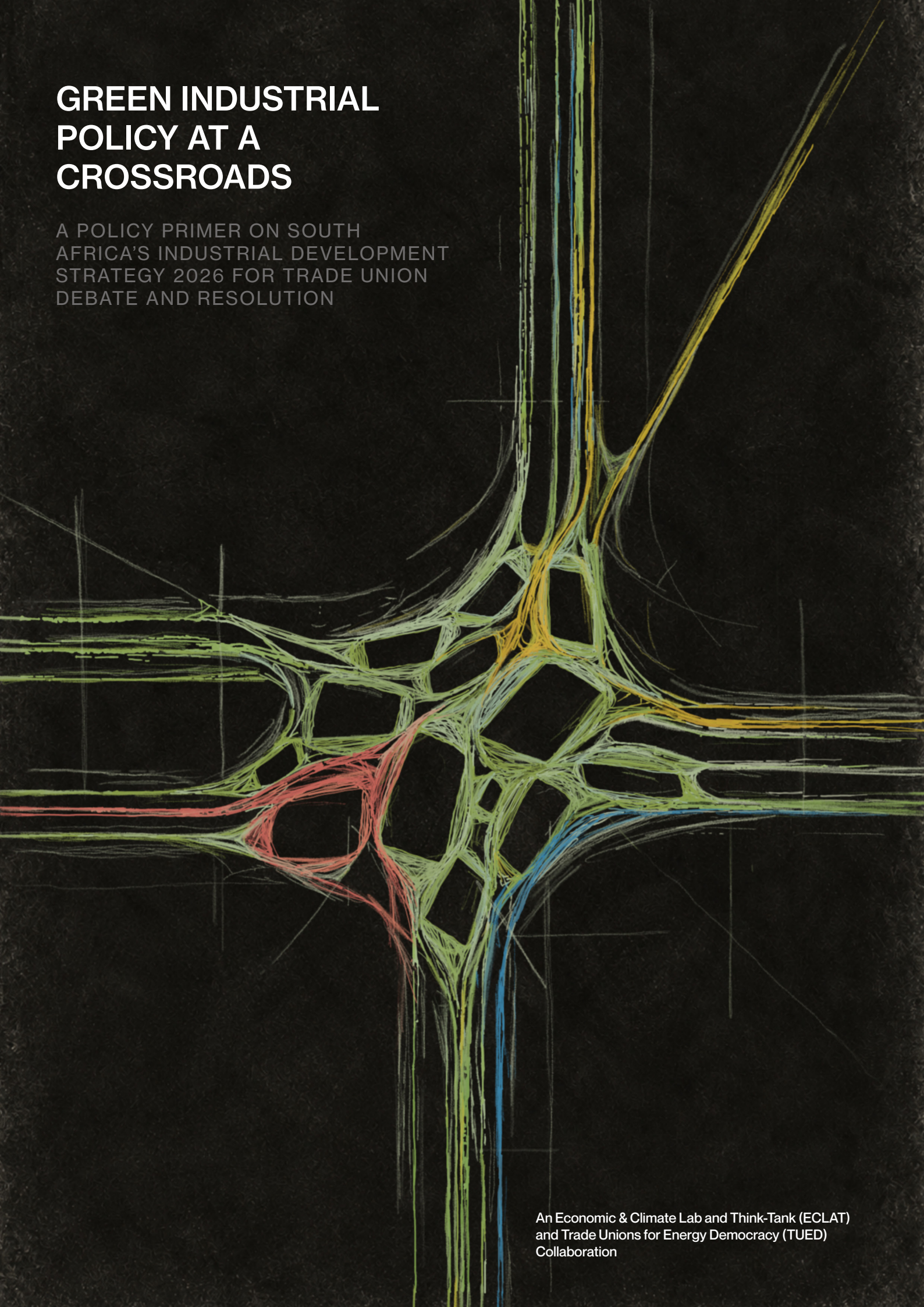


GREEN INDUSTRIAL POLICY AT A CROSSROADS

A POLICY PRIMER ON SOUTH
AFRICA'S INDUSTRIAL DEVELOPMENT
STRATEGY 2026 FOR TRADE UNION
DEBATE AND RESOLUTION

An abstract graphic of a road intersection, rendered with thick, expressive brushstrokes in yellow, green, red, and blue against a dark background. The lines converge and diverge, creating a sense of movement and complexity.

An Economic & Climate Lab and Think-Tank (ECLAT)
and Trade Unions for Energy Democracy (TUED)
Collaboration

Authors:

Luam Kidane – Economic & Climate Lab and Think-Tank (ECLAT)

Brian Kamanzi – Trade Unions for Energy Democracy (TUED)

Copy-edited by:

Kara Wuest

Designed by:

Small Hype

Published by:

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Executive Summary

This policy primer is informed by discussions held in the Congress of South African Trade Unions (COSATU) and the South African Federation of Trade Unions (SAFTU) study, dialogue and debate sessions hosted by the Economic & Climate Lab and Think-Tank (ECLAT) and Trade Unions for Energy Democracy (TUED). These sessions, held over quarter two and three of 2026, identified a set of structural questions for trade union debate on the country's energy transition which have been incorporated into this policy primer analysing **South Africa's Industrial Development Strategy 2026**, published in June 2026. This primer does not attempt a comprehensive sector-by-sector assessment of the strategy document but instead aims to draw out key principles for intervention and to highlight clear strategic examples for labour's political leadership to contest South Africa's emerging green industrial policy regime.

The electricity sector, and Eskom in particular, is used throughout the primer as an illustrative case through which to examine public capacity, the developmental role of state-owned companies, industrial coordination, collective bargaining and the distribution of risk. Further work is required to apply this framework to logistics and transport, water, mineral beneficiation, macrofinancial policy and other strategic sectors.

The Industrial Development Strategy (IDS) 2026 contains important acknowledgements of the damage caused by trade and capital-account liberalisation, the decline of manufacturing, inadequate investment, high economic concentration and the need for structural transformation. There are important elements within the strategy's diagnosis which create useful openings for labour; however, the strategy still fails to adequately confront the wider institutional and political economy framework within which equitable, sustainable, and worker-centred industrial policy is expected to operate.

South African public institutions have been fragmented and are under resourced; state-owned companies are increasingly repositioned as facilitators of private investment rather than as public institutions capable of planning, financing, building and operating strategic infrastructure; demand-side and supply-side interventions are frequently misaligned; and social commitments are broad and rarely enforced.

The core argument of this primer is that South Africa's industrial policy problem is not simply a shortage of incentives or investment: It is the absence of a coherent public system able to coordinate demand, finance, procurement, production, skills development, productive investment, and enforceable labour obligations. Under the prevailing de-risking model, public resources are used to mobilise private capital while commercial, currency, payment and political risks are shifted onto workers, households, municipalities and government balance sheets. This policy paradigm, embraced by the Presidency and spearheaded by the Operation Vulindlela initiative, effectively weakens democratic control over investment and places additional pressure on consumer prices and public-service provision.

