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South Africa

Climate sanctions against fossil-addicted capitalists

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The implications of climate-unjust politics are ever more important to interpret and resist. United States President Donald Trump, an unabashed 'climate denialist', withdrew his country, the main historic emitter of greenhouse gases, from United Nations negotiations, and should now be sanctioned. But annual UN COPs (Conferences of the Parties) won't, because the 'climate action' approach is dominated by the West and BRICS. They continue to deny the world long-overdue 'climate justice' and they won't punish Trump's climate crimes.

Even worse, the G20 is a geoeconomic network fusing the interests of G7 imperialist and BRICS sub-imperialist carbon-addicted economies. Its leaders will meet in Johannesburg in late November, preceded by environmental ministerials in mid-July (at Kruger Park) and from 2-8 October in Cape Town.

Not only has climate justice been ignored in the UN and G20, the degeneracy of climate-action advocacy in both annual summits can be traced to the West and the BRICS. The latter bloc originally comprised Brazil, Russia, India, China and South Africa. New members include the high-emissions economies of Iran, the United Arab Emirates, Egypt, Indonesia and Saudi Arabia (though Riyadh is apparently dropping out of BRICS in the wake of Trump's victory).

BRICS economies produce 53% of global emissions, but only 30% of the world's Gross Domestic Product. In 2025, other high-carbon economies have joined as formal 'partners,' including Nigeria and Kazakhstan. Both are major oil exporters to Israel, and Russia and South Africa are two of the three main coal suppliers to the genocidaires.

What interests do sub-imperial BRICS corporates and states have in common with Western climate imperialists? In a process initiated in Copenhagen in 2009, the West+BRICS have used—and will continue to use—such UN summits 1) to avoid cutting emissions to the extent necessary to avoid climate catastrophe, 2) to deny their climate debt, and 3) to 'privatise the air' via carbon markets. These remain the three most durable areas of common interest.

What differences do the BRICS have with Europe and the UK? Mainly the 'carbon pricing' mechanism and tariffs that will be imposed on their export products, as explained—and firmly opposed—by former SA trade minister Rob Davies in Amandla! 95/96: "Africa can use Global North's Unilateral Departures from Trade Agreements to Support Low Carbon Industrialisation."

The West's decarbonisation 'carrots and sticks'

Decarbonisation rhetoric will continue in UN and G20 summits, especially without the attendance of climate-denialist Washington hacks. And for BRICS members South Africa and India, and BRICS partners Nigeria and Vietnam, decarbonisation will be advanced through a European-British financial 'carrot' known as the Just Energy Transition Partnership (JETP). Other carrots can be found in a now-cancelled US Inflation Reduction Act, which represented Joe Biden's return to state industrial policy, but of a green variety.

However, President Cyril Ramaphosa last year backtracked on the JETP deal to shut down Eskom coal-fired power plants early, and is now also asking Trump's favourite US oil companies to explore SA for offshore methane gas.

So there is also a need for 'sticks,' especially climate sanctions.

So far, the most decisive sanctions have been imposed, first, by Western bankers intimidated by 'Divest-Invest' climate activists from financing fossil-fuel projects; and second, by Xi Jinping, who in 2021 prohibited new coal-fired power plants along his Belt and Road Initiative.

Rejecting the CBAM stick—on whose behalf?

In addition, an inclement European and British climate-mitigation stick carries a clumsy name: the Carbon Border Adjustment Mechanism (CBAM). Since 2023, more than any other African, Davies has lobbied against climate sanctions (including in Amandla!): "CBAM needs to be rejected, opposed, and challenged in any way or forum possible."

Davies invariably promoted high-carbon deals, such as the 2017 Musina-Makhado Special Economic Zone (MMSEZ), to be run by Chinese entrepreneur Ning Yat Hoi, head of Shenzhen Hoi Mor Resources Holding Company (at that time on an Interpol list for fraud at Zimbabwe's largest gold mine).

Davies' successors, Ebrahim Patel and Parks Tau, testified to parliament in 2023 and 2024, respectively, that they "developed and submitted SA's submission into the UK consultation process on CBAM following consultations with affected industries and government departments". They then embarked upon "lobbying actions, activation of public and stakeholder support for the [anti-CBAM] position, advisory opinions from international trade bodies, building alliances with like-minded developing countries…"

But who do Davies, Patel, Tau and their officials actually speak for?

