  - A substantial shift occurs in SA's energy (primarily electricity) systems
  - A sectoral / value chain approach is adopted
  - Co-development is occurring
  - Regular reviews and updates (every 3–5 years) are conducted at all levels (vision, policies, measures and toolbox)

# Trade and Industrial Policy Strategies

Supporting policy development  
through research and dialogue

[www.tips.org.za](http://www.tips.org.za)

Gaylor Montmasson-Clair  
Senior Economist: Sustainable Growth

[gaylor@tips.org.za](mailto:gaylor@tips.org.za)

+27 12 433 9340

