



**REMARKS BY THE  
DEPUTY MINISTER OF ENERGY ON THE OCCASION OF THE  
DINNER SESSION OF THE AFRICA OIL AND GAS WEEK  
CONFERENCE;**

**ZEITZ MOCAA V&A WATERFRONT CAPE TOWN,  
5 NOVEMBER 2018**

**Programme Director**

**Excellencies, Ministers and Deputy Ministers**

**Captains of Industry**

**Distinguished Guests**

**Ladies and Gentlemen**

On behalf of His Excellency President Cyril Ramaphosa and the people of South Africa I wish to welcome you all to the City of Cape Town and South Africa this evening for this 25th Africa Oil Week (AOW) and feel humbled that South Africa continues to be chosen to host this world class annual event. A special welcome to Ministers and Deputy Ministers from the continent, some of whom I expect to interact during this evening. At the last count I was informed that we have no less than 16 Ministers from the different countries in this continent. This demonstrates the commitment elected leaders of our people have in developing Africa's oil and gas potential.

Under the leadership of President Ramaphosa our country has just emerged from a very successful Investor conference where a number of private sector entities made commitments to invest in concrete programs and projects in the economy of our country thereby reconfirming their belief in the policies of our government. Increased investment will help all of us in the continent to create employment opportunities for our people.

The Ministry of Energy is proud to be associated with the Africa Oil Week, during which we engage on the common future of this beloved continent of Africa, particularly insights on Africa's regulatory environment, investor outlook, upstream oil and gas opportunities, exploration and production developments, technology innovations, industry strategy as well as forecasts for the coming years. These engagements are of critical importance as we seek to further enhance energy security of demand and supply. As South Africans we are however of the firm view that given the interest in our offshore acreage, we will soon be producers ourselves.

The conference takes place at a time when there is growing optimism about the potential of Africa's oil and Gas development given the current levels in crude oil prices. This augurs well for many of the continent's economies that had suffered when there was a downturn in commodity prices. I must however stress that the benefit of high oil prices does not translate to lower prices at the fuel pumps in many of our producer countries because we lack downstream investment in refining capacity particularly in South of the Sahara. This has got to change if we are to improve the lives of hundreds of millions in this continent.

The endowment of a growing number of countries in this continent with Oil and Gas resources is no longer in doubt. The real challenge for all

governments is how to translate this into a tangible benefit for all the peoples of Africa, and I do hope that this is what will occupy a significant portion of the time during this week's discussions.

West Africa has been to a large extent the main anchor for Oil and gas in Africa south of the Sahara. We are optimistic once again about the potential of discoveries made in Senegal. The projections from PetroSen are that the exploitation of two fields could earn Senegal up to 30 billion US Dollars. We know that in 2014 the world's biggest offshore discovery was in Senegal. It is very interesting that these resources will be developed when that country is under the stewardship of President Macky Sall who happens to have been trained as a geological engineer in a petroleum institute. This is a country that has one of the best chances to maximise the benefit from this endowment. We are also looking toward East Africa, where there are huge discoveries of Natural Gas. This is particularly of interest to us as this is within SADC and one of these countries, Mozambique is our immediate neighbour.

We envisage that a Gas to Power Programme incorporating LNG imports will be the main vehicle through which to stimulate this envisioned gas market in South Africa. It requires an all-inclusive effort across government and other stakeholders in South Africa. Over the past 3 years, we have been putting in place the enabling framework for private sector participation in our energy sector to enable gas industry development and growth. With regard to infrastructure, we are planning for investment in LNG import terminals, storage and regasification facilities, primary high-pressure gas transmission pipelines and secondary distribution pipeline networks.

Oil and Gas can be the mainstay of Africa's growth and we rely on the support of the investors in this sector to make it happen. Our responsibility is to ensure conducive climate for investors, ensure policy and regulatory certainty as well as ensure appropriate local participation, while we develop the manufacturing and industrial sectors. It is important that the International Oil Companies form partnerships with National Oil Companies in the jurisdictions where resources exist, to enable the development of these national oil companies to be formidable agents for national wealth creation, skills development and employment opportunities, for the youth in particular.