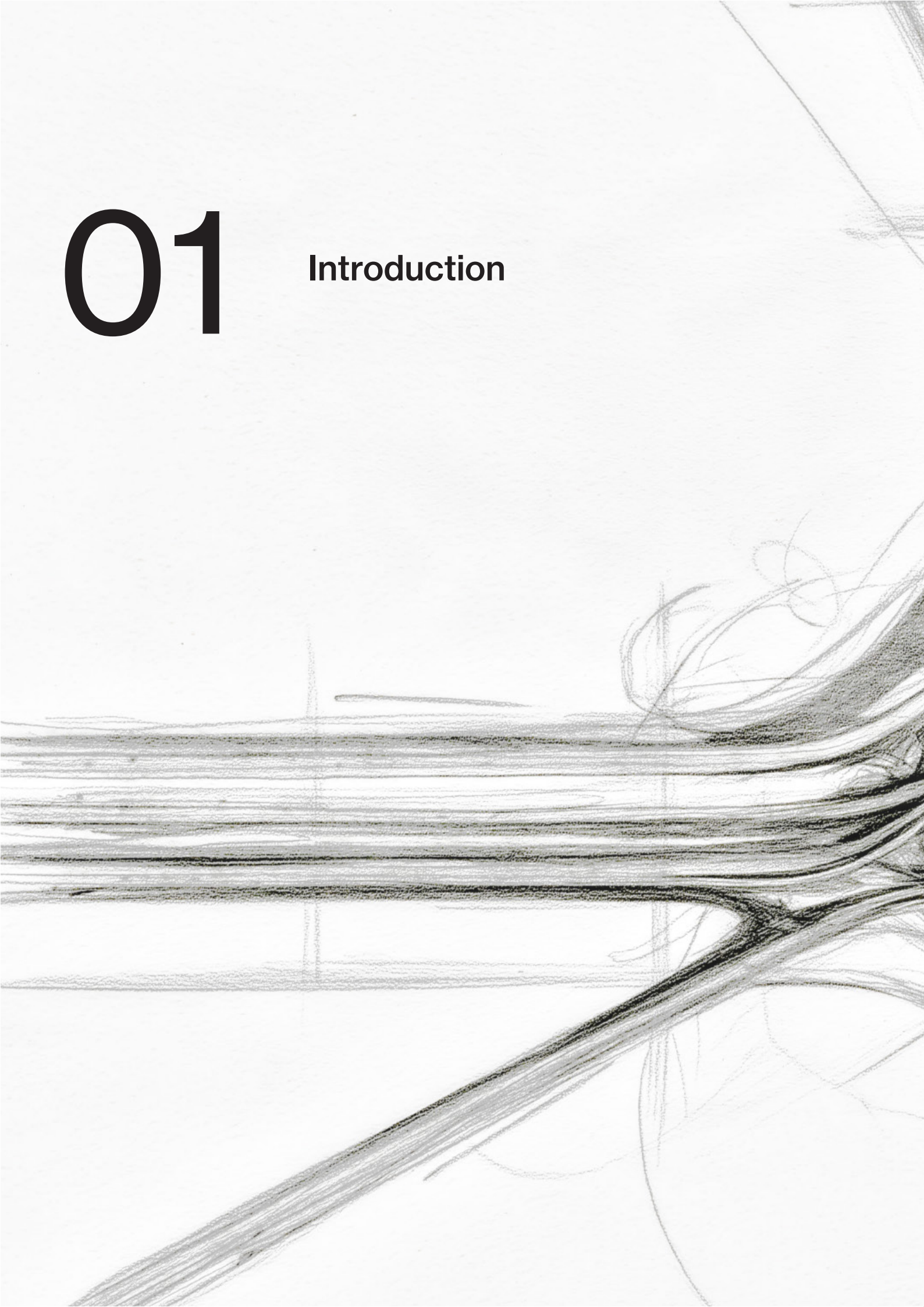
This policy primer does not present a complete alternative industrial strategy. Its purpose is to clarify several structural conditions without which the ambitions of the IDS 2026 are unlikely to be realised, and to identify selected areas in which organised labour can begin developing a more concrete programme. The propositions in section 4, the conclusion, should be read as strategic orientations emerging from collective study and debate.

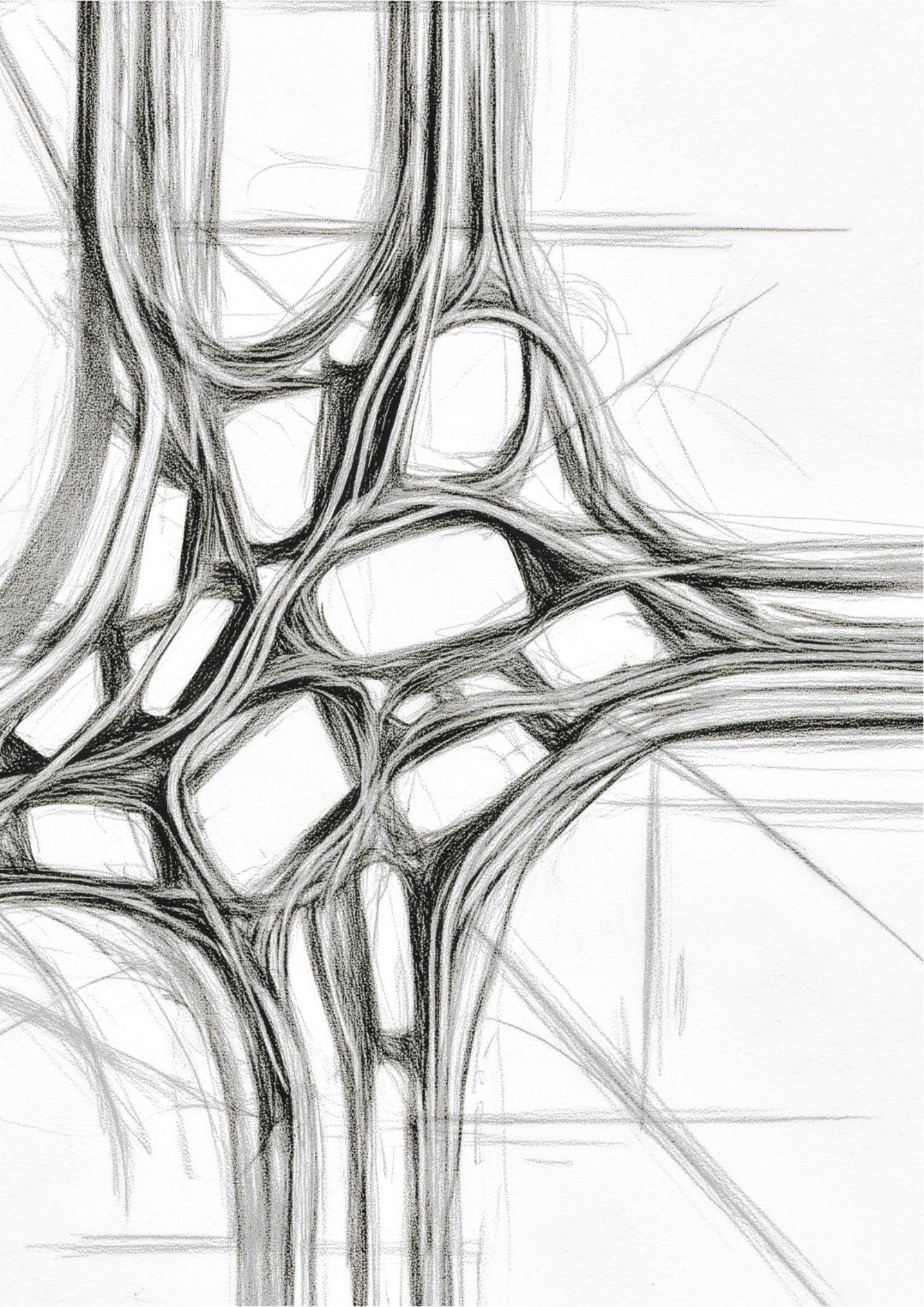
The core structural findings of this analysis are summarised as follows:

- **Weakened state capacity:** The problem is not only administrative inefficiency, but the political hollowing out of the state's ability to plan, implement, monitor and enforce industrial policy that is oriented around ecological regeneration and decent and dignified work. It is important to note that capacity cannot be assessed as a quantity alone. This is because capacity built to de-risk private investment, for example, takes a different institutional form than capacity that disciplines capital.
- **State-owned enterprises are being oriented away from their developmental role:** The transition towards public-private partnerships, unbundling and private-capital mobilisation reduces the state's ability to coordinate infrastructure investment, retain technical capabilities, and exercise control over the long-term cost of essential services.
- **Public finance is being used to mobilise private capital rather than to build public assets:** Risk is relocated rather than removed. The transfer of risk to households is operationalised through the tariff, to municipalities through the bulk purchase bill and accumulated arrears, and to the fiscus through guarantees and relief.
- **Inadequate industrial policy coordination:** Tariffs, rebates, public procurement, development finance, skills programmes and infrastructure policy often operate on separate timelines and without a common production plan.
- **Social compacts must be rooted in collective bargaining:** Public support to firms must carry negotiated and enforceable obligations concerning employment, wages, training, domestic production, disclosure and retrenchment protection.
- **Regional production strategies can shift from competition to cooperation:** By aggregating demand and negotiating terms collectively, Southern African economies competing for entry into production networks led by incumbent global firms can leave fragmentation behind.

01

Introduction





1.1 Context

With its emphasis on consolidating profit through free-market policies and privatisation, neoliberalism has undermined collective social efforts, exacerbated inequalities and hindered economic growth in South Africa.

