

Unlocking South Africa's G20 Potential: Harnessing Economic Contributions to Tackle Unemployment Challenges

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Introduction

The Republic of South Africa, as the name suggests, is geographically located in the southernmost tip of the African continent which encompasses an area of ¹1.22 million square kilometres. Topographically, it comprises of high-altitude plateaus and a coastline that ranges up to ²1739 miles. Its northern regions provide it with land routes to access the continent whereas, the extensive coastline around the South of the Atlantic Ocean and the Indian Ocean. This has historically placed it in a significant position as it forms the Cape of Good Hope, which is a vital sea route and gateway from Europe to Asia. With respect to its demography, the South African population accounts to approximately ³60 million, making it the world's ⁴24th most populous nation. Consequently, it has a decent population density of ⁵129 individuals per square miles.

¹ *South Africa geography, maps, climate, environment and terrain from South Africa* | - CountryReports. (n.d.). <https://www.countryreports.org/country/SouthAfrica/geography.htm>

² *South Africa geography, maps, climate, environment and terrain from South Africa* | - CountryReports. (n.d.). <https://www.countryreports.org/country/SouthAfrica/geography.htm>

³ *South Africa population (2023) - Worldometer*. (n.d.). <https://www.worldometers.info/world-population/south-africa-population/>

⁴ *South Africa population (2023) - Worldometer*. (n.d.). <https://www.worldometers.info/world-population/south-africa-population/>

⁵ *South Africa population (2023) - Worldometer*. (n.d.-b). [https://www.worldometers.info/world-population/south-africa-population/#:~:text=The%20population%20density%20in%20South,129%20people%20per%20mi2\).&text=The%20median%20age%20in%20South%20Africa%20is%2027.6%20years.](https://www.worldometers.info/world-population/south-africa-population/#:~:text=The%20population%20density%20in%20South,129%20people%20per%20mi2).&text=The%20median%20age%20in%20South%20Africa%20is%2027.6%20years.)

The political system of South Africa has been stable with constitutional democracy since the renunciation of apartheid in 1994. Even though this racial segregation was long prevalent in the society, it was formulated into segregation policies of Apartheid by the African National Party in 1948. This consequently, gave this discriminatory practice a legal apparatus for its expansion. But, with the end of it, and the percolation of inclusivity and multiculturalism into the society, the country was nicknamed as the ⁶Rainbow Nation by Archbishop Desmond Tutu in early 1990's. The political apparatus of the country includes a bicameral parliament (the National Assembly and the National Council of Provinces), a three-tier government structure (National, Provincial and Local) and an independent judiciary. Furthermore, all the three tiers of the government are facilitated with the legislative and executive liberty within their own dominion. With adherence to these democratic principles, it has been one of the handful of African countries which have not had brief episodes of political instability and violence. Presently, the Government is headed by President Cyril Ramaphosa.

Economically, with the abolishment of the apartheid policies, the South African economy was dwindling as foreign partners were sceptical to invest in the country keeping in view its racially discriminating policies. Subsequently, with the aim to uplift the same, in 1996, the then government introduced a five-year plan that played an indispensable role in its revival. The macroeconomic strategy was termed as, ⁷Growth, Employment and Redistribution (GEAR). It primarily focused on privatization, employment opportunities and easing out trade controls.

⁶ Shiraz, Z. (2023, June 9). Here's why South Africa is called the Rainbow Nation, 6 must-visit travel spots. *Hindustan Times*. <https://www.hindustantimes.com/lifestyle/travel/south-africa-unravelling-the-meaning-behind-rainbow-nation-6-travel-destinations-for-ecological-experiences-101686292781103.html#:~:text=South%20Africa%20is%20often%20referred,transition%20from%20apartheid%20to%20democracy>.

⁷ *South Africa | History, Capital, Flag, Map, Population, & Facts*. (2023, September 1). Encyclopedia Britannica. <https://www.britannica.com/place/South-Africa/Economy>

Presently, standing tall with an expected Gross Domestic Product (GDP) of ⁸\$407.95 billion by the end of 2023, South Africa is one of those few nations where abundance of natural resources and its extraction is not a concern. Its incredible infrastructure places it as Africa's third largest economy after Nigeria and Egypt by GDP. The major drivers of its economy have been precious metals and agricultural products.

