

## **Future proofing heavy emitting industries in South Africa in response to climate change and transition risk: how strategic cooperation and knowledge sharing with Team Europe could help chart decarbonisation pathways to 2050**

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The conversation around a Just Transition to global net zero carbon emissions by 2050 is about more than fighting climate change. Businesses globally have started looking to a net zero carbon future as an opportunity for new markets, including what it means for growth, investments, innovation and skills. At this time of the global Covid-19 pandemic there is an even greater need to approach the required transition as an opportunity to support economic recovery in an inclusive and truly sustainable manner.

Co-hosted by the National Business Initiative (NBI) and the Institute for Sustainable Development and International Relations (IDDRI), today sees the first in a series of dialogues between South African and European stakeholders to explore options for net zero visions and roadmaps for emissions intensive trade exposed (EITE) industries. The roadmaps were conceived by various associations, companies and advisers, both in South Africa and in Europe. This peer-to-peer exchange aims at identifying concrete common challenges and enablers, as well as emerging opportunities for collaboration. Participants will have the opportunity to take a 'deep dive' into understanding private sector-driven decarbonisation strategies and pathways for the chemicals, steel and cement sectors.

For South Africa, as a developing country, a Just Transition must simultaneously address its economic and social vulnerability to climate change, build climate resilience and address existing challenges of poverty, inequality, unemployment and ecological degradation in order to ensure that our future economy is inclusive and sustainable. The "just" component means not leaving anyone behind in the process of economic transition.

NBI CEO, Joanne Yawitch says: "Partnerships between government and business actors are crucial to define and implement solutions that meet global, national, sectoral and corporate-level commitments in the face of climate change and the need for a Just transition."

Supporting the initiative, the European Union's Ambassador to South Africa, Dr Riina Kionka, notes: "In the EU, we are now turning our political aim of becoming the first climate-neutral continent by 2050 into a legal commitment. This makes it a binding pledge not only for our citizens and our private sector, but also for our international partners, who look to the EU to take the lead on the green path. I am delighted that in South Africa, companies and business organisations are also playing their part to fight climate change."

IDDRI CEO, Sebastien Treyer adds: "It is clear that there is an economic case for partnerships between Europe and South Africa, involving private and public players, that will materialise the transformations associated with existing net zero commitments. Strategic cooperation between Europe and South Africa provide a great example of how to implement the Paris Agreement, which should inspire further expansion of cooperative approaches."

In this regard, the global business community is critically appraising future options and transition needs in the face of climate change, with an increasing number of corporations proposing their own net zero targets and plans.

In the EU the roll out of the Green Deal - from the adoption of EU Climate Law to the EU's new Industrial Strategy - is an exciting development and one which aims to drive Europe's competitiveness and its strategic autonomy on the road to climate neutrality.

Finland's Ambassador to South Africa, Anne Lammila, elaborates on the EU experience: "Finland targets carbon neutrality by 2035 and to become carbon negative soon after that. In accordance with the Government Programme, 14 low-carbon roadmaps were finalized last year in cooperation with companies and organizations in the relevant sectors, such as energy, technology, and construction industries, as well as agriculture and hospitality. The roadmaps show that the goal of a carbon neutral Finland by 2035 is achievable for industry and other sectors with existing or upcoming technologies. RDI investments will decide future development, and the business community sees carbon-neutral solutions as a competitive advantage for Finnish industry through new business and export opportunities."

Danish Ambassador to South Africa, Tobias Rehfeld adds: "As part of Denmark's ambitious plan to become independent of fossil fuel by 2050, the Danish Parliament recently set 2050 as the final phase-out date for fossil-fuel extraction and has cancelled all future licensing rounds. An integral part of the agreement includes plans for a just transition for the affected regions and workers. This people-centred clean energy transition focuses not only on green jobs, but also on the transition of existing fossil-fuel labour forces into new sectors. South Africa also faces the same situation whereby it is paramount that the clean energy transition is just and people-centred, and this can only be achieved through a collaborative effort between all parties: governments, private sector, labour and the citizens. We stand ready to support South Africa towards a net zero carbon future."

This is an opportunity for South African sectors to learn and share experiences with Europe, and importantly for building collaborative relationships and strategic partnerships between the EU and South Africa, in an endeavour to enable the implementation of a just transition in a developing country context. In addition, these dialogues are important in that they align South Africa and the EU as strategic partners.

Ambassador of the Kingdom of the Netherlands in South Africa, Han Peters, considers that: "The future SA-EU agenda should look at broad applications of hydrogen as well as pathways for the introduction of readily available greening technologies. The Netherlands is looking forward to work together on this with South Africa as well as with the EU Team."

Amb Kionka adds: "The COVID-19 pandemic has given us a unique opportunity for a just and green recovery that anyone can participate in and contribute towards. I want us to keep working as partners, together with Government, in this struggle towards a more sustainable world. This definitely requires our combined forces."

Ms Yawitch concludes: "Today's event holds important lessons for South Africa's emissions intensive industries in that it demonstrates first-hand that deep decarbonisation is not only possible but is actually happening in the EU and elsewhere. With industry driving change and leading by example across the EU, it is now up to carbon intensive sectors in South Africa to trailblaze their own transition pathways."

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About the hosts:

**The National Business Initiative (NBI)** is a voluntary coalition of companies, working for the past 25 years towards a resilient and inclusive economy, building trust to enable implementation and enhancing the capacity of their stakeholders to participate in economic and social transformation. The NBI's membership includes a significant proportion of the country's leading listed companies, a number of the major state-owned enterprises and a variety of medium-sized firms. Since their inception in 1995, the NBI has made a distinct impact in the spheres of climate change, water, energy efficiency, local economic development, public sector capacity building, further education and training, public private partnerships and more recently in the social transformation sphere.

**The Institute for Sustainable Development and International Relations (IDDRI)** is an independent policy research institute and a multi-stakeholder dialogue platform who identifies the conditions and proposes tools to put sustainable development at the heart of international relations and public and private policies. Lead by IDDRI, the Deep Decarbonization Pathways (DDP) initiative is a **collaboration of leading research teams currently covering 36 countries**. Their aim is to **help governments and non-state actors make choices that put economies and societies on track to reach a carbon neutral world by the second half of the century**.

The **National Business Initiative (NBI)** and the **Institute for Sustainable Development and International Relations (IDDRI)** work to support sectors and businesses in exploring what national and global deep decarbonisation pathways could look like for heavy emitting industries and value chains. The NBI is also looking more closely at what the socio-economic implications might be for different industry decarbonisation pathways, how negative impacts can be mitigated and how positive impacts may be enhanced- should South Africa move to decarbonise its economy to net zero by 2050.