South Africa GDP per capita (current US\$) from 2000 - 2025
(Source: World Bank Data Portal)

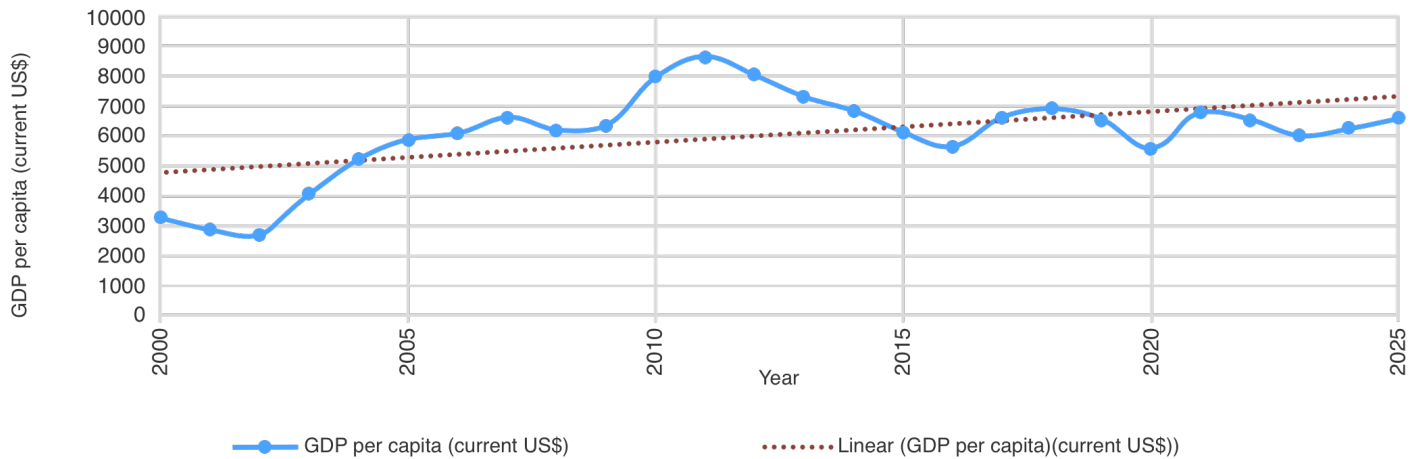


Figure 1.1-1: GDP per capita in 2023 was lower than in 2007¹

Although the proportion of people in informal employment has dropped by almost 30 percentage points in the last 20 years, total unemployment has risen, reaching 32.3% in 2024.² The high rates of unemployment have been caused by factors like racial oppression, low labour absorption, and financialization, among other international economic institutional dynamics. South Africa now has one of the highest Gini coefficients in the world,³ a growth rate four times slower than other middle-income countries,⁴ and a real GDP growth projection of just 1.8% in 2030.⁵

South Africa GDP growth (annual %) from 1980 - 2025
(Source: World Bank Data Portal)

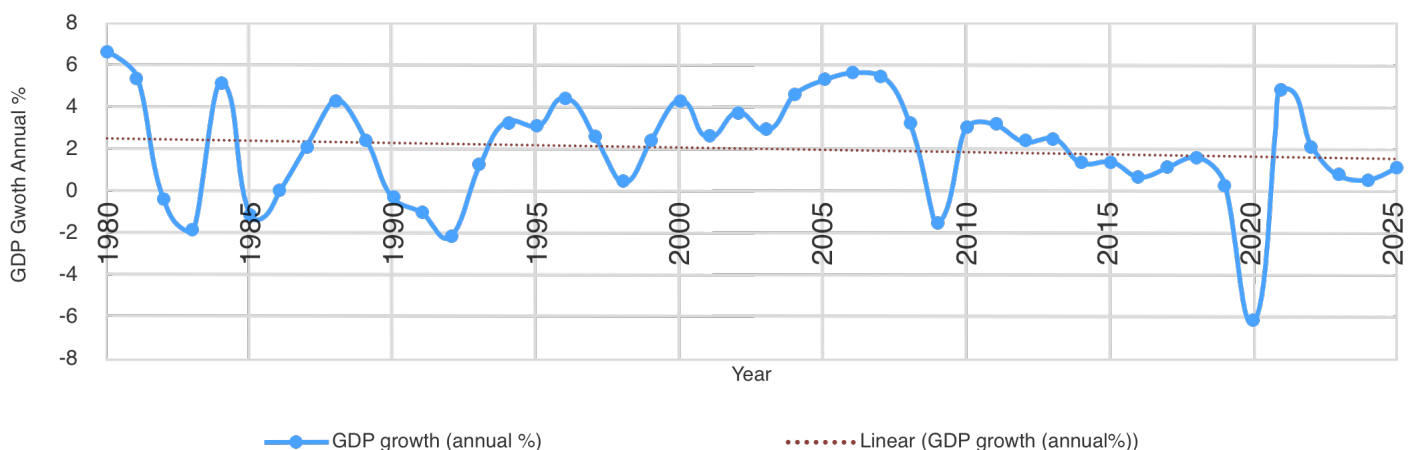


Figure 1.1-2: South Africa's GDP growth rate, 1980–2025⁶

¹ Morriset and Baez 2024

² International Labour Organization (ILO) 2024

³ Morriset and Baez 2024

⁴ Ibid.

⁵ International Monetary Fund (IMF) 2026

⁶ IMF 2026

Additionally, there has been a downward trend in the labour share of income in South Africa since 1971, with a significant drop in the 1980s before reaching its lowest point in the early 2000s. This was followed by a stabilisation period and an upward trajectory from the late 2000s to 2019. As shown in Figure 1.1-3, based on data from the South African Reserve Bank, the share of income received by workers increased between 2009 and 2015. This trend may be linked to a decline in mortgage debt as well as growth in the construction and tourism sectors, partly driven by South Africa hosting the 2010 FIFA World Cup.⁷ Additional analysis is required to account for the continued increase in the labour share of income between 2015 and 2019, as illustrated in Figure 1.1-4. Given the 50-year downward trend in the labour share of income, and the scope of this primer, the focus here will not be on the ten-year period where there was an upward trend – that is left to future research.

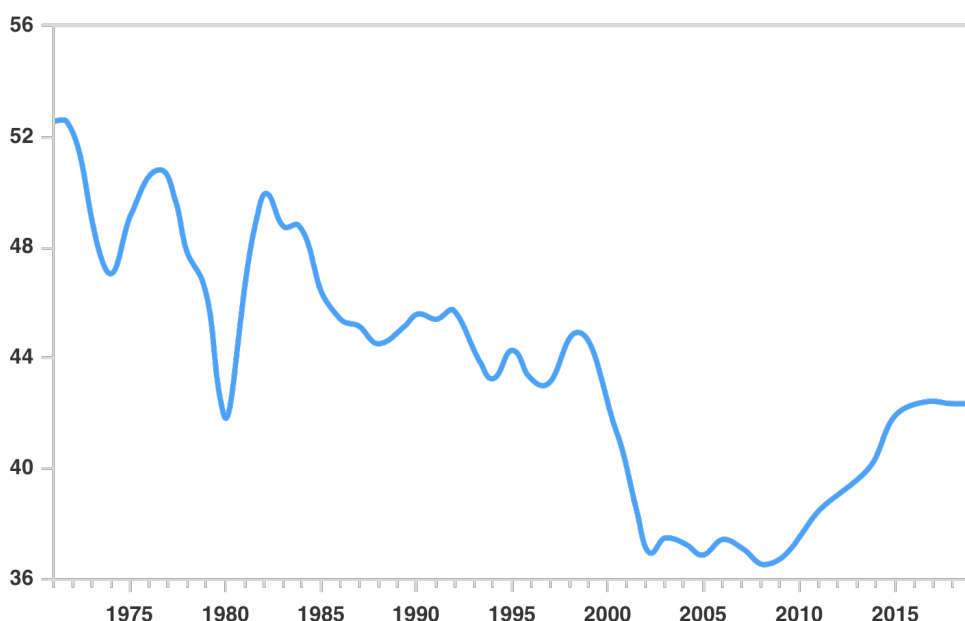


Figure 1.1–3: Private sector wage share (% GDP), 1971–2019^{8/9}

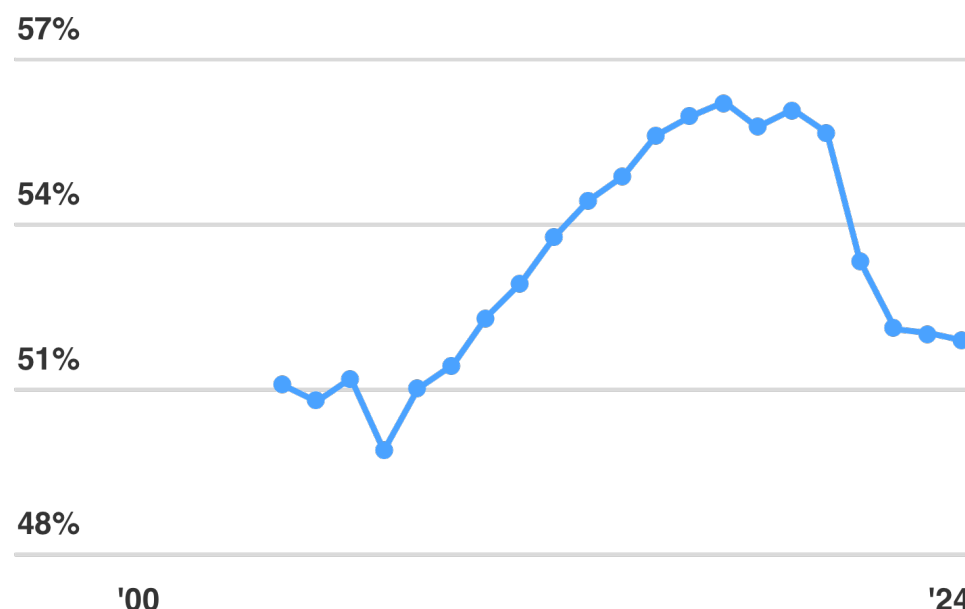


Figure 1.1–4: Labour income share in South Africa, 2000–2024¹⁰

⁷ Gouzoulis et al. 2023

⁸ Ibid.

