



Future for the Chemicals Industry in South Africa with the Just Transition

Deidré Penfold

Executive Director

Chemical and Allied Industries' Association

16 March 2022

Important Principles

- **Just Transition linked to sustainability and the Sustainable Development Goals**
- **South Africa's unique position: opportunities and challenges**
- **Planning for change...planning for implementation**
- **No-one can be left behind**
- **Borne out of the labour movement and energy transitions**
- **Urgency required**
- **Change management for two global crises: COVID-19 – “short” term, climate change – long term**

J	T R A N S I T I O N	Justice	Justice takes the form of 3 forms of justice
			Distributional
			Procedural
			Restorative
U		Universal	Universal takes the form of two universal forms of justice
			Recognition
			Cosmopolitanism
S		Space	Space brings in location, where are 'events' happening ? (in principle, at local, national and international levels)
T		Time	Time brings into transition timelines such 2030, 2050, 2080 etc. and also 'speed' of the energy transition (i.e. is it happening fast enough?).

- The Just Transition is about sustainability – social, environmental, as well as economic sustainability.



Greenhouse gases and energy... Society, environment and economics

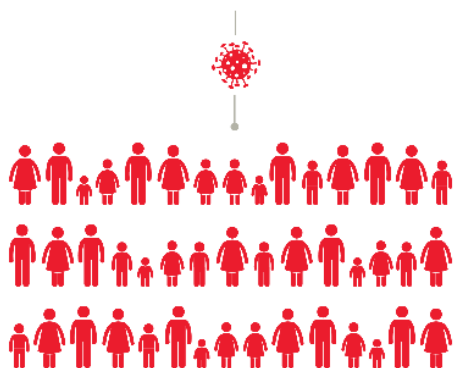
- **South Africa's ranking in terms of the Gini Coefficient**
- **Just Transition principle important for South Africa – mitigation of greenhouse gas emissions**
- **Plethora of pins for South Africa to focus on and ultimately direct its activities**
- **A number of elements that need to be considered when planning for a Just Transition and represents a step change for South Africa**
- **Just Transition is a planning and management tool with sustainability at its heart**
- **Bigger picture: energy and climate change are the two most urgent Just Transition discussions**
- **Just Transition concept can be used for any scale of change**



END POVERTY IN ALL ITS FORMS EVERYWHERE

COVID-19 HAS LED TO THE
FIRST RISE IN EXTREME POVERTY
IN A GENERATION

AN ADDITIONAL **119-124 MILLION PEOPLE** WERE
PUSHED BACK INTO **EXTREME POVERTY** IN 2020



THE
GLOBAL POVERTY RATE
IS PROJECTED TO BE
7% IN 2030



MISSING THE TARGET
OF ERADICATING POVERTY



AS OF APRIL 2021,
118 COUNTRIES REPORTED
NATIONAL AND/OR LOCAL
DISASTER RISK
REDUCTION STRATEGIES,
UP FROM 45 IN 2015



GOVERNMENTS WORLDWIDE HAVE PUT IN PLACE
1,600 SHORT-TERM SOCIAL PROTECTION MEASURES
IN RESPONSE TO COVID-19

BUT **4 BILLION PEOPLE** ARE STILL NOT COVERED BY SOCIAL PROTECTION



ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

ONE THIRD
OF THE WORLD'S POPULATION USE
DANGEROUS AND INEFFICIENT
COOKING SYSTEMS [2019]



759 MILLION PEOPLE
LACK ACCESS
TO ELECTRICITY



3 OUT OF 4
OF THEM LIVE IN
SUB-SAHARAN AFRICA
[2019]

ENERGY EFFICIENCY
IMPROVEMENT RATE
NEEDS ACCELERATION

ANNUAL EFFICIENCY IMPROVEMENT RATE



ACCELERATED ACTION ON **MODERN RENEWABLE ENERGY** IS NEEDED —
ESPECIALLY IN HEATING AND TRANSPORT SECTORS

MODERN RENEWABLE SHARE OF TOTAL FINAL ENERGY CONSUMPTION [2018]



ELECTRICITY
SECTOR
25.4%



HEAT
SECTOR
9.2%



TRANSPORT
SECTOR
3.4%

PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

THE PANDEMIC HAS LED TO THE LOSS OF THE EQUIVALENT OF 255 MILLION FULL-TIME JOBS



ABOUT **4X** THE NUMBER LOST DURING THE GLOBAL FINANCIAL CRISIS (2007-2009)

