

**BASD Strategy Meeting
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THE GLOBALISATION IMPERATIVE

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On behalf of Eskom and the Business Co-ordinating Forum of South Africa, I wish to thank, the BASD Steering Committee Chair, Mark Moody Stuart for hosting this meeting.

United Nations Secretary-General, Kofi Annan has stated that “We have to choose between a global market driven only by calculation of short-term profit, and one which has a human face. Between a world which condemns a quarter of the human race to starvation and squalor, and one which offers everyone at least a chance of prosperity, in a healthy environment.”

There is nothing like an idea whose time has come. And the time has come for business to take up the mantle of global equity. To do otherwise is to condemn the world to an accelerating spiral of poverty and environmental degradation.

Never before has the world been both so integrated and divided. For a large proportion of the world’s population the march of globalisation is irrelevant. Theirs remain lives of quiet desperation and all they see are the rich nations getting richer at their expense. The poorest countries had a per capita GDP of 5% of the richest countries in 1960: this had shrunk to 2.6% by 1995. On the other hand we do have some encouraging signs. The standards of living in the UK, once the forerunner, have been matched and even surpassed by the US, Canada and Australia and by most of western and Central Europe. Mainland China and India – with close to two-fifths of the world’s population between them- are starting to grow more quickly than many of the most advanced countries.

Already the people of 49 developing countries have life expectancies of more than 70 years.

But this is not enough to put this globe on a sustainable footing. Increased global security concerns, coupled with a looming global recession, add weight to the current arguments for a fundamental rethink of current development patterns.

Failing societies pose threats to the rest of the world. Wealthy countries cannot wash their hands off the fate of poor countries as their economies and societies will inevitably be impacted by deteriorating conditions in developing countries. These impacts include the spread of disease, economic refugees, migration of pests and knock-on impacts on the natural resource base, which includes degradation of land and water pollution.

The challenge we are all faced with in global development is to reverse the current negative trends in poor countries and to set them back on the development ladder. I believe that one of the primary enablers to sustainable social and economic development lies in the upgrading of the infrastructures of developing countries and the provision of essential services to all sectors of society. A key service is energy – a society and economy cannot thrive if it is starved of energy – especially electricity.

The sustainable energy development challenge is particularly formidable in Africa. We have had some successes in recent years. For example the creation of the Southern African Power Pool has gone a long way to optimising the electricity resources of the region. With respect to access to electricity, some seven years ago, a mere 30% of the South African population had access to electricity. Following the democratisation of our nation and the relief from the oppressive yoke of apartheid, a concerted national electrification programme changed this situation considerably. Today in excess of 66% of South Africans have access to electricity and are able to reap the health, social, economic and environmental benefits of this energy source which was denied to the majority for so long.

On a regional scale however the situation is not as positive and, over this period other southern African countries have remained static at some 10% electrification. Zambia and Malawi, for example, are only 5% electrified.

As the dominant economic power in Sub-Saharan Africa, South Africa is seen as instrumental to the economic upliftment of the region. President Thabo Mbeki has recently articulated this role in his African Renaissance vision. The key question is, how can Africans solve their own problems in a manner, which builds on the vast history, experience, skills and resources of this continent. The vision is anchored on the determination of Africans to extricate themselves and the continent from the malaise of underdevelopment and exclusion in a global world. Part of the challenge of the electrification of Africa is the large distances between settlements, primarily in rural areas. This factor sends reticulation costs spiralling, which means that new electrification options have to be found.

Whilst it is widely accepted that the plentiful coal resources of the region will ensure that fossil fuels continue to dominate electricity supply for several decades to come, we are mindful of the need for long term sustainable energy development. As such we have been exploring a variety of power generation technologies, which are low, or non polluting and do not deplete natural energy resources. Clearly these technologies also need to be cost competitive with existing options.

To this end, Eskom, a South African electricity utility has been developing and implementing a renewable energy programme for several years now. This programme includes a number of initiatives, which are at varying stages of

development. Most advanced is the implementation of solar home systems as part of our electrification programme.

On a larger scale, Sabre-Gen, the South African Bulk Renewable Energy Generation programme, is undertaking the evaluation of multi-megawatt, grid-connected generation systems. It consists of four components, BioEnergy, Wave, Solar Thermal Electric and Wind, of which the latter two are the most advanced. A large-scale wind demonstration site is planned for 2002 and Eskom and the Global Environmental Facility are funding a feasibility study on Solar Thermal Electric technologies with the objective of constructing a 100MW demonstration plant.

It is however not realistic to think that renewable energy sources would be sufficient to meet the expected growth in electricity demand over the next several decades and to provide Africa with the electricity that is so desperately needed for social upliftment, economic growth and prosperity. In this regard Eskom, together with its international partners, British Nuclear Fuels and Exelon Generation, is exploring an inherently safe, low cost nuclear energy technology, namely the Pebble Bed Modular Reactor or PBMR.