⁹ Gouzoulis et al. focus on private sector wages to better reflect capital-labour conflict in South Africa, since income distribution theories centre on bargaining between private firms and workers; public sector employment operates under different rules. Their findings are consistent with other research done on the functional distribution of income in South Africa (Burger 2015; Kaseeram and Mahadea 2015) and the private sector employs most workers (Coleman 2018; Adams and Yu 2024).

¹⁰ ILO 2024

1.2 Declining Labour Share of Income: Causes and Implications for Industrial Strategy

In the context of South Africa, where income distribution is polarised and the wage share is declining, the concept of demand regimes is pivotal in understanding economic functionality and the underlying dynamics between workers and capitalists.¹¹ This concept builds on the work of Michal Kalecki and was further developed by Bhaduri and Marglin (1990). It highlights the importance of understanding how demand regimes affect economic performance. Although the question of whether an economy is wage- or profit-led is empirical, there seems to be a consensus in the literature that South Africa's economy is overall profit-led.¹² What this broadly means is that in the South African economy giving businesses a bigger share of income tends to increase overall economic growth. Additionally, another important analytical element for this primer is the Kaldor-Verdoorn law. The law states that "...there is a strong causal relationship between the growth of manufacturing output and the growth of manufacturing (labour) productivity."¹³ In other words, when an economy produces more, workers often become more productive.

Research conducted on South Africa affirms the law. Between 1980–2005 the manufacturing sector exhibited a decline in the number of jobs generated per unit of output, particularly for work classified as semi-skilled and unskilled. This decline is attributed to industrial upgrading, the adoption of technologies that replace labour,¹⁴ and increased reliance on capital rather than labour. However, while technological advancements reduce direct employment in manufacturing, they typically generate positive indirect job growth in other sectors and lead to fewer but higher-paying jobs within manufacturing.¹⁵

In conjunction to the data showing a decline in the number jobs per unit of output in South Africa, analysis of the years 1980–2013 shows that capital-augmenting labour-saving technology has reduced labour's share of total income¹⁶ and that real wages have failed to keep up with labour productivity (as seen in figure 1.2-1).

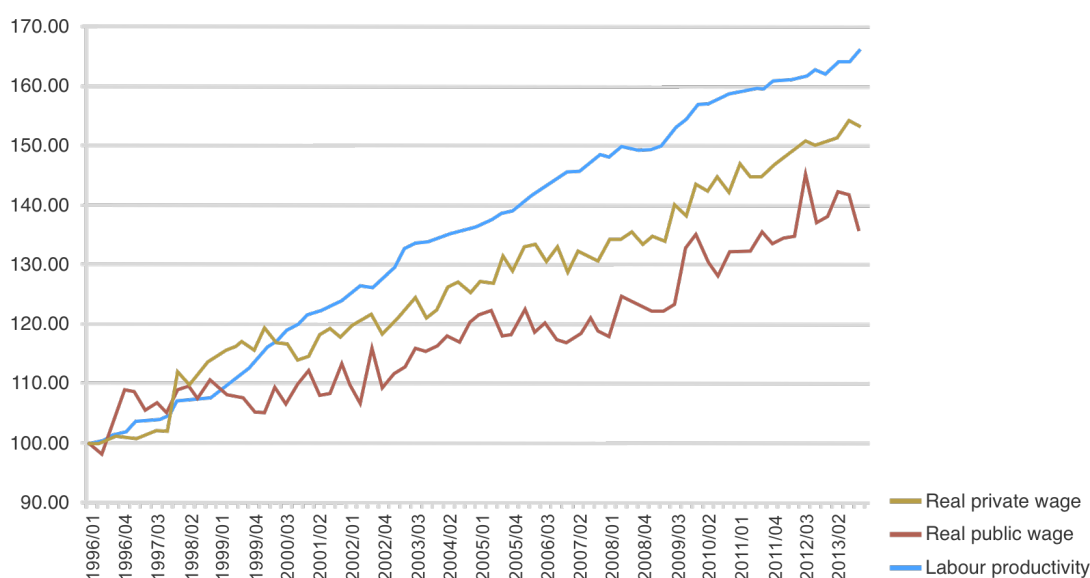


Figure 1.2-1: Labour productivity and real wages, 1996–2013¹⁷

¹¹ Lavoie and Stockhammer 2012

¹² Ntshwanti 2022; Lavoie and Stockhammer 2012

¹³ Storm 2015, p. 672

¹⁴ Storm 2015; Tregenna 2009

¹⁵ Storm 2015

¹⁶ Burger 2015

¹⁷ Burger 2015

The data also suggests that capital is replacing labour at a rate that is faster than the rate of job creation, putting downward pressure on the wage share.¹⁸ An increase in capital productivity could theoretically stimulate demand for labour and consequently raise the wage share.¹⁹ However, despite the Kaldor-Verdoorn law, certain factors are contributing to rising unemployment²⁰ and a decline in investment,²¹ which contradicts the logic of a profit-led regime that should thrive in a context where capitalists are taking a larger share of income.²² There are two potential explanations for this: a decline in longer-term investments which stimulates production due to financialization; and offshoring, meaning firms have the option to move their operations to locations with lower costs.²³

Both financialization and offshoring are reflected in the relationship between the capital-output ratio and the labour share of income. For the period concerning 1980–2013 there was a positive correlation between the two variables in South Africa (Figure 1.2-2). That a drop in the capital-output ratio negatively impacts the wage share coincides with the logic of a profit-led demand regime.

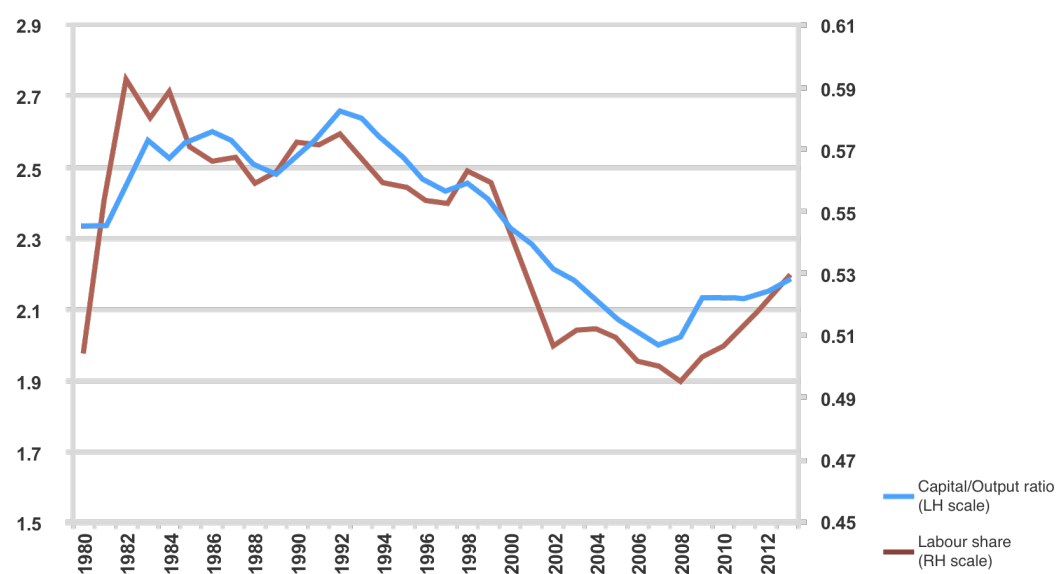


Figure 1.2-2: The labour share and capital-output ratio, 1980–2012²⁴

There seems to be two main reasons for this decline in investment: The first reason is the dovetailing of capital-augmenting labour-saving technology with the practice of offshoring. This combination has resulted in capitalists gaining power over workers in the wage-setting process.