South Africa: An overview of its history

Playing the role of a flagbearer of multilateral diplomacy and acting as a voice for the concerns of its continent, South Africa is the only country from the African Bloc that is a part of the G20. In the past few years, their foreign policy has aimed to find them a seat at partnerships like IBSA (India, Brazil, and South Africa), IORA (Indian Ocean Rim Association), BASIC (Brazil, South Africa, India, and China), BRICS (Brazil, Russia, India, China, and South Africa) and the G20 (Group of Twenty). They come with the mindset that if the economic gap between the developing south and the developed nations, the influence that small nations have would in global politics would magnify and their ability to address represent global concerns would increase. With the growing concern that Africa is not adequately represented at the international forum, South Africa tends to have a moral obligation to constitute for the global concerns of the continent

When South Africa hit recession in 2008, its principal agenda at the ⁹Washington Summit of the G20 was to neutralise the situation and encourage major developed countries to underpin growth. With some growth experienced by 2010, it addressed the existence of structural issues in the country that were aggravated by the crisis and sought to protect the domestic policies

⁸ *World Bank Open Data*. (n.d.). World Bank Open Data. <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=ZA>

⁹ (https://www.kas.de/c/document_library/get_file?uuid=da7b9e5b-8d8f-9bb4-7080-274fd18231de&groupId=252038)

from external rules and regulations. The country has always seen to push its boundaries in order to achieve more financial inclusion in the global financial ecosystem and also vouch for the same for other developing countries. It promotes its concern towards increased regulation and supervision of trade for commodities of the imitative market and also increase market transparency\). In order to establish a sense of credibility for itself to represent global developmental agendas and advance African developmental concerns, it co-chaired the Development Working Group, which was set up in order to implement the Seoul Action plan of 2010). At the ¹⁰Hangzhou Summit in 2016, South Africa pushed for the initiation of the Industrialisation of Africa Initiative, in order to promote the development in African nations

While promoting its country's political and economic interests, it's priorities in the G20 are concerned with intensifying economic growth, captivating more inward Foreign Direct Investment (FDI), and emphasising on creating increased employment opportunities

Priorities as the President

This year, South Africa will be joining the troika along with India and Brazil and is scheduled to assume the presidency of G20 in 2025. This would be the first time it shall be holding the presidency of G20. The troika comprises of the past, present, and future presidencies, which work together with the aim to propagate the agendas taken up the predecessor and the future plans outlined by the successor. This year's troika holds relevance as it includes the developing economies which additionally represent a major chunk of the world population. With South Africa being the only member from Africa in the grouping, its presidency shall represent a collective voice of the African continent and would also raise concerns of the Global South.

¹⁰https://www.icwa.in/show_content.php?lang=1&level=3&ls_id=9116&lid=5923#:~:text=South%20Africa%20has%20placed%20emphasis,the%20G%2020%20debt%20framework

The priorities for its presidency can be listed though the concerns it took up during ¹¹South Africa's chairmanship of the African Union in 2020. During its chairmanship of the African Union, its areas of prime focus for the continent included bridging gender divisions, promotion of a peaceful Africa, economic growth, strengthened governance apparatuses and promotion of multilateral forums. Apart from the aforementioned broad aspects, the integral priorities are outlined as follows:

Firstly, with the aim of wider representation of Africa, it would push for the membership for the African Union. The initial calls for the same were made by President Cyril Ramaphosa during the ¹²Bali Summit of 2022 and the membership of the European Union was cited as a reference to do so. The same were reiterated again during ¹³India's presidency this year wherein Prime Minister Narendra Modi proposed full membership for the African Union. This if accepted, would alter the grouping, and would consequently be termed as G21. Henceforth, the grouping would include 54 members of the African Union making it one of the most diverse multilateral forums. Additionally, it would provide the continent with a platform wherein they could have a major say in case of any discussions and deliberations.

Secondly, keeping in view, South Africa's aim of economic development, its tenure could also witness easing out the processes that grant monetary aids and loans for Africa. Presently, African nations have had experienced China's debt trap diplomacy and consequently, they have been under a huge debt burden. Moreover, Africa's deep-seated history of colonial exploitation

¹¹ *The Priorities of the South African Chairmanship of the African Union 2020*. (2020, July 22). Diplomatist. <https://diplomatist.com/2020/07/22/the-priorities-of-the-south-african-chairmanship-of-the-african-union-2020/>

¹² Gulshan Sachdeva, & Gulshan Sachdeva. (2023). Dynamics of African Union's G20 membership. *Deccan Herald*. <https://www.deccanherald.com/opinion/african-union-india-g20-european-union-india-g20-1229788.html>

