

Competitive localisation of RE manufacturing and services

Mamiki Matlawi, Group Business Development Executive at ACTOM, argues that localisation of the renewable energy industry can position African manufacturers to effectively compete with foreign companies.

Despite the urgency to transition from traditional power production to sustainable alternatives – not only because it reduces environmental impact, but also because it fosters local economic growth – wealthier nations across the globe are leading the transition to renewable energy solutions while some countries, such as South Africa, are lagging.

Of crucial importance is to adapt existing products and engineering offerings to meet the demands of the renewable energy industry, with innovations such as online condition monitoring, that can improve the efficiency and reliability of renewable energy projects, paving the way for a sustainable future.

South African companies have been involved in the green economy space since 2011, when the government introduced the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). Thus, local organisations already have a wealth of experience in manufacturing the balance of plant for renewable energy products, including in the areas of engineering, procurement and construction; financing and operation; and maintenance.

South Africa has homegrown skills and resources in renewable energy, which could be harnessed and nurtured to overcome South Africa's lag in the renewable energy space. Furthermore, these skills and resources could also be exported to the rest of the continent to work with other African countries to shape a greener and more resilient future, unlocking economic benefits for South Africa and Africa as a whole.

Comprehensive approach needed

However, to successfully develop South Africa's domestic manufacturing capabilities and reduce the African region's dependence on foreign suppliers, a comprehensive approach is vital with companies providing end-to-end services, including product supply, installation and maintenance to ensure a smooth transition to sustainable energy sources.

Key to this is mechanisms such as the African Continental Free Trade Agreement (AfCFTA), which aims to achieve the free movement of physical goods throughout the African Union, as well as the liberalisation of

trade through the implementation of preferential tariffs.

Recently, the five member states of the Southern African Customs Union (SACU) – South Africa, Lesotho, Botswana, Namibia and Eswatini – ratified the AfCFTA agreement. SACU has also submitted its joint offer of tariff concessions, which is currently being verified by the AfCFTA Secretariat.

The AfCFTA agreement is expected to catalyse the manufacturing industry and open trade opportunities between African manufacturers, increasing regional demand for equipment and services, and driving access to new markets. Importantly, this will enable African manufacturers to develop economies of scale, which will position them to effectively compete effectively with foreign companies in the renewables space.

South Africa's transition

On the domestic front, significant factors helping South Africa to bridge the gap to wealthier nations in transitioning to sustainable energy sources are the ongoing energy crisis, along with natural disasters such as recent flooding in some provinces. These are the drivers that



are pushing the country to look at sustainable energy sources and thus speeding up the transitioning process. According to Trade and Industrial Policy Strategies Senior Economist Gaylor Montmasson-Clair, South Africa has imported R35-billion worth of solar panels since 2010. Montmasson-Clair says that R12-billion worth of solar panels have been imported by South Africans so far in 2023. This is equivalent to roughly 2 200 MW of generation capacity. It is estimated that South African households and businesses have installed 4 400 MW of rooftop solar PV to date, which has significantly reduced the residual load that Eskom needs to meet during the day.

The scope for African manufacturers in the green economy is vast, but the continent needs to expand the supply chain in this space by effectively harnessing initiatives such as the AfCFTA agreement to build economies of scale. It is only through the localisation of the renewable energy industry that local manufacturers can hope to compete with large-scale and well-established foreign suppliers.

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ACTOM recently gave the go-ahead for the first solar power generation system to be installed at the group's main MV Switchgear factory complex at Knights, Germiston, which is the largest consumer of power among the company's manufacturing divisions.

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ACTOM (Pty) Ltd is an industry leader and the largest manufacturer, solution provider, repairer, and distributor of electro-mechanical equipment in Africa, employing about 7 300 people with an annual order intake of over R11-billion. The company is black-empowered and has 34 operating units, 53 production, service, and repair facilities, and more

than 33 distribution outlets throughout Southern Africa.

With more than 120 years of experience in energy, the company has continually evolved its product and service offerings to meet the world's energy needs, with innovative, cutting-edge technology helping to provide reliable, environmentally friendly energy solutions to both consumers and businesses.