

A South African Perspective on Response Measures

**Presentation to the Forum on the Impact of the
Implementation of Response Measures**

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Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

South African Policy Context

- Middle-income developing country confronting the triple challenges of **unemployment, poverty and inequality**, within the context of **environmental sustainability**
- High ratio of trade to GDP at 60%
- BUT SA heavily carbon-intensive economy, with 90% of electricity generated from coal
- 40% of GHG emissions due to export of carbon-intensive goods

Challenge: Carbon-intensive exports – 2011

Rank	Product	Proportion	Growth
2011	Name	% Total	Nov 2010- Nov 2011
1	Basic non-ferrous metals	36.7%	7.8%
2	Basic iron & steel	12.9%	-7.6%
3	Motor vehicles, parts & accessories	9.6%	-4.0%
4	Machinery & equipment	8.6%	36.6%
5	Basic chemicals	6.6%	34.6%
6	Other industries	4.1%	88.8%
7	Food	3.5%	6.1%
8	Coke & refined petroleum products	3.0%	73.6%
9	Other chemicals & man-made fibres	2.3%	23.0%
10	Paper & paper products	2.2%	23.3%

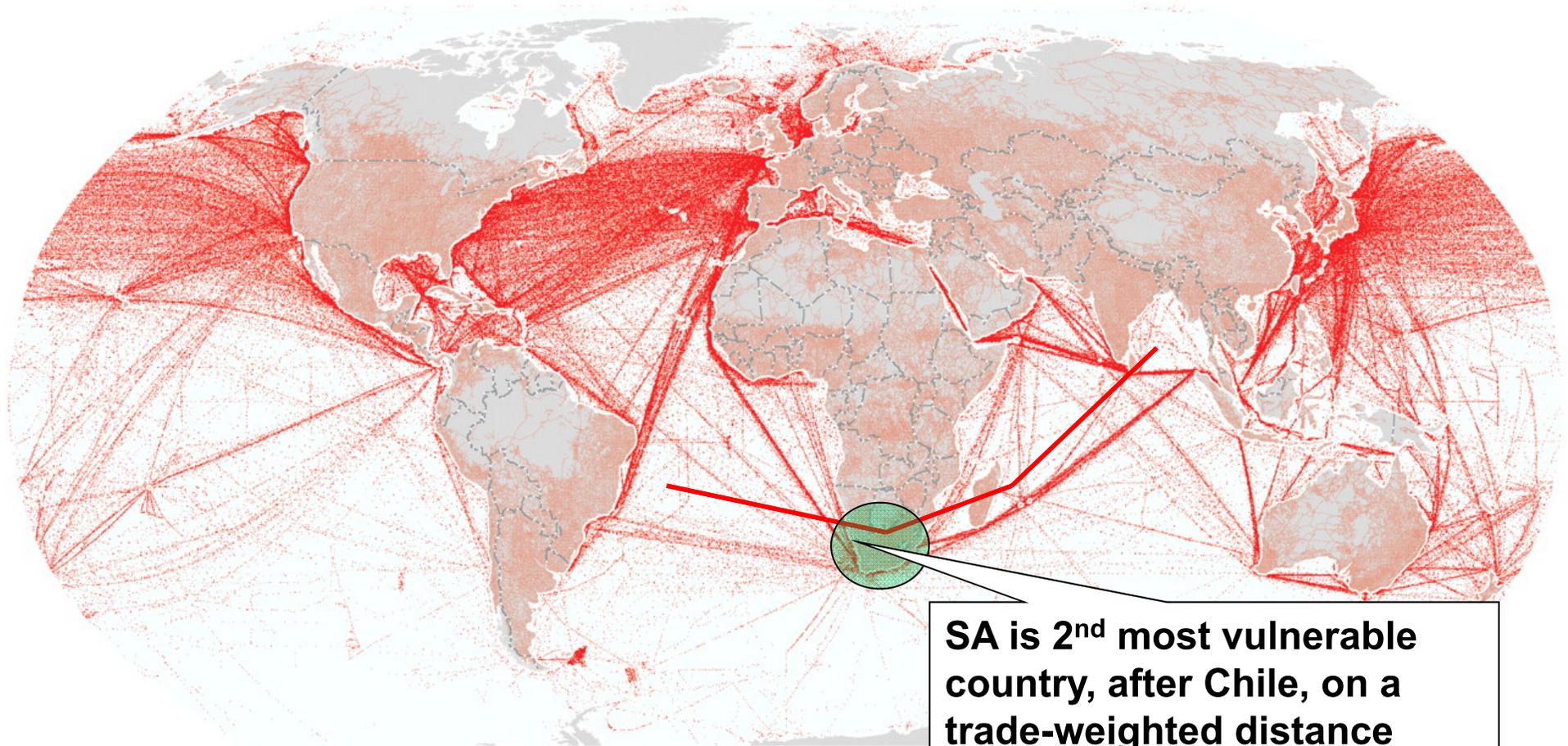


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Source: Quantec, 2011

Challenge: Geography (i.e. trade-weighted distance)



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Border Carbon Adjustments (BCAs)

- No BCA arrangements currently in place
- But SA vulnerable to potential BCA regimes
- SA exports contain high levels of embodied carbon
- ICTSD: 28.1% of SA exports to the EU may attract taxes, with 30.75% of exports destined for EU
- SARi: potential cost of BCAs to SA exporters could rise to over US\$720 million per annum
- Most affected sectors: mining and “beneficiated” minerals, manufactured goods, food and beverages
- Would impact on our key growth sectors
- Carbon tax proposal may reduce impact

Environmental sustainability

- SA supports sustainable production and consumption
- Environmental standards have a key role to play and may create opportunities – e.g. catalytic converters
- BUT blurring between purely “public” and “private” standards as NTBs (i.e. quasi-regulatory)
- SA shares concern about growth of “voluntary” one-size-fits-all environmental labelling schemes
- Many of these schemes are not based on robust and internationally agreed science and methodologies
- May create obstacles to market access – e.g. bulk wine exports from SA based on climate-related grounds, undermining the *just transition* of the SA workforce

- SA shares view that public and private schemes for **environmental labelling** should be:
 - Effective (i.e. best means to achieve legitimate policy objective)
 - Accurate and transparent around methods and data
 - Based on sound scientific principles and scientific evidence
 - Based on appropriate and practicable international standards, with multilateral solutions preferable
 - Gradually introduced to permit producer adaptation
 - Outcomes-focused and avoid overly prescriptive approaches
 - Promote innovation
 - Enable producers to dynamically convey improvements in their environmental performance
 - Adopt a “holistic” approach

SA and the “Green Economy”

- SA requires a **massive technological shift** from a capital-intensive and resource-dominated economy to a relatively more value-adding, labour-intensive and less carbon-intensive economy
- **Important opportunities** for supporting local content, industries and jobs, and attracting FDI
- SA has strong focus on:
 - Renewable energy (i.e. wind and solar PV)
 - Energy efficiency (e.g. solar water heaters)
 - Emission and pollution control (i.e. BRT)
 - Finance



The words "Thank you" are written in a black, cursive script. A grey pen nib is positioned at the end of the word "you", as if it has just finished writing. The background is white with some faint, vertical, light-colored lines on the right side.



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