¹³ Mohan, G. (2023, September 1). 'This time for Africa': What India's proposal to add African Union to G20 means. *India Today*. <https://www.indiatoday.in/india/story/this-time-for-africa-what-indias-proposal-to-add-african-union-to-g20-means-2429623-2023-09-01>

obstructs it to take financial aids and loans from the West. With this in context, G20 could prove to be an important financial forum. A presidency held by a key regional player in Africa, could aid the grouping to formulate a debt restructuring plan that would be suitable for the developing economies that are under a debt spiral. This restructured lending process could expand Africa's partners for financial assistance that would obviate the need for them to sign extracting clauses that the mineral rich African countries have to sign in return of these aids. Currently, according to the data released by the International Monetary Fund, out of the total ¹⁴70 countries facing debt problems, 40 are situated in Africa. G20 could step in here to chalk out a path of debt sustainability that would align well with developing continent.

Thirdly, climate and energy form another aspect of South Africa's agenda for its G20 presidency. In 2022, G20 released a ¹⁵Climate Transparency Report, that provides a brief overview of climate performance of the G20 members. It highlights the linkages between climate change and how it could embroil the world into a crisis. Thus, making it a concern that would require immediate attention and solutions. This point in its agenda would specifically be vital for all the coastal member nations of G20 and the island nations of Africa as well. The increase in temperature due to global warming poses a threat for the low-lying island nations which if not handled effectively would result in the abovementioned being either submerged or inhabitable. This vulnerability requires a global climate action that could feature during the presidential tenure of South Africa. Additionally, it seeks to reduce its own carbon emissions and phase out its coal dependency. This is so as South Africa in the past few years has witnessed the wrath of climate change that manifested in the form of severe droughts, floods and wildfires. As a result of this, it is expected that it would propagate the idea of an ambitious and

¹⁴ (2023, June 24). Increasing G20 cooperation on debt and investment in Africa. *ORF*. <https://www.orfonline.org/research/increasing-g20-cooperation-on-debt-and-investment-in-africa/>

¹⁵ *Climate Transparency Report 2022*. (2023, January 31). Climate Transparency. <https://www.climate-transparency.org/g20-climate-performance/g20report2022#1531904804037-423d5c88-a7a7>

united climate action. Furthermore, currently it has a partnership termed as the ¹⁶Just Energy Transition at G20 that aims to support South Africa to phase out its coal dependency. The propagation of low carbon economies would ensure sustainable growth and development. This could work out more effectively, considering the troika for this year consists of all developing nations that are committed towards the accomplishment of the climate goals.

Food Security, is another major concern for not only Africa but many other nations, keeping in view the ongoing Russia Ukraine war. The initiation of this crisis has led to increase in prices of food and agricultural products especially wheat as both, Russia and Ukraine are major wheat exporters. This hike has hit hard especially in African households, that were already grappling with the adverse effects of the pandemic. Additionally, with Africa being a land with prevalence of malnourishment and starvation, food insecurity should be dealt with efficiently at the earliest. Another reason for food shortages is the changing climate that has adversely affected the agricultural land and patterns. Collectively, the aforementioned has resulted in an imbalance in the food prices. The restoration of the balance of food prices would require substantial humanitarian or financial aid that would ensure that the stock of food and agricultural products do not dwindle. A proposal for “sustainable food production system” and lifting of trade barriers on these essentials could also feature in its agenda.

Thus, in regard to South Africa’s presidency for G20, its main focus is on tabling a full-time membership for the Africa Union with the aim to include a joint and impactful voice of the continent.

Unemployment: An economic and social issue

¹⁶ *IEA welcomes Indonesia’s Just Energy Transition Partnership as key step forward for international cooperation on energy and climate - News - IEA.* (n.d.). IEA. <https://www.iea.org/news/iea-welcomes-indonesia-s-just-energy-transition-partnership-as-key-step-forward-for-international-cooperation-on-energy-and-climate>

The economy of South Africa is one of the strongest in the region making it one of the key players. But, still due to a plethora of socio-economic problems, South Africa faces high rates of unemployment. These rates usually hover around above 30%, making it one of those with the highest unemployment rates globally. This situation has been further outlined under this section.

A Reuters' article pointed out that South Africa's employment rate stood at an eye-watering ¹⁷32.9% in the first quarter of 2023 - an unwanted increase from ¹⁸32.7% in the final quarter of 2022 as mentioned in the Quarterly Labor Force Survey. This rise in unemployment has been driven by the deficiency in power production, forcing the state power utility Eskom to implement power cuts after it realized its inability to keep up with the demands of electricity in the country, impacting mining and manufacturing the most. While the unemployment charts are performing poorly, South Africa has also seen a rise in the number of underemployed people as well - people aged ¹⁹15-24 being the worst affected. Out of all employed workers in the country, ²⁰4.9% of them were underemployed. This is similar to the COVID statistics of the first quarter of 2020, where the percentage was slightly better at ²¹4.7%.