“If financial investors perceive good outside income options (i.e. higher rates of return offshore), they will require a higher rate of return on domestic investment. Simultaneously this also means that, at any given rate of return, financial investors will supply less investable funds locally than before. With investment being the change in the level of capital, less investable funds put *downward* pressure on capital-output ratios. Together the higher required rate of return and lower supply of investable funds put pressure on firms to deliver such higher returns, in pursuit of which firms typically implement capital-augmenting labour-saving technology that causes a *decline* in labour’s income share.”²⁵

¹⁸ Kaseeram and Mahadea 2015

¹⁹ Burger 2015

²⁰ World Bank 2025a; Valodia 2023

²¹ Burger 2015

²² Bhaduri and Marglin 1990

²³ Burger 2015; van der Westhuizen 2006; Kaseeram and Mahadea 2015; Tsing 2015; Gouzoulis et al. 2023

²⁴ Burger 2015

²⁵ Burger 2015, p. 4

In this case even the threat of offshoring is sufficient to raise the elasticity of labour demand, without firms actually needing to move their operations.²⁶

Financialization is the second likely reason for the decline in longer-term productive investment that could increase productivity, employment rates, and, possibly, wage share. In this context financialization refers to “...the increasing role of financial motives and financial actors in the operation of economies and firms where shareholder value is of concern, causing funds being allocated to short-term, high-yielding financial investments and away from long-term low-yielding capital investments”.²⁷ South Africa’s high real interest rate gap, driven by political and economic uncertainty, has led to an increase in financial practices such as carry trading but not to sustained long-term investment.²⁸ Consequently, unemployment rises and the workers’ share of income declines because productive capacity which needs workers has insufficient investment.²⁹ Financialization also operates through another mechanism in South Africa to negatively affect the level of investment in the country. After the apartheid regime in the mid-1990s South Africa liberalised capital flows, lifted foreign exchange controls, and integrated into the global economy. Since then non-financial corporations (NFCs) have

“...started investing heavily in risky financial assets rather than innovation and productive activities.... Second, since the mid-1990s, South Africa experienced a massive credit-fuelled residential housing bubble, which remains dramatically larger compared to most emerging economies and very close to the trend of the Anglo-Saxon economies.... Crucially, the two processes are interconnected since NFCs’ financial investment includes foreign capital inflows to purchase property assets”.³⁰

A low wage share can have several consequences, one of which is increased financial fragility due to debt-fuelled consumption and increased borrowing.³¹ As labour demand became more elastic in South Africa, workers have less bargaining power, causing slower wage growth and greater income inequality.³² Furthermore, given that most of the wealth is concentrated at the top income levels in South Africa,³³ a decrease in the labour share has an amplified impact on income distribution. Finally, given that South Africa is a profit-led demand regime, the decrease in investment over the last few decades, particularly of the type that finances productive activity over the longer term, has had a negative impact not only on the labour share of income, due to a downward pressure on wages, but also on overall economic growth.³⁴

1.3 Renegotiating Development in the Green Transition

To challenge the trajectory of declining labour share of income and bargaining power, the 2011 CO-SATU policy document on climate change³⁵ and the broader South African labour movement proposed the concept of a just transition to point to the need for productive investments that increase

²⁶ Slaughter 2001

²⁷ Kaseeram and Mahadea 2015, p. 376–377

²⁸ Kaseeram and Mahadea 2015

²⁹ Ashman and Pons-Vignon 2014; Kaseeram and Mahadea 2015

³⁰ Gouzoulis et al. 2023, p. 193–194

³¹ Burger 2015; Gouzoulis et al. 2023; Kaseeram and Mahadea 2015; Minsky 1992

³² Kaseeram and Mahadea 2015

³³ Gouzoulis et al. 2023

³⁴ Lavoie and Stockhammer 2012; Bhaduri and Marglin 1990; World Bank 2025b

³⁵ Barrett et al. 2011

quality jobs for workers in the green transition. Since then there have been shifts in the national government's approach to its industrial policy frameworks. However much work still lies ahead.

As it relates to the energy sector, the introduction of renewable energy systems have largely been realised through public-private partnerships (PPPs) with little guidance from the state. These PPPs have played a key role in increasing private ownership of public infrastructure and introducing new cost drivers into the price of electricity. Both factors have impacted affordability and weakened the state's ability to support local manufacturing in emerging green technologies. However, the South African state has other options for supporting growth and increasing labour's bargaining power. These include setting higher wage floors, strengthening union and sectoral bargaining, enforcing labour standards, and advancing an active industrial policy that prioritises public investment and jobs. This policy approach would see the state take a more central economic planning role, ensuring that the market remains subordinate to the state's strategic objectives and that wage growth is compatible with macroeconomic stability.

While the South African government is not currently addressing this issue in this manner, the green transition can provide an opportunity to address historical and contemporary issues that continue to impede equitable development. The evolving global, political and economic landscape offers new paths for a fresh contestation and renegotiation of the concept of economic development and progress in South Africa and across the Global South more broadly. The green transition has brought industrial strategy to the forefront of public discourse in South Africa once more. The consistent engagement of the labour movement, and its allies, has been instrumental in emphasising the importance of sustainable development, decent work, the need for productive investment, and public ownership in the green transition.³⁶

This moment presents a valuable opportunity to draw lessons from past experiences and to develop a different future. The establishment of economic and energy sovereignty through public pathways is imperative for addressing historical exclusion based on class, race and gender, and for fostering economic inclusion and empowerment for marginalised communities across South Africa. The Economic & Climate Lab and Think-Tank (**ECLAT**)³⁷ and Trade Unions for Energy Democracy (**TUED**)³⁸ are writing this policy primer for the purpose of supporting COSATU and SAFTU in their continued contestation for a pro-worker and pro-environment industrial strategy in South Africa.

The first section of the primer conducts an analysis of **South Africa's Industrial Development Strategy 2026**,³⁹ recently released by the Department of Trade, Industry and Competition. The second section focuses on identifying ways in which a more pro-labour green industrial strategy can be put into practice.

³⁶ South African Federation of Trade Unions 2025

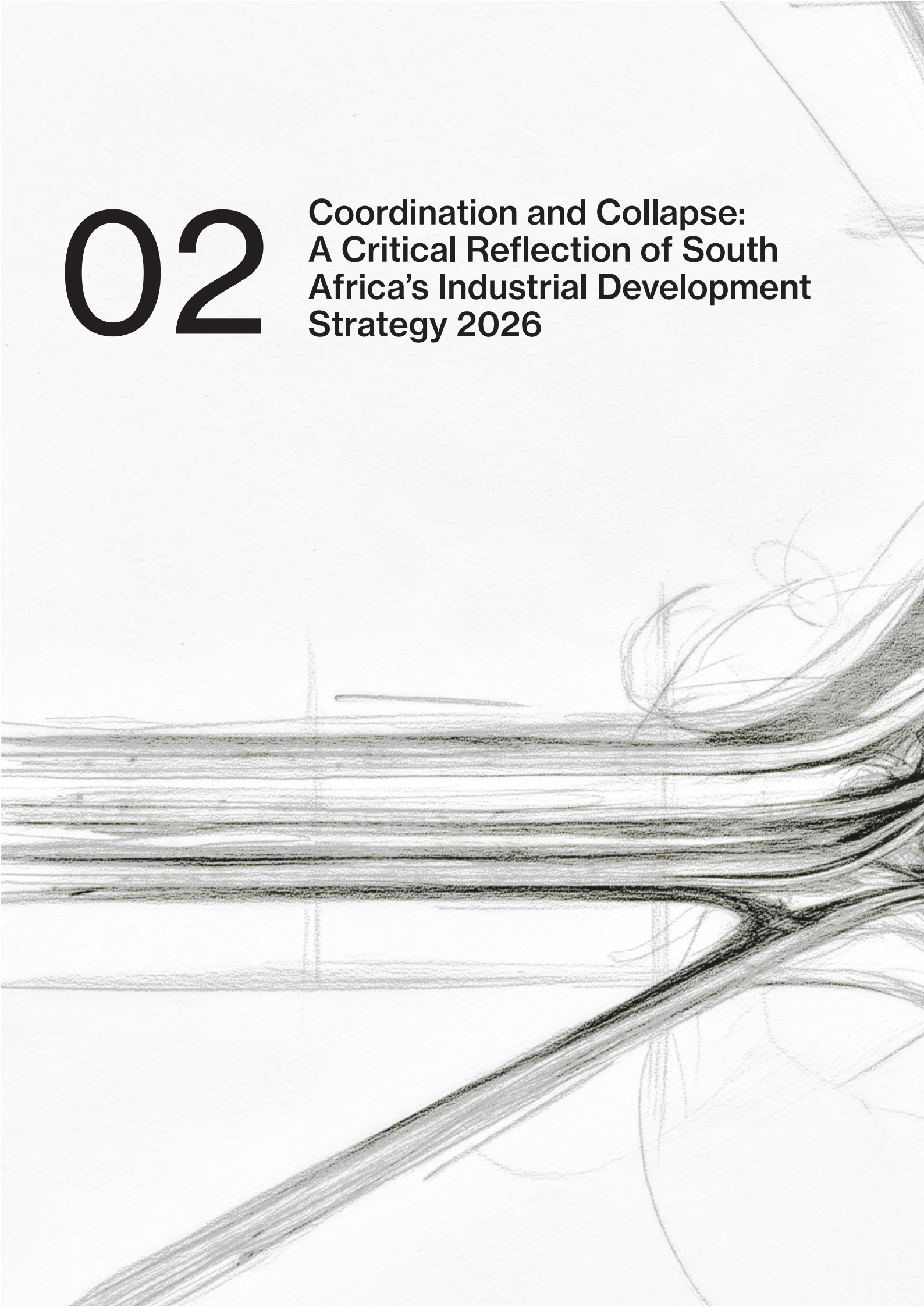
³⁷ Economic & Climate Lab and Think-Tank (ECLAT) is an initiative founded by Luam Kidane that produces economic and climate research and policy recommendations to construct an alternative political sovereignty that serves the Third World – both the political project and the place.

