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The Energy and Trade Nexus

Roundtable report. Gordon Institute of Business Science, Johannesburg, 20 March 2024. Convened by Amila Africa in partnership with the African Energy Chamber.

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Highlights from a roundtable of energy, finance, legal and government leaders on how energy security, trade policy and the AfCFTA can drive industrialisation in Africa.

Overview

On 20 March 2024, Amila Africa convened industry leaders and experts at the Gordon Institute of Business Science (GIBS), in partnership with the African Energy Chamber, to examine the relationship between energy and trade. The discussion covered the AfCFTA's potential to increase trade and investment flows, the role of energy in industrialisation and innovation, local content and value chain development, and the regulatory frameworks needed for a competitive business environment.

Energy powers the production, transport and distribution of goods and services. Access to reliable, affordable energy lowers costs, raises efficiency and is a decisive factor in the competitiveness of national economies.

Framing the discussion

Facilitating the roundtable, Lethabo Sithole, Managing Director of Amila Africa, set out how trade policy at national, regional and international level can support an energy transition that is just and development-led. Well-designed trade policies improve market access and harmonise regulation, which in turn builds domestic production capacity, particularly in developing economies. Trade liberalisation can also improve the availability, cleanliness and affordability of energy, strengthening the resource base on which trade and growth depend.

Speaker insights

NJ Ayuk, Executive Chairman, African Energy Chamber. In the opening keynote, Ayuk underlined that energy security is a precondition for Africa's industrialisation and export capacity, and that effective trade policy can promote sustainable energy sources and energy efficiency while supporting growth.

Bohani Hlungwane, Managing Director and Regional Head of Trade and Working Capital, Absa Group. Hlungwane addressed the role of regulatory frameworks and trade finance in stimulating productivity and value-added manufacturing, and the opportunities the AfCFTA creates for trade and investment in energy and energy-related goods and services.

Mikhail Nikomarov, CEO and Co-founder, Bushveld Energy. Nikomarov discussed value chain development and local beneficiation, drawing on Bushveld Energy's deployment of vanadium redox flow battery storage to improve the reliability of electricity supply across Africa.

Pieter Steyn, Director, Werksmans, and Chairman, LEX Africa. Presenting on the African business and trade landscape, Steyn cautioned against treating Africa as a single market, noted progress in regional economic integration, and set out the forms of public-private partnership suited to energy and power projects.

Dr Rebecca Maserumule, Chief Science and Technology Representative, Department of Science, Technology and Innovation. Dr Maserumule outlined South Africa's Hydrogen Society Roadmap and the international partnerships supporting it, including targets of 10 GW of electrolysis capacity in the Northern Cape and 1.7 GW in the Hydrogen Valley by 2030, and 500,000 tonnes of green hydrogen production a year by 2030.

Conclusions

Participants agreed on the need for collaboration between government, finance and industry, inclusive policy-making and disciplined project implementation.

Access to finance and investment was identified as the priority enabler for energy and trade projects that advance Africa's development agenda.

The AfCFTA, local content and regional value chains were seen as the levers that connect energy investment to industrial and export growth.

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