Unemployment and underemployment are both hindrances to the effective use of resources; in this case - human labor. The power crisis in South Africa has added to the havoc and directly

¹⁷ Key findings: PO211 - Quarterly Labour Force Survey (QLFS), 1st quarter 2023, Statistics South Africa. https://www.statssa.gov.za/?page_id=1856&PPN=P0211&SCH=73571

¹⁸ Key findings: PO211 - Quarterly Labour Force Survey (QLFS), 1st quarter 2023, Statistics South Africa. https://www.statssa.gov.za/?page_id=1856&PPN=P0211&SCH=73571

¹⁹ Beyond Unemployment - Time-Related Underemployment in the SA Labour Market, 1st Quarter 2023, Statistics South Africa. <https://www.statssa.gov.za/?p=16312>

²⁰ Beyond Unemployment - Time-Related Underemployment in the SA Labour Market, 1st Quarter 2023, Statistics South Africa. <https://www.statssa.gov.za/?p=16312>

²¹ Beyond Unemployment - Time-Related Underemployment in the SA Labour Market, 1st Quarter 2023, Statistics South Africa. <https://www.statssa.gov.za/?p=16312>

impacted its economy, forcing employers to let go of workers to cut costs and maintain financial sustainability. Power cuts of up to ²²10 hours a day caused significant strain in South Africa's key industries of mining and manufacturing.

Rich in natural resources, South Africa is one of the largest exporters in raw elements. ²³In 2021, it led the export charts in platinum (\$24.5B), manganese ore (\$2.9B), chromium ore (\$1.83B), titanium ore (\$501M) and precious iron ore (\$1.78B). Among others, the country also exports iron ore (\$7.68B), diamond (\$7.02B) and coal briquettes (\$6.72B). This clearly shows how dependent the economy is on mining and construction. However, the problem lies when we compare the exports to imports. ²⁴South Africa primarily imports finished goods like refined petroleum (\$7.85B/year), crude petroleum (\$5.42B), motor vehicles (\$3.44B), broadcasting equipment (\$2.43B) and metallic fiber (\$3.46M). When a country exports raw materials and imports finished products, a natural question that arises is why not manufacture and export the goods yourself.

Given that South Africa's current infrastructure is relatively advanced compared to other African nations, the country has a good chance to transition from just a mining and agricultural economy to a more industrial economy. This would help create new skilled and unskilled jobs at the industrial sites to accelerate South Africa's economic growth and address their socio-political issues involving employment.

²² Gumbi, Kopano. (2023, May 16). *South Africa's unemployment rate rises amid power crisis*. <https://www.reuters.com/world/africa/south-africas-unemployment-rate-rises-329-q1-2023-05-16/>

²³ South Africa, OEC. [https://oec.world/en/profile/country/zaf#:~:text=Between%20May%202022%20and%20May,\)%2C%20Coal%20Briquettes%20\(ZAR11.](https://oec.world/en/profile/country/zaf#:~:text=Between%20May%202022%20and%20May,)%2C%20Coal%20Briquettes%20(ZAR11.)

²⁴ South Africa, OEC. [https://oec.world/en/profile/country/zaf#:~:text=Between%20May%202022%20and%20May,\)%2C%20Coal%20Briquettes%20\(ZAR11.](https://oec.world/en/profile/country/zaf#:~:text=Between%20May%202022%20and%20May,)%2C%20Coal%20Briquettes%20(ZAR11.)

However, to adopt a more industrialized approach, a country needs to be prepared to meet its demands. The most challenging of those demands is power supply. Given the infamous power cuts crippling efficient flow of work, South Africa can choose alternate renewable sources of energy like solar power or wind power. By being a part of G20, South Africa has pledged itself towards supporting ²⁵“country-led green growth policies that promote environmentally sustainable global growth along with employment creation while ensuring energy access for the poor”. However, South Africa’s energy requirement is still majorly fulfilled by coal, contributing to about ²⁶80% of total load. Renewable energy techniques like wind, solar photovoltaic (PV) and concentrated solar power (CSP) cater to only ²⁷7.3% of the total load. To alter its reliance on coal, the country’s public electricity company Eskom suggested the increase of South Africa’s renewable capacities, following which the ²⁸Carbon Tax Act was passed in 2019 which taxed industries \$8 per tonne of carbon dioxide emissions.