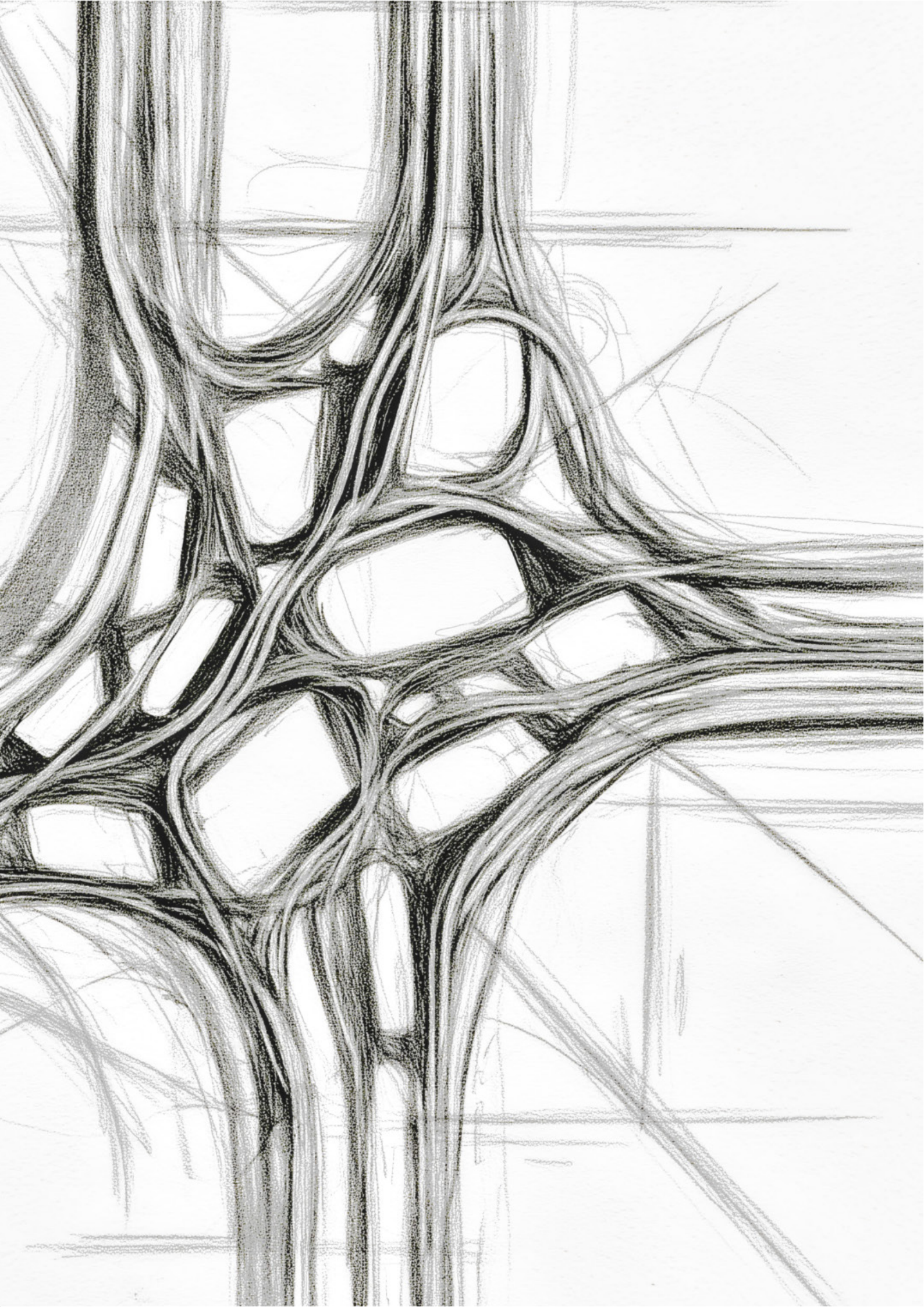
³⁸ Trade Unions for Energy Democracy (TUED) is a global network of unions and close allies working to advance democratic control and social ownership of energy.

³⁹ Department of Trade, Industry and Competition (DTIC) 2026

02

**Coordination and Collapse:
A Critical Reflection of South
Africa's Industrial Development
Strategy 2026**





2.1 Designation Without Demand: Trade, Procurement and the Localisation Question

South Africa's Industrial Development Strategy 2026 (IDS 2026) includes a significant number of critiques on the impact of liberalisation on national industrial policy that are important to highlight and reflect on. The IDS 2026 specifically cites manufacturing has fallen from 21% of gross domestic product in 1994 to 13.6 % in 2025, and attributes this to the “liberalisation of trade and capital flows without sufficiently building competitive downstream capabilities or enforcing strong conditionalities on support”.⁴⁰

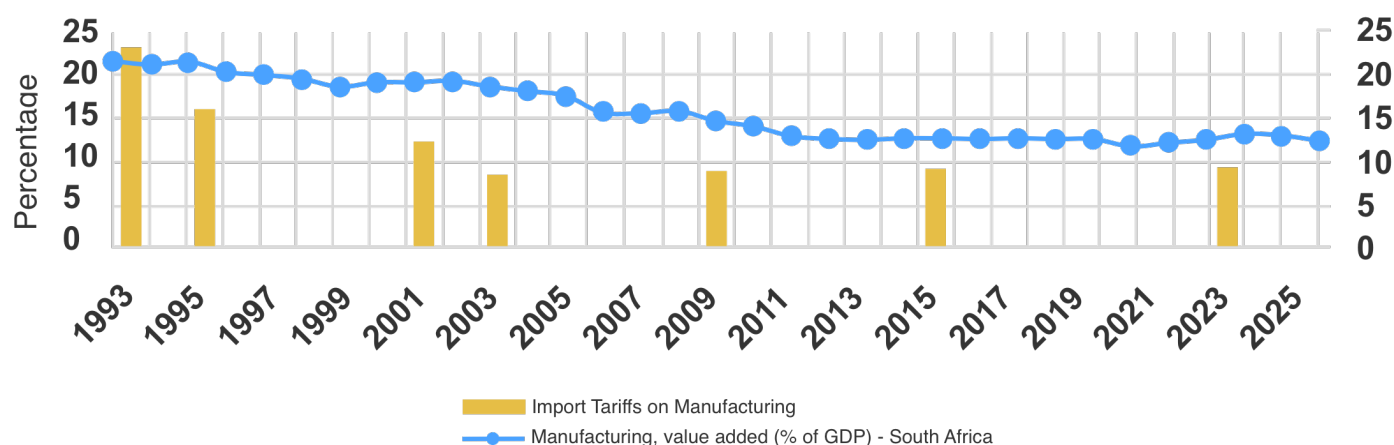


Figure 2.1-1: Manufacturing, value added (% of GDP) – South Africa vs import tariff rates⁴¹

In Annexure 7 of South Africa's Industrial Development Strategy 2026, the strategy notes that since joining the World Trade Organization (WTO) in 1995, average import tariffs have declined from 22.7% in 1993 to 8.9% in 2023. As mentioned in the introduction, the decline in South Africa's manufacturing base, spurred by factors like financialization, also coincide with the decision to systematically reduce state capacity: the Department of Trade, Industry and Competition (DTIC) had its budget cut by 40% since 2013. Recent policy initiatives, led by the International Trade Administration Commission of South Africa (ITAC) targeting emerging trends in renewable energy value chains, represent an important shift within sections of the DTIC on South Africa's industrial policy, particularly within the green economy. In March 2026, ITAC's preliminary determinations⁴² on the renewable energy value chain called for import duties for listed components specifically in the solar photovoltaic (PV), wind, and battery energy storage value chains to be raised to their respective WTO bound rates, where policy space exists and where deemed appropriate through investigation. The determinations also move against some of the regulatory loopholes which have worked against existing import duty protections. By way of example, following an application filed by ARTsolar and Seraphim in 2021, a 10% duty on solar PV cells, modules and panels was put in place by ITAC Report 613;⁴³ four years later, ITAC guidelines published in 2025⁴⁴ permitted those same products to enter duty-free, via a rebate provision.

⁴⁰ DTIC 2026, p. 11

⁴¹ World Bank n.d.; DTIC 2026

⁴² International Trade Administration Commission of South Africa (ITAC) 2026

⁴³ ITAC 2021

⁴⁴ ITAC 2025

The March 2026 ITAC determinations proposed a phased discontinuation of that rebate, and a withdrawal once domestic assembly capacity reaches 50% of local demand. Additionally, they call to remove solar panels, single axis trackers, inverters, fasteners and tower sections from the South African Revenue Service (SARS) staged consignment policy, under which large amounts of equipment have been cleared as a single shipment attracting a single tariff.⁴⁵ COSATU submitted written support to ITAC for these measures, insisting that the methodology for measuring the 50% threshold be transparent and that the amended rebate guidelines issued in May 2025 be enforced, given the concentration of rebate benefit among a narrow group of importers.

