

LUNGILE MASHELE: Let's find our economic niche and go for it

The top five economies of the past decade have been the US, China, Japan, Germany and India. The US maintained its position as the world's largest economy throughout this decade, its major industrial outputs being technology, aerospace, healthcare and consumer goods.

China has experienced significant growth and is now the second-largest economy globally. Manufacturing is a dominant sector, with China being a major exporter of electronics, machinery and textiles.

Japan boasts a strong, diverse economy with a focus on technology, vehicles and heavy machinery. As Europe's powerhouse, Germany excels in manufacturing, particularly cars, machinery and chemicals.

India's economy has been on the rise, with a strong service sector and a growing manufacturing base. Its key industries include information technology, pharmaceuticals and textiles.

A commonality between these countries and their quest for economic dominance is their technology and manufacturing output, which requires a significant amount of energy. This has necessitated an increase in installed capacity. The installed electricity capacity of all these countries has risen substantially over the past decade, driven by economic growth and rising demand for electricity. China has added 34GW of new nuclear capacity in the past decade and in 2023 alone it added almost 300GW of renewable capacity, priming itself for incredible future growth.

China has experienced the most significant increase in overall installed capacity, driven by coal and renewables. The US opted for a balanced approach of gas through fracking and renewables.

Japan's capacity increase has been more modest compared with China and the US. After the Fukushima disaster it has been cautious about expanding nuclear power. However, some existing plants are being restarted.

Coal dominant

Germany has been a leader in the transition to renewable energy and is phasing out coal, but has expanded gas since the start of the Russia-Ukraine conflict.

India faces a unique challenge: providing electricity to a growing population while addressing energy security concerns. Coal remains a dominant technology in India while it rapidly expands renewable energy.

The rising demand for energy is not limited to manufacturing. India is recognising the need for firm capacity due to the exponential increase in data centres and the growth of the services sector, leading to more energy use for offices, cooling and operations.

The US has experienced such a huge increase in the electricity required for artificial intelligence that it has postponed shutting down its coal-fired plants.

Due to the global trend towards improved energy efficiency, most of these countries have experienced a decrease in energy intensity (energy used per unit of GDP) over the past decade. China has made significant strides in energy efficiency while some countries such as India show a slower decline. In the case of Germany this is led largely by deindustrialisation.

To grow the economy SA will need to decide what kind of economy it wants to be, then set in motion the energy, transport, water, population, health and educational needs such an economy will require.

We can no longer fool ourselves into thinking that being an attractive destination for donations and concessionary finance is an economic growth strategy. The countries that have shown significant economic growth in the past decade did so through capturing a significant market share of an emerging sector in the global economy.

For the seventh administration, SA needs two, maybe three, focus areas to grow the economy, with a defined growth target. I'd go with critical minerals mining for energy, healthcare and technology.

This year was always going to be a Damascene moment for SA. The markets didn't vote but the people did, and they said you can't go into an election year with load-shedding, no economic growth, high unemployment and industries closing.

What we do between now and 2029 will echo into eternity.

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