Unfortunately, not only is there resistance to adoption but also inadequate time to quickly transition from a coal-based power supply to a completely green energy production. Therefore, the change has to be strong and steady. To figure out the way forward, the government must explore its possible options - the most important one being solar power. The prospect of solar power has become increasingly attractive, thanks to a sharp decrease in the price of solar

²⁵ G-20 CLEAN ENERGY, AND ENERGY EFFICIENCY DEPLOYMENT AND POLICY PROGRESS, International Energy Agency (IEA), 2011. <https://iea.blob.core.windows.net/assets/e19977d5-0952-4b24-bfa5-287e92428c19/G20CleanEnergy%2CandEnergyEfficiencyDeploymentandPolicyProgress.pdf>

²⁶ CSIR releases statistics on Power Generation in South Africa for 2022, February 2023, CSIR. <https://www.csir.co.za/csir-releases-statistics-on-power-generation-south-africa-6ergy%20mix>

²⁷ CSIR releases statistics on Power Generation in South Africa for 2022, February 2023, CSIR. <https://www.csir.co.za/csir-releases-statistics-on-power-generation-south-africa-6ergy%20mix>

²⁸ Molekwa, Thabo. (2023, June 19). *South Africa’s coal lobby is resisting a green transition*. <https://www.climatechangenews.com/2023/06/19/south-africa-coal-energy-fossil-fuels-climate-lobby/#:~:text=South%20Africa%20currently%20relies%20heavily,an%20influential%20coal%20mining%20industry>

panels, the overloaded national electric grid and the global push towards green energy. South Africa's geographical location and features makes it a brilliant place to harness the power of the Sun, with some cities getting an average of ²⁹2,500 hours of sunlight throughout the year. Solar radiation in South Africa is also more intense than most of the world with levels ranging from ³⁰4.5-6.5 W/m².

Based on the country's Integrated Resource Plan, the total power generated by solar power by ³¹2030 is approximated to be 9600 MW. Though this number is nowhere close to the country's requirements, it is a significant step towards preventing load-shedding and maintaining its green commitment. Going green solves another of South Africa's burning issues - unemployment. If this trajectory is followed, there may be more than ³²1.8 million new jobs by 2030 that would be driven by the green energy sectors. In continuation, if nature-based countermeasures for calamities like droughts and floods are used, there may be another new ³³7,05,000 sustainable jobs. These numbers may look outstanding; however, this is the best case scenario and will only happen if this upward trajectory is maintained without unnecessary hindrances - something easier said than done and almost unrealistic.

²⁹ Solar Energy in South Africa, 2021, Solar Future. <https://www.thesolarfuture.co.za/solar-energy-in-south-africa/>

³⁰ Solar Energy in South Africa, 2021, Solar Future. <https://www.thesolarfuture.co.za/solar-energy-in-south-africa/>

³¹ Solar Energy in South Africa, 2021, Solar Future. <https://www.thesolarfuture.co.za/solar-energy-in-south-africa/>

³² Burger, S. (2022, March 29). *Green, just transition investment has potential to create 1.8m jobs in South Africa by 2030*. Engineering News. <https://www.engineeringnews.co.za/article/green-just-transition-investment-has-potential-to-create-18m-jobs-in-south-africa-by-2030-2022-03-29#:~:text=Investing%20in%20South%20African%20cities,and%20supported%20locally%20within%20cities.>

³³ Burger, S. (2022, March 29). *Green, just transition investment has potential to create 1.8m jobs in South Africa by 2030*. Engineering News. <https://www.engineeringnews.co.za/article/green-just-transition-investment-has-potential-to-create-18m-jobs-in-south-africa-by-2030-2022-03-29#:~:text=Investing%20in%20South%20African%20cities,and%20supported%20locally%20within%20cities.>

Clean energy is one of G20's primary avenues for collaboration and while South Africa has begun on its path to go sustainable and green, there will remain significant hurdles that need to be jumped over with determination, private investment and commitment. Its progress is worthy of admiration and is a contributing step towards the world moving towards sustainability and climate action. The case of South Africa is proof to the testimony that clean energy doesn't lie on the back of sacrifice but rather mutual benefit for both the economy and its people.

Conclusion

South Africa through its presidency in G20, aims to mitigate the challenges that South Africa along with all other African nations faces. These include South Africa's domestic problem of unemployment and the broader challenges of climate change, transition to green and sustainable energy and economic integration that Africa as a continent faces. Prima facie, its presidency aims to get a full membership for the African Union that it also being reiterated by India under its presidency. This would bring about a diverse voice in the multilateral forum.