Quick and Dirty - But Not Cheap:
South Africa’s Minerals-Energy Complex

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South Africa’s Mineral-Energy Complex (MEC)

- The political economy of MEC
- Special Pricing Agreements - multinationals, led by BHP Billiton and Anglo-American access cheapest electricity in the world
- Over 30% of Eskom's 4 million customers have zero electricity consumption/disconnected - too expensive
SA’s Black gold dependency – and decline?

- Eskom’s coal expansion programme R440 billion
- Medupi and Kusile (third and fourth largest coal-fired power plants in the world)
- Eskom, world's 11 largest electricity supplier in the world
- Medupi $3.75 billion loan from World Bank
- More carbon to be emitted from Medupi than 115 countries globally
Public debt – private profits

- Coal-expansion programme funded by loans, but 'led' by private sector (WB 2009)
- Xstrata, Billiton headquartered abroad
- 2007 - 23% GDP lost to capital flight
- Foreign investment often short term capital flows
‘Peak coal’?

- Downsized from 50 billion tonnes - noted by US DOE (2005) as 7th largest in the world, to 30 billion tonnes, to potentially 15 billion tonnes (SA Journal of Science)
- Peak coal production pegged for 2020
- Coal-expansion programme justified on basis of coal reserves lasting for 200 years
Acid Mine Drainage (AMD)

- SA one of the world's most water-scarce countries
- AEON report -- R360 billion water treatment over next 15 years
- Mining houses responsible for 70% water pollution but use under 10% of water
- CSIR scientist Turton suspended for stating SA lost water dilution capacity, unfit for human and industrial consumption
AMD cont.

- Water quality threat to future economic development
- SA: 10 of 19 water management areas experiencing water shortages
- Water demand to exceed availability by 2025 by 33%
- Pretoria’s Department of Water and Environmental Affairs defined AMD as biggest threat to SA water resources.
- But.....SA Climate Green Paper: "most of our climate adaptation and much of the mitigation effort will take place at provincial and municipal levels."
- National MEC policy remains intact.