The obvious "affected industries" CBAM will hit hardest are members of the Energy Intensive Users Group (EIUG): 27 pollution-intensive, mostly-foreign companies which guzzle 42% of SA's electricity while hiring just 4% of workers.

Hence Davies' argument primarily serves the interests of the highest-carbon fraction of multinational capital, especially firms he himself worked on behalf of, as a senior Pretoria politician during the 2010s. At the time, South Africa's resource cursing dramatically worsened thanks to the 2002-14 commodity super-cycle, which depleted far more natural wealth from underground than was reinvested by the EIUG extractive capitalists.

Davies amplified South Africa's vulnerability to climate sanctions when, from 2009–2019, he exercised substantial power over economic policy and mega-projects. He invariably promoted high-carbon deals, such as the 2017 Musina-Makhado Special Economic Zone (MMSEZ), to be run by Chinese entrepreneur Ning Yat Hoi, head of Shenzhen Hoi Mor Resources Holding Company (at that time on an Interpol list for fraud at Zimbabwe's largest gold mine).

Ning's version of the MMSEZ would have added 13% to national greenhouse gas emissions. But Xi's sanctions against coal-fired power plants lowered that figure to 8%, still a carbon-budget buster.

While in power, Davies not only promoted another coal-fired power plant, but also shale fracking of methane gas, massive subsidisation of cars and trucks powered by diesel and petrol engines (not electric vehicles), and other high-carbon EIUG firms.

He has a filthy track record, not green credentials.

Asked at a November 2024 Alternative Information and Development Centre seminar whether opposition to CBAM served the interests mainly of multinational corporate mega-polluters, Davies did not answer.

The mainstream case for CBAM

What irks Davies and many trade officials is that the European Union (EU) and the United Kingdom (UK) are imposing the CBAM as a tariff protecting their local industries. Without it, given their far more ambitious climate policies than South Africa, the EU would experience deindustrialisation as a result of artificially cheaper imports of high-CO2-embedded goods.

EU officials claim—correctly – that such tariffs will also prevent what is known as emissions outsourcing: letting the Third World do the dirty industrial work and take responsibility for the resulting greenhouse gases, even if the final products are consumed in the West.

The reason CBAM has emerged as a wedge between imperialist and sub-imperialist (especially BRICS) economies is that, starting in 2018, the EU Emissions Trading Scheme carbon price rose rapidly, reaching a peak of $115/tonne of pollution in early 2023 (though it crashed 50% in the following year). Companies with excess EU emissions had to pay a far higher price for their pollution than they do in South Africa, the only country on the continent with a carbon tax. SA's price for emitting CO2 is a tokenistic $0.38/tonne.

The actual climate damage done by emitting that tonne is $1,056, according to the US National Bureau of Economic Research last May. Pretoria, therefore, vastly undercharges EIUG corporations for CO2 emissions. To properly 'make polluters pay,' as SA's National Environmental Management Act insists—but as is not implemented for greenhouse gases—would raise the local carbon tax by nearly 2,800 times.

State support for the Minerals Energy Complex

Obviously, any carbon tax increase should be imposed at the same time as an increase in free basic electricity (e.g. to 2kWh/person/day) and massive public-transport subsidies, in order that poor and working-class families are completely insulated from such increases.

For more than a decade, SA's ultra-low (polluter-doesn't-pay) carbon price was due to EIUG lobbying. As a result, the five most recent finance ministers exhibited a pro-corporate, climate-unconscious orientation when setting the carbon tax, especially Enoch Godongwana who is delaying raising it as scheduled.

The past and current Environment Ministers—Barbara Creecy and Dion George—not only failed to promote a higher carbon tax, but repeatedly endorsed corporate pollution by extending the deadlines for pollution reduction to Eskom and Sasol, killing hundreds of Mpumalanga residents in the process.

George admitted in late 2024 that he'd never even heard of the COP before getting the ministerial position. When African and small island nations staged a walk-out from the Baku UN climate summit in November 2024, George stayed inside with the imperial/sub-imperial bloc.

Damage done by CBAM?

The difference between carbon prices requires EU and UK importers of SA goods to purchase 'CBAM certificates' to continue their trade. Initially, this will mainly affect aluminium, iron and steel exports. CBAM is designed to penalise both direct emissions during production ('process emissions') and indirect emissions from embedded fossil energy, so as to end irrational subsidies like South Africa's absurdly low carbon tax.