One of the key concerns hanging over the efforts of ITAC is well captured by an April 2026 article written by former National Union of Metalworkers of South Africa (NUMSA) stalwarts Dinga Sikwebu and Woodrajh Aroun titled “Protecting SA’s nascent renewable industry – will it be done correctly this time?” They write that “[i]ndustrial policies, which are beyond the brief of a trade administration commission, need to complement trade-related measures aimed at supporting sectors”.⁴⁶ The challenge posed here by Sikwebu and Aroun is not answered coherently by the IDS 2026. If we look again at the tensions surrounding the solar PV value chain, we see that demand is now structured by two spheres. The first is public procurement of renewable energy generation plants aligned to the Integrated Resource Plan and the second sphere is focused on private-to-private procurement for projects ranging from supplementary supply at small commercial office parks and retail malls through large-scale installations at mining and heavy manufacturing sites.

In the case of publicly procured renewable energy systems, the Public Procurement Act 28 of 2024⁴⁷ enables a preferential procurement framework which would give the state more direct power to support and select local manufacturers. The act has been signed but is not yet in force; its enabling regulations were closed for comment on 15 July 2026 and its implementation awaits proclamation.

On 24 July 2026, Tafadzwa Chibanguza, CEO of Steel and Engineering Industries Federation of Southern Africa (SEIFSA), published an article which comments directly on the IDS 2026. In it Chibanguza emphasises that manufacturing employment has been in steady decline in South Africa for decades. The argument affirms that while automation and digitalisation may have played a role in displacing labour, another key driver comes as a result of “...an environment characterised by escalating electricity costs, unreliable logistics, deteriorating municipal infrastructure, congested ports, rail constraints and persistent policy uncertainty.”⁴⁸ This analysis argues that appropriate and coherent industrial policy design remain a critically important part of transforming South Africa’s industrial base.

⁴⁵ ITAC 2026

⁴⁶ Sikwebu and Aroun 2026

⁴⁷ The Presidency 2024

⁴⁸ Chibanguza 2026

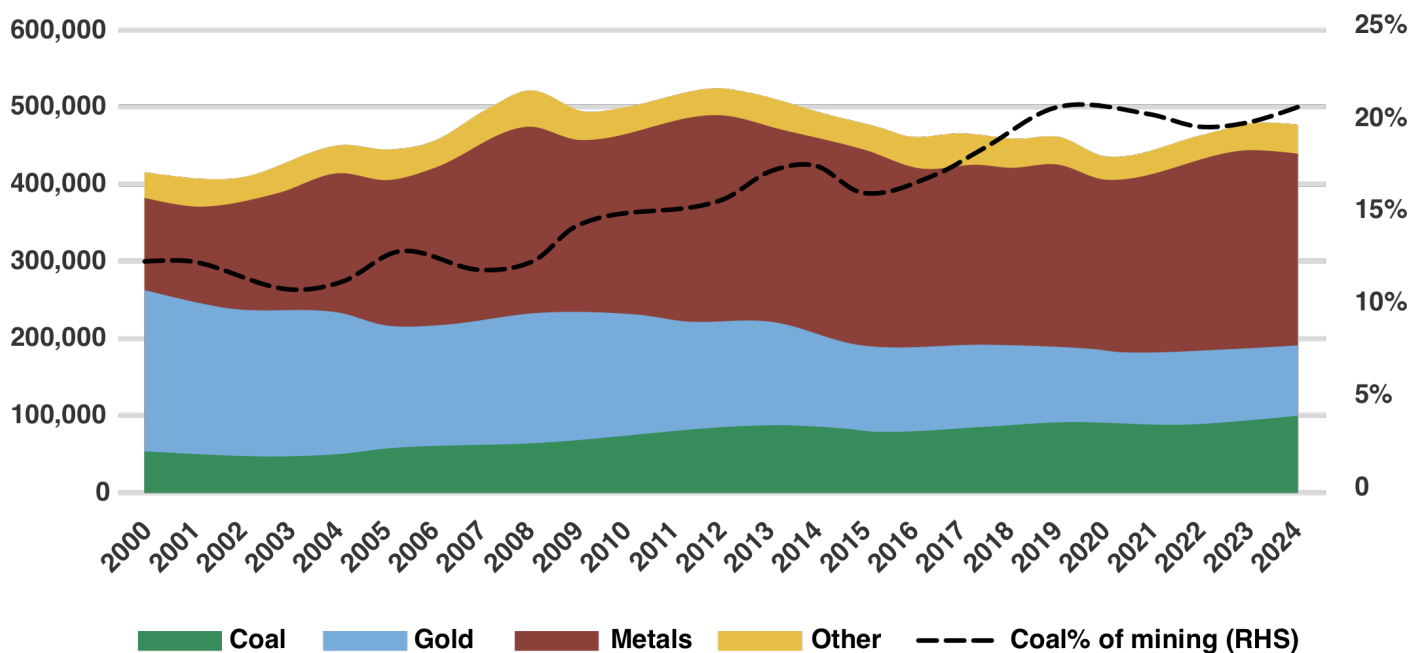


Figure 2.1-2: Formal employment in the mining sector by commodity, 2000–2024⁴⁹

Historically, the solar PV industry has seen investment in module manufacturing developed to target public procurement. Local content requirements, included in the request for proposals under the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), have operated as the key demand driver for local solar PV manufacturers. Large scale solar PV power plants have been procured by the state under public-private partnerships, first by the Renewable Energy Feed-in Tariff (REFIT) in 2009, and subsequently by the REIPPPP, which has been operating since 2011.

The case of ARTsolar highlights the stakes at play when there is a lack of coordination between public procurement, the enforcement of local content designations, and trade policy.

2.2 Case Study: ARTsolar and its Solar PV Module Manufacturing Facility

Shortly after the height of the Eskom load shedding crisis (2019–2023), an emergency procurement mechanism called the Risk Mitigation Independent Power Producers Programme (RMIPPPP) was launched, which carried increased thresholds for designated components in the solar value chain. This included 15% local content for laminated PV modules covering tabbing and stringing, encapsulation, lamination, final assembly and IEC-compliant testing, and 65% for aluminium module frames.

ARTsolar, a KwaZulu-Natal-based solar PV manufacturer, responded⁵⁰ to the investment signals by investing in the only facility in the country that could produce 25MW of Tier 1 accredited modules a month. The factory lines were also reported to have been built to scale⁵¹ to 500MW of production capacity a year within 6 months, conditional on order security.

⁴⁹ Robb et al. 2026

⁵⁰ Kamanzi 2025

⁵¹ Ibid.

Misaligned Demand and Late Trade Policy

As part of a sequence of sweeping market reforms to the electricity sector during the 2010–2023 load shedding crisis, amendments were proposed to schedule 2 of the Electricity Act⁵² which lifted the licence exemption threshold for embedded generation to 100MW. As a result, the private-to-private market exploded as medium-sized commercial enterprises and heavy industry moved to buffer themselves from the operational capacity crisis facing Eskom. Private-to-private projects are under no obligation to abide by state local content policies and typically rely on low-risk equipment from top tier international manufacturers. In the case of the solar PV module value chain, they overwhelmingly reside in the People's Republic of China (Figure 2.2-1). To combat this emerging trend, a 10% import duty on solar PV modules was implemented in 2024, a measure that was too low and too late. The Institute for Economic Justice and COSATU had already flagged recommendations⁵³ to address these consequences back in 2021 during labour's negotiations in the development of the South African Renewable Energy Masterplan.

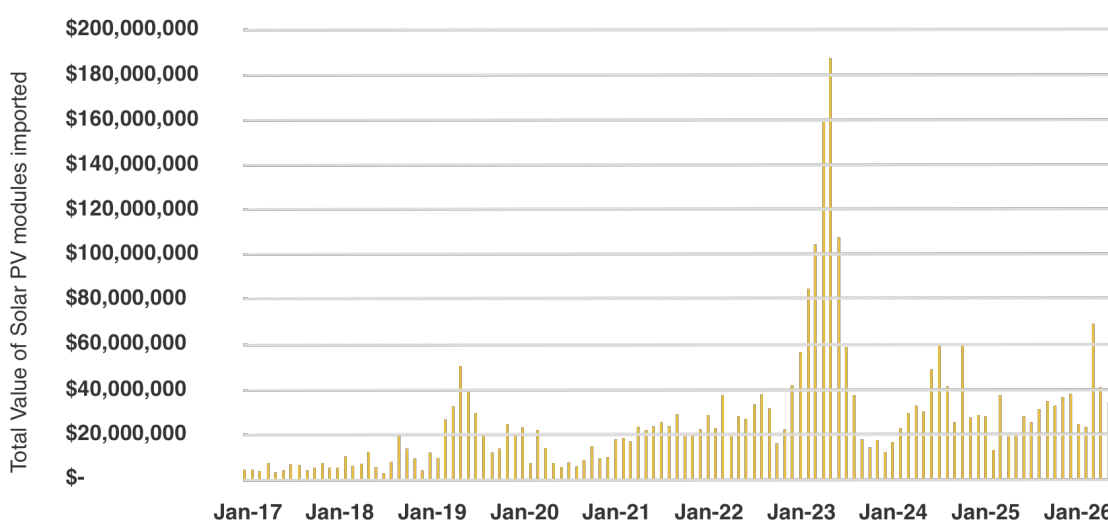


Figure 2.2-1: Value of monthly solar PV module imports from China, January 2017–January 2026⁵⁴