1.6 BILLION INFORMAL ECONOMY WORKERS WHO LACK A SOCIAL SAFETY NET, WERE SIGNIFICANTLY AFFECTED BY THE PANDEMIC

ECONOMIC RECOVERY IS UNDER WAY



BUT FOR MANY COUNTRIES, ECONOMIC GROWTH IS EXPECTED TO RETURN TO PRE-PANDEMIC LEVELS ONLY IN 2022 OR 2023

INTERNATIONAL TOURIST ARRIVALS



FELL FROM 1.5 BILLION IN 2019 TO 381 MILLION IN 2020 -

INTERNATIONAL TOURISM IS NOT EXPECTED TO RETURN TO 2019 LEVELS FOR UP TO **4 YEARS**

PANDEMIC WILL LEAD TO AN INCREASE IN YOUTH NOT EMPLOYED, IN SCHOOL OR IN TRAINING



YOUNG WOMEN



RATE OF YOUTH NOT IN EDUCATION, EMPLOYMENT OR TRAINING (2019)

YOUNG MEN



TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

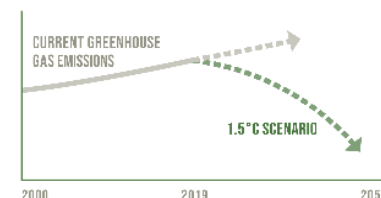
THE CLIMATE CRISIS CONTINUES, LARGELY UNABATED



2020 GLOBAL AVERAGE TEMPERATURE AT **1.2°C** ABOVE PRE-INDUSTRIAL BASELINE

WOEFULLY OFF TRACK TO STAY AT OR BELOW 1.5°C AS CALLED FOR IN THE PARIS AGREEMENT

RISING GREENHOUSE GAS EMISSIONS REQUIRE SHIFTING ECONOMIES TOWARDS CARBON NEUTRALITY



CLIMATE FINANCE INCREASED

BY **10%** FROM 2015-2016 TO 2017-2018, REACHING AN ANNUAL AVERAGE OF **\$48.7 BILLION**

125 OF 154 DEVELOPING COUNTRIES ARE FORMULATING AND IMPLEMENTING NATIONAL CLIMATE ADAPTATION PLANS

HIGHEST PRIORITY AREAS INCLUDE



Responsible Care[®] Initiative

- **Global, voluntary Initiative, continual improvement of SHE and security performance**
- **Regular independent verifications of performance and annual KPI reporting required**
- **Voluntary investment in some cases mitigation GHG emissions by up to 98%**
- **Balance needed: over-regulation vs least-cost mitigation**

Just Transition, SDGs and Climate Change

- **Strong link between the Just Transition, SDGs and climate change**
- **Not just an energy or climate change story – sustainability story**
- **Water and waste (and waste water) need to be focused on**
- **Urgency for research and development projects**
- **Opportunities for step changes (“leapfrogging”) needed**
- **As sustainability increases, increased sustainability becomes more difficult (technology, cost, etc.)**

- **Custodian of the Responsible Care® Initiative in South Africa**
- **Rewards improved performance, sustained high performance and corporate social responsibility and internal SHE projects (excluding legal compliance)**
- **Sustainability Report for industry and individually for members...to come this year**
- **Assisting members with resilience, responsiveness and flexibility to change and markets**
 - **Failing infrastructure**
 - **Water**
 - **Electricity and renewables**

- **Chemical industry value chain brings much needed chemical products to the market**
- **Waste generation**
 - Green chemistry, nanotechnology, industrial symbiosis
 - Revolution needed to continue driving the circular economy and sustainability
- **Economic challenges**
 - Economy of scale
 - Geographic location
 - Inefficient and uncompetitive ports
 - Road to rail
 - Corruption and theft

The Big(ger) Picture...

- How low is low enough?
- Will ever tighter legislation result in production caps, even if sustainability (e.g. production efficiency) is improved?
- Overburdened economy – balance is needed
- Triple challenges of poverty, inequality and unemployment
- Companies on the other hand need to be responsive to forces that are driving change whether they be at the national, regional or international level and determine what changes can be seen as opportunities for growth, increased resource efficiency and ultimately increased sustainability

- **These topics are considered during advocacy initiatives as a result of members' critical inputs**
- **Companies are encouraged to:**
 - **critically analyse every aspect of the activities that are undertaken as a part of their operations, and their partners, service providers and clients**
 - **identify opportunities for increased efficiency**
- **As leaders in the chemical and related sectors value chain there is a need to engage in a robust, but responsible manner on this critical pathway to renewed development sorely needed by our country**
- **Let us see this as an opportunity and take the lead!**

REDUCE · RE-USE · RECYCLE · RE-THINK · RE-PURPOSE



Thank You