

# : Can SA drift towards a green economy?



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South Africa, Africa's economic powerhouse and the world's 11th greenhouse gas (GHG) emitter, will have to restructure its economy away from capital and energy-intensive growth and strive to shift it towards the green line due to severe implications of [climate change](#), Nedbank chief economist Dennis Dykes said this week in Sandton, Johannesburg, while addressing a media seminar on sustainability.

Dykes said this needs to be done in any case because of cost and capacity constraints, as the country is an offender due to its large carbon-based fuel reliance. SA companies Sasol and Eskom are said to be the continent's biggest polluters because of their oil and electricity production, mainly drawn from cheap coal.

## Well-attended by the media

The seminar, hosted by Nedbank, was well-attended by the media, with journalists from organisations such as SABC, *Financial Mail*, *Business Day*, CNBC Africa, Carte Blanche, I-Net Bridge, and many more.

This is the third seminar media hosted this year, following the mining and financial services. Nedbank communications manager Mpho Sebelebele said the media seminars aim to equip journalists with solid knowledge to report on these matters.

Dykes, a former Reuters economist of the year, told journalists that there is a risk that trade tariffs may be used in retaliation on SA products if the necessary actions are not taken. It is believed that Australia's introduction of a carbon tax, although controversial, is necessary to avoid such retaliatory measures.

## No longer business as usual

But, with the African continent still battling to achieve full industrialisation and reduce poverty, shifting their economies towards the green revolution could be easier said than done. However, Dykes said it is no longer business as usual, adding that new technologies could be a driver of growth and change.

The world's top 10 polluters in terms of GHG total emissions are China, US, European Union, Indonesia, Russia, India, Brazil, Japan, Mexico and Canada. Canada is second behind the US in terms of tons of GHG emissions per capita, followed by Russia, Indonesia, EU and Japan.

"Strong and urgent global action to reduce GHGs is needed. The longer the inaction, the greater the eventual cost and adjustment," Dykes warned. "Without action 5% of GDP a year will be lost, rising to 20%," he added.

## List of sectors

The following is the list of sectors likely to be affected by climate change effects (in the case the world temperature rises by 2°C), as outlined in the Stern Report:

- Water: potentially 20-30% decrease in water availability in some vulnerable regions, including southern Africa
- Food: sharp declines in crop yield in tropical regions (5-10% in Africa)
- Health: 40-60 million people exposed to malaria in Africa
- Land: up to 10 million more people affected by flooding each year

Nevertheless, there could be some hope at the end of the tunnel as some climate-change watchers noted that SA was on the right path, compared to other counterparts in emerging markets.

Eurosif has identified SA as a pre-eminent destination for sustainable investment with transparent reporting, according to Nedbank Capital's Jacoleen Simpson. SA has at least 20 asset managers who are signatories of the United Nations Principles of Responsible Investment, Simpson revealed.

## "Becoming a global trend"

"Sustainable investment is becoming a global trend," she said, adding that its budget reached US\$300 billion at the end of 2010.

"Investors, as the allocators of capital, have a role to play in ensuring that the correct incentives are in place for corporations to change their behaviour to be more sustainable," Simpson concluded.

## For more:

- Bizcommunity: [\[Sustainability media seminar\]: Business's role in sustainability](#)

*For More list added at 2.32pm on 26 October 2011.*

## ABOUT ISSA SIKITI DA SILVA: @SIKITIMEDIA

Issa Sikiti da Silva is a winner of the 2010 SADC Media Awards (print category). He freelances for various media outlets, local and foreign, and has travelled extensively across Africa. His work has been published both in French and English. He used to contribute to Bizcommunity.com as a senior news writer.

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