Turning to business's role, chairman, The South African business community has established a co-ordinating forum to facilitate and promote business' input into the Summit. The Business Co-ordinating Forum, known as the BCF, is chaired by Mr Tokyo Sexwale, with myself as vice chairman. The Business Co-ordinating Forum's work is undertaken by specialist Task Teams and a Cross Cutting Task Team. The secretariat is handled by the ICC SA.

Task Teams have been established to deal with the following specific issues.

- Review of Agenda 21 and the National Sustainable Development Strategy.
- Best Practices Exhibition
- Business Events

Preparations for this Summit by the South African government are broadly divided into two areas

- Logistical
- Substantive

Substantive logistical arrangements are primarily the responsibility of a government owned Section 21 company directed by a Board of government officials. Mr Moss Mashishi has been appointed as the CEO. The logistical arrangements will be co-ordinated by the Section 21 company in partnership with the City of Johannesburg.

Substantive issues will be handled by the policy unit established in the Department of Environmental Affairs and Tourism. These include:

- Influencing the Summit agenda
- Reviewing the implementation of Agenda 21 and preparation of a National Sustainable Development Strategy.

- National Expert roundtables in preparation for the Summit roundtables of eminent persons.

Klaus Töpfer, Executive Director of UNEP, has called for the goal of the Summit to promote co-operation around the world to overcome poverty in a responsible way. He has also suggested that if the Summit is to be successful then it should lead to a new "global deal" that meets the needs of developing countries.

I believe that business has a key role to play in brokering this "new deal". However, we can only do so if we act with a common purpose and commit to effectively tap into on our collective resources. It is particularly relevant that we craft such a deal in Africa. It is fitting that the continent, which gave birth to modern humanity, is the one, which assures its survival into the future.

There are several options which I propose could contribute towards the realisation of this "new global deal"- a legacy from Johannesburg Summit, to the world.

Firstly, The New African Initiative (successor to the African Renaissance) is a call for a new relationship of partnership between Africa and the international community, especially the highly industrialised countries, to overcome the development chasm that has widened over centuries of unequal relations. The case for the role of national authorities and private institutions in guiding the globalisation agenda along a sustainable path and, therefore, one in which its benefits are more equally spread, remains strong. What is needed is a commitment on the part of governments, the private sector and other institutions of civil society, to the genuine integration of all nations into the global economy and body politic. This requires the recognition of global interdependence in respect of production and demand, the environmental base that sustains the planet, cross-border migration, a global financial architecture that rewards good socio-economic management, and global governance that recognises partnership among all peoples. Chairman, to this extent a proposal on the nature of this partnership is being circulated. I wish to further explore this at our session later today

Secondly, South Africa has since its democratisation offered to the world the ability to mediate and solve the insoluble. Our Past President Mandela continues to play an instrumental role in mediating in areas of conflict. Thus, this new deal could revisit the manner in which the UN traditionally works. The era of exclusive UN/Government debates and Conventions cannot be sustained in our current climate of global inclusivity. The call by Mr Topfer to integrate civil society and business into the process is to my mind a pointer to the way forward. A multi stakeholder dialogue at the UN held Summit would indeed sharply focus the minds of our leaders on the need for what we South Africans call "sufficient consensus". A meeting with Mark Moody on his recent visit to South Africa, yielded positive discussions around the opportunity to open debate and dialogue on issues such as nuclear and globalisation. This, I believe would begin, as Kofi

Annan stated, to put a face to globalisation. The opening of doors to those traditionally excluded from the process, as well as their meaningful influence on the outcome, will be a measure of the success of the World Summit.

- Chairman, with regard to the practicalities for business' preparation to the Summit. South Africa's offer to host a Best Practice Exhibition has immense potential for business. Given the focus of the Summit on poverty alleviation, business is key in showcasing technologies, systems and processes which illustrate best practice in this regard. I believe that the partnerships we have developed over decades between business, across sectors and countries can be well exploited in presenting a variety of solutions to the challenge of global sustainability. In this regard I suggest we expand such partnerships to include other major stakeholders such as civil society, labour and the green movement. At the same time we need to guard against division in our ranks as we analyse the basis upon which we participate in the Exhibition. The details regarding the Exhibition will be discussed in this afternoon's session. A document from the Section 21 Company is being circulated.
- The need to set the path for equitable access to global markets and to address the imbalances of the past begins at the face of the Summit. As pointed out by Mark Moody, we cannot walk away from the Summit and leave the host country with a financial burden, which it can ill afford. Business has a role to play along with governments of the world and I urge you all to apply your minds towards ensuring that the resources required for the Summit are made available. We have obtained the funding proposals, which are being circulated as I speak. This can also form the basis for discussions this afternoon. In conclusion, the truism, "always something new out of Africa" has applied since the birth of humankind. Let us apply it here in crafting a new global deal, which will unite all sectors of the global society in addressing our common challenges.