In pursuance of improving energy supply security and trade within the Southern Africa Development Community (SADC), South Africa entered into a Gas Trade Agreement with the Republic of Mozambique in 2004. We remain optimistic that recent gas discoveries in the Rovuma basin in Mozambique will benefit the economies of this region and further bolster regional economic integration. We also look forward to the commercialisation of natural gas from Kudu Gas Field in Namibia. Coal Bed Methane prospects in South Africa, Zimbabwe and Botswana are an indication of the need for closer cooperation in this regard.

A recent report by BP indicates that by 2040 Africa will account for no less than 20% of the World's population. It further indicates that the demand for energy will grow at 3.5% per annum with Natural Gas meeting a third of that demand. What is however staggering is the projected 110% increase in the production of gas driven by mainly East and West Africa. Out of these numbers alone the prospects for investment are therefore very significant.

## **Excellencies, Ladies and Gentlemen,**

For the South African Government to achieve its development objectives and to encourage investment, it continues to create an enabling environment for investments in the petroleum and gas infrastructure.

South Africa has the possibility of introducing a variety of sources of natural gas which could be economically available within 25 year planning horizon to 2040. Sources could include extensive expansion in natural gas from shale gas, production from deep water offshore fields and development of regional natural gas pipeline network. Indigenous and regional gas can play a critical role in growing the economy of the country and the region. The Minister of Mineral Resources recently confirmed that his Department will move with speed in finalising exploration right applications. A strategic Environmental Assessment was commissioned under the auspices of the Department of Environmental Affairs and a Science Action plan has been published by the Academy of Sciences in December 2017.

A number of national policy documents White Paper on Energy for South Africa 1998, the National Development Plan (NDP), the Draft Integrated Energy Plan(IEP) and Integrated Resource Plan 2010-2030 (IRP 2010) present the case for natural gas as a significant contributor to South Africa's energy mix.

We have taken note global industry shifts and South Africa has set itself the vision to enter the global gas market and promote the development of

a domestic and regional gas market. We also are of the firm view that natural gas can improve the efficiencies of many industries currently using sub-optimal fuel sources in their production processes and resulting in a turnaround of diminishing industrial capacity and demand in South Africa.

***Ladies and Gentlemen,***

We look forward to the outcomes of this week's engagements and discussions, and trust that sharing of developments and emerging trends in the industry will further galvanize us, both as individual countries and organisations, but also as a collective, to make an immense contribution to the improvement of the sector benefitting the entire African continent.

To conclude I would like to pose a challenge to all of us. Other than sharing information and best practices, the challenge that faces us for the next few days is to respond to the following:

- What concrete steps towards energy security for this continent will we emerge with?
- What mutually beneficial partnerships will be concluded that propel the Agenda of Africa's ongoing development to another level?
- How do we leverage the natural endowment with these resources in such a manner that the main objective of affordable access to energy for economic development and prosperity is achieved?

***.....That, Ladies and Gentlemen is our task***

I do hope that you will enjoy some of our world class wines, visit table mountain and have the opportunity to walk in the footsteps of our icon and our first democratic elected President, Tata Rolihlahla Nelson Mandela on Robben Island. We are celebrating his centenary this year, as well as that of Mama Albertina Sisulu who was a formidable woman of fortitude, a leader of our liberation struggle who, in spite of all brutality, imprisonment and harassment by the Apartheid regime, remained resolute in her commitment to serve the people of South Africa. It is the example of these leaders that I trust will guide us in our deliberations and quest for a better Africa and a just world.

I wish all of us well in this week's deliberations and PLEASE enjoy the hospitality our country offers! Please enjoy the dinner. I wish to thank Chevron for ensuring that we have this private moment to engage as key stakeholders. To the hosts, I say once more congratulations.

I Thank You