How harmful for exports would CBAM be? Vast exaggerations are offered by politicians representing the high-carbon sectors. At a 2023 meeting of BRICS environment ministers, Creecy announced, "Africa stands to lose approximately $26 billion each year in direct taxes to the EU in the initial phase of the CBAM alone. Very soon, others, including the USA, UK and Canada, will follow the EU's example, and the list of taxed commodities will grow."

This is an extreme distortion. The "$26 billion"—0.84% of Africa's 2023 GDP of approximately $3.1 trillion—reflected only one biased estimate of the adverse impact. It comes from a paper by two London School of Economics consultants commissioned by Saliem Fakir, head of the conservative African Climate Foundation. The $26 billion is plausible only if additional agricultural and manufactured goods are included in the EU CBAM (which they are not in the short term or in any published schedule).

Yet this scare figure was uncritically reported not only by Creecy; South African international trade official Mahnendra Shunmoogam complained to the EU that Africa would suffer "at least $26 billion/annum," without any assessment of the research methodology.

In reality, only a few African economies are exposed to declining exports to the EU due to CBAM. For aluminum and iron and steel, the losers are South Africa, Mozambique, Egypt, Tunisia; for fertiliser, South Africa and Egypt; and for cement, Tunisia.

Trade and Industrial Policy Strategies economist Seutame Maimele estimated Africa's CBAM cost at just $7.3 billion per annum, or 0.024% of GDP. So Davies, Creecy and Shunmoogam are overestimating CBAM's damage by an inexcusable 356%.

A full accounting of costs and benefits

Davies also opposes CBAM's "huge disproportionality: the gains in emissions reduction are small, compared to the loss of export earnings and incomes, in any of the scenarios."

He ignores that export of CBAM-listed goods—especially smelted metals—also entails unequal ecological exchange. Raw materials within these products include non-renewable resources extracted and processed by multinational corporations, with inadequate reinvestment.

Most such firms remove profits, dividends, and debt repayments, as well as illicit financial flows. The depleted wealth and stolen financial capital should instead be conserved for future generations, to cite a rudimentary definition of 'sustainability.' Davies' pro-export stance for these sectors leads to extreme economic unsustainability.

Even conservative World Bank 'natural capital accounts'—especially measures of raw materials depletion, greenhouse gas damage and pollution—show South African wealth shrinkage far faster than GDP growth. This is due to export of minerals from what is one of the world's worst 'resource curse' sites, a factor Davies and his successors have never taken seriously.

The CBAM-proscribed products are not only subject to process emissions during production. There is also an ultra-inefficient electricity input to deep-mining extraction, smelting and processing. Only three other economies have higher emissions per person per unit of GDP than South Africa: the UAE, Kazakhstan and the Czech Republic.

Moreover, South Africa suffers from chronic 'load-shedding' electricity shortages, with Stage 6 returning in recent weeks. If CBAM results in lower EU demand for such goods (and if those goods are not consumed in other export or domestic markets), that would allow redistribution of scarce electricity to labour-intensive industries, small businesses and households.

In turn, electricity redistribution would boost economic output and eco-social public goods, compared to present EIUG abuse. There would be less reliance upon non-renewable-resource depletion due to CBAM, along with far lower levels of pollution and emissions..

South Africa is one of the most extreme cases of subsidising climate chaos, with $56 billion in annual implicit and explicit subsidies, according to the IMF, based on a carbon price of only $63/tonne. For a more realistic figure, multiply that price by 17: South Africa gifts CO2 emitters $9400 billion in implicit annual subsidies, contrasted with the 2024 GDP of $403 billion.

Our climate justice movement has been unable to halt such insanity. That is why the South African branch of fossil-addicted capitalism—and branches across the BRICS, too—will require sanctions in the form of a CBAM. Yes, the EU/UK version needs reforms, such as using revenues to make their overdue climate debt payments.

It goes without saying that the workers and communities hosting these industries should be urgently compensated through a genuinely just transition process (not like the JETP circus suffered during Eskom's Komati coal-fired power plant closure).

Like the anti-apartheid movement in the early 1960s, which at its low point desperately needed international solidarity in the form of a Boycott Divestment Sanctions campaign, and just like we must now ramp up BDS against genocidal Israel, there is an historical lesson: the most vigorous anti-imperialists should make demands upon imperialist states to disrupt global value chains that reward profiteers.

Otherwise, those chains will prevent future generations' ability to survive a climate catastrophe.

Amandla 29 April 2025

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