

7 Conclusion

“Our customers have made it clear that providing solutions to environmental challenges like climate change is essential to society’s well-being, and a clear growth opportunity for General Electric. Companies with the technology and vision to provide products and services that address climate and other pressing issues will enjoy a competitive advantage.”

- Jeffrey Immelt, GE chairman and CEO

Climate change has moved from an issue of largely environmental concern to an issue of commercial significance in the period of a few decades. The potential impacts of climate change on economies, industries and companies, both positive and negative, are now far-ranging in their scope. In addition, the challenge of addressing climate change has only just begun, with local and global mitigation responses expected to amplify and extend their reach as the decades progress.

Efforts to maintain short and medium-term growth can no longer ignore the implications of climate change for business and the economy more broadly. Many of the commercial implications of climate change are already being experienced in developing countries such as South Africa, driving private sector innovation but also creating new areas of economic vulnerability.

The risks of inaction on climate change could be significant for South Africa, impacting on the competitiveness and resilience of the national economy. At the same time, a number of climate liabilities have the ability to be reoriented into opportunities to enhance competitiveness, access external support and deliver new products and services into markets.

The secondary impacts of climate change affect each sector of the economy differently, with most sectors displaying a range of threats and potential benefits. A number of pro-climate initiatives are also of significant value in the promotion of sustainable development in South Africa. This includes through substantial job creation, poverty alleviation, energy security and economic growth benefits in the Agriculture, Manufacturing, Construction, Electricity and various Services sectors.

Areas of significant opportunity for the encouragement of domestic manufacturing content can be found in the promotion of energy efficient equipment and machinery, the development of renewable energy technologies, as well as public transport infrastructure and equipment. Areas of significant opportunity for labour intensive growth, including in support of jobs for unskilled and semi-skilled workers, can be found in organic produce, organic cotton production, managed biofuel development, enhanced fire control, the promotion of energy efficient buildings, the construction of public transport and renewable energy infrastructure, renewable energy manufacture, as well as recycling programmes. There are also substantial economic opportunities for high skill and high wage employment in the tertiary sector through the development of carbon markets and a host of professional services.

There is clearly no panacea to the management of climate change issues in South Africa. This document supports heightened business leadership on climate change, in recognition of the commercial implications of climate change for a range of industry activities, and the nation’s relatively poor climate competitiveness at present. Such business leadership is to be matched by an effective and enabling policy environment for mitigation actions in South Africa, supporting the reduction of carbon liabilities in the economy whilst enhancing opportunities for low carbon growth.

Short-term dialogue and planning on climate change issues is essential in order to evaluate the country's mitigation options, maintain national competitiveness and advance opportunities presented by international climate support measures. Effective engagement in the multilateral climate negotiations process is also essential to ensuring that globally agreed climate outcomes, implementation mechanisms and support structures offer a fair and balanced agreement for advanced developing countries such as South Africa.

The conditional national emission reduction target put forward by South Africa makes clear the requirement that an effective climate agreement be established, which offers significant emission reduction commitments from the developed world, and which provides adequate global support to developing countries, including for specific mitigation actions. In the absence of such an agreement and wider mitigation environment, South Africa could be considerably prejudiced in relation to key competitor nations and face imbalanced threats to business based on protectionist policies in developed countries.

Nevertheless, as emphasised throughout this document, climate change is not just a matter of domestic regulation or global agreements. Climate change also operates as an increasingly influential force within multilateral lenders, banks, investment houses, industry association work, retailer action and the choices of ordinary citizens. Irrespective of national or global commitments to mitigation efforts, key elements of the climate challenge will remain, and key opportunities will be open to the country.

The development of sector based mitigation plans that manage risk, exploit opportunity and establish cross sectoral partnerships where required, will need to consider both regulatory and non-regulatory challenges from climate change, as key sectors of the economy seek to thrive in a carbon constrained world.

Proactive responses across the private and public sector are required to effectively address climate change in South Africa. Successful management of this global challenge will require short-term pragmatism and longer-term planning, linking business, government, labour, NGOs and the research community in support of low carbon growth.