



**MINERAL RESOURCES AND ENERGY
REPUBLIC OF SOUTH AFRICA**

**REMARKS BY THE HONOURABLE
MINISTER OF MINERAL RESOURCES AND ENERGY
MR GWEDE MANTASHE**

**AFRICA OIL WEEK
04 OCTOBER 2022**

Programme Director,

Let me, first, take this opportunity to welcome and commend the involvement of the African Union, the African Development Bank in this event. Their participation serves as an endorsement of Africa's focus on oil and gas, and an enabler for better coordination in the continent.

The ongoing global geopolitical confrontation taking place in Eastern Europe has proven to be detrimental to developing economies. Scarcity and high energy costs, increasing food prices, and ever rising interest rates are commonplace.

South Africa, like other countries, saw the cost of refined products reaching record levels. This necessitated our government to release its strategic stock, thus forgo revenue in the order of 750 million Dollars.

These developments are likely to deter investment in areas of oil and gas due to the cost of credit that could lead to risk aversion among investors.

This adverse reality is compounded by the pressures brought to bear by climate change and the need to decarbonise, which sits uncomfortably next to energy poverty, the urgency for improved human development, the desire for technological advance and the overall imperative to industrialise.

In this context, the President of the World Bank recently warned that inflation, slow growth, lower productivity, higher interest rates and the drain on global energy supplies in advanced economies, likely to persist beyond 2023, pose a huge risk to developing countries. Therefore, there is a need for new micro and macro pathways, because the status quo is not an option.

Ladies and Gentlemen,

Africa's oil and gas resources can help accelerate and guarantee the continent's energy security, drive regional economic development through the processing and beneficiation of petroleum products.

For a continent that consumes two thirds of her oil produce and export the remaining one third, according to the Africa Energy Outlook 2022 Report, attempts of the European Union to move away from Russian gas imports are an opportunity for Africa's oil and gas to earn her income through exports into Europe.

We must, at the same time, be mindful of the gradual withdrawal of major oil companies in Africa's downstream sector, particularly refining. This, at a time, when there are new oil discoveries in the continent, South Africa being no exception.

We cannot be an import destination for refined products when our continent is endowed with crude oil. Imported refined products risks our economies. They expose us to unreliable

supply. They adversely force us to invest in import infrastructure, not domestic processing.

South Africa has set an ambitious programme to attract local and international investment in oil and gas exploration and production. This complements our exploration strategy in mining, aimed at minerals for clean energy technologies.

As a signatory to the Paris Agreement, we are committed to the global agenda to decarbonise.

Transition to a low carbon economy must include, energy security, regard for human lives and sustainability, job security, and economic growth and development.

Transition from high carbon to low carbon emission must be managed systematically. It must include support and use of gas and renewable energy and other energy sources, while at the same time scaling down our country's previous over-reliance on coal.

Excellencies,

The imminent reopening of the Glencore-owned Astron refinery in Cape Town is welcome news. When it closed due to an accident it ran on West African crudes, and we expect it to continue where it had left off. This reopening will boost security of supply to the region.

Intra-Africa trade on oil and gas, including knowledge sharing on technologies that help us towards net zero carbon emissions, is of absolute necessity.

Discoveries of significant oil and gas in our neighbouring SADC member countries are encouraging. They will strengthen energy, support other by products such, like fertilisers, to boost agricultural production. This means we must invest in beneficiation to boost manufacturing.

This meeting should therefore help us forge partnerships, government-government, and government and business.

We should speak in one voice about Africa's choice for her energy pathway. One that is just, is about her people, her fauna and flora, and her economic well-being. This includes food security.

As the EIA's Africa Energy Outlook 2022 Report suggests, *ours must be a holistic approach to advance national and continental development interests whilst incorporating global climate change concerns.*

I thank you.