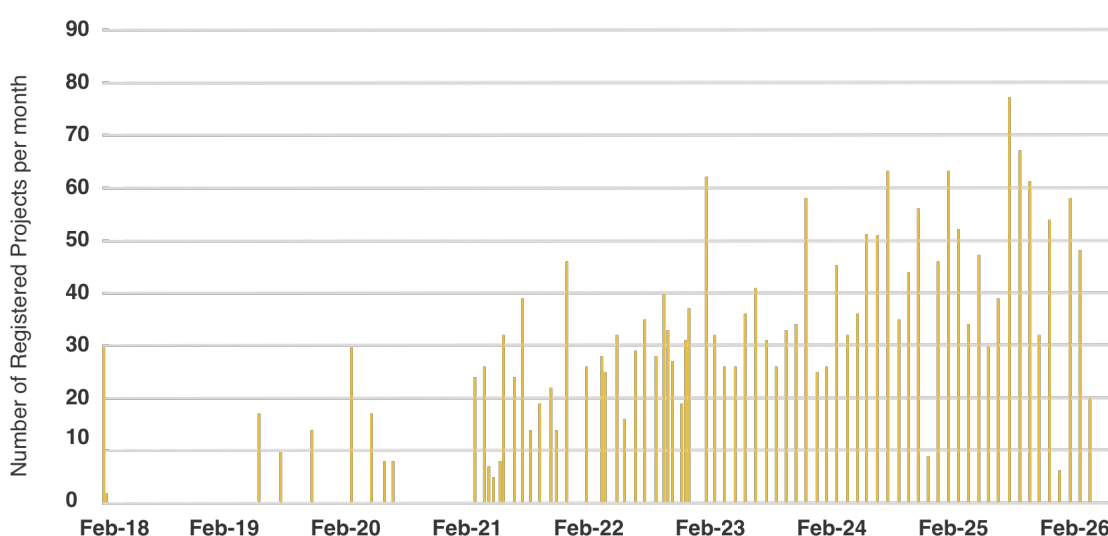


Figure 2.2-2: Registered solar PV projects registered per month with NERSA, February 2018–February 2026⁵⁵

⁵² Department of Mineral Resources and Energy 2021

⁵³ Institute for Economic Justice 2021

⁵⁴ Ember n.d.

⁵⁵ South African Photovoltaic Industry Association (SAPVIA) 2026

ARTsolar's anticipated demand was further disassembled by the behaviour of project developers who responded to the RMIPPPP and REIPPPP Bid Window 5. In 2024, ARTsolar filed an ongoing legal challenge⁵⁶ against the DTIC, Department of Mineral Resources and Energy (DMRE), and 20 independent power producers (IPPs). ARTsolar's filing highlights several cases where IPPs evaded local content rules. For example, ENGIE, a French multinational utility, won projects under Bid Window 5 with design intent built around modules from the Chinese original equipment manufacturer JA Solar. ARTsolar alleges it was approached after the successful bid only to establish whether it could theoretically replicate that specification inside fixed delivery timelines, a question that engagement at bid formulation would have easily resolved. The legal filing goes further to explain that Scatec, a Norwegian private utility, commissioned a factory audit in early 2023 and, having certified the facility compliant, required performance bonds before placing any order. The time taken to complete this process resulted in a cascade of events that saw ARTsolar's order of 189MW fall to 20MW, of which only 7MW could be delivered in the time remaining.

The story of ARTsolar is clear evidence of a serious coordination problem in South Africa's emerging green industrial policy strategy, a structural deficiency which the IDS 2026 still fails to address. In this case we have a policy regime that has provided significant publicly financed support to de-risk both manufacturers and private power plant owners while failing to align the demand- and supply-side incentives to expand local module manufacturing capacity. Nothing prevented the DTIC, the IPP Office, and the Industrial Development Corporation (IDC) from scheduling designated module demand against known and audited domestic capacity, sequencing plant expansion against the build programme, and writing bid specifications to what could be produced locally. As a result of the lack of coordination, ARTsolar terminated 300 workers in July 2025 in the middle of a demand boom, with knock-on effects through its local supplier base. The monitoring apparatus to enforce localisation appears severely underresourced and unfit for its purpose.

2.3 Who Carries the Risk?

The IDS 2026 addresses the question of important trade-offs in the financing of industrial development. The document calls for the use of "limited public finances to unlock larger private investments and international funding."⁵⁷ It speaks explicitly about the importance of attracting necessary capital and managing risk premiums at a rate which can be balanced to achieve the objectives of the IDS 2026. What the strategy misses is how the risk itself is shifted due to the DTIC's recommendations. In other words, the new de-risking paradigm promoted by state policy-makers does not remove risk from the ecosystem. The risk has only been moved elsewhere. Through the illustrative case of the electricity system and ARTsolar, it is clear how the risk is rapidly shifting from investors to consumers, to municipalities and to the government balance sheets.

2.4 Front Loading the Risk on Municipalities

Municipalities in South Africa are an important part of the national governance system, and the impact of relocating risk can be seen by how residents, commercial consumers and industrial users are charged directly for several key basic services, such as electricity, water and refuse collection.

⁵⁶ Molelekwa 2025

⁵⁷ DTIC 2026, p. 9

South Africa's municipal financing model heavily relies on additional surcharges which are added onto tariffs for service delivery. In 2023, drawing on a sample of 130 municipalities, Statistics South Africa (StatsSA) identified that electricity tariff surcharges constituted the single largest revenue stream for local municipalities (26%), higher than property rates, transfers and subsidies.⁵⁸ Electricity sales are largely achieved through bulk purchases from Eskom and then distributed and sold through municipally owned distribution networks.

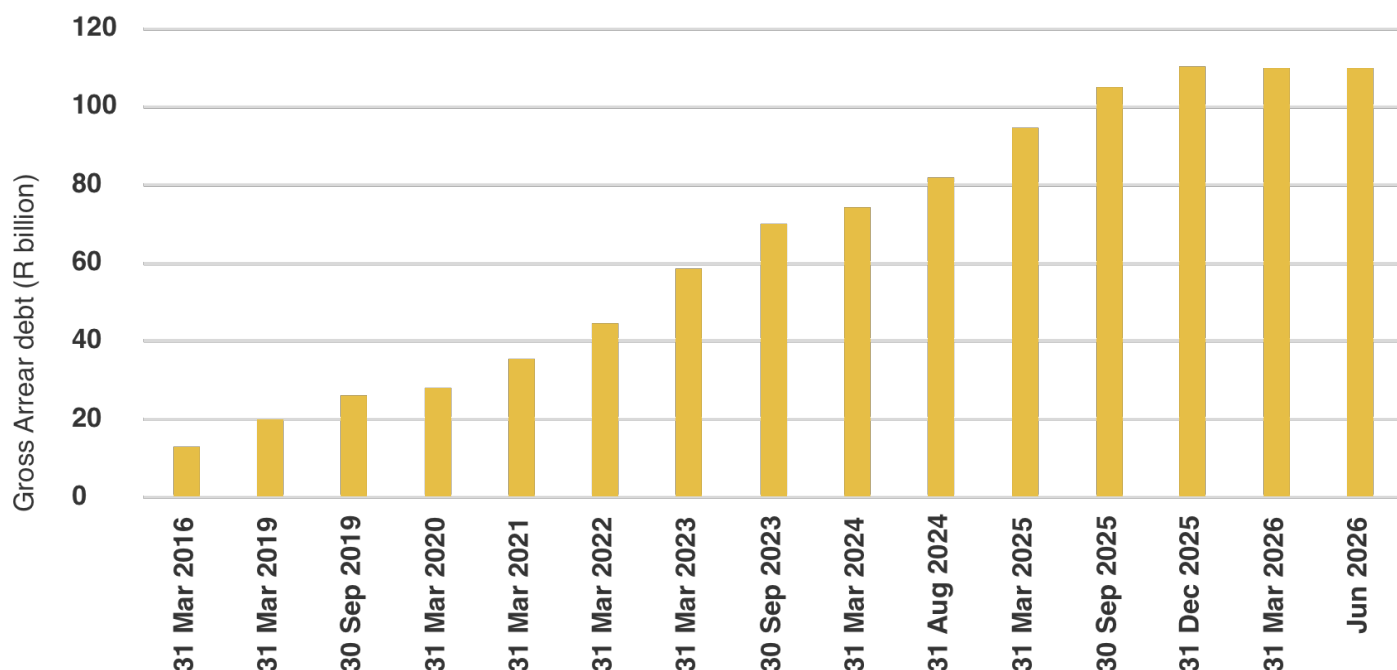


Figure 2.4-1: Gross arrear debt (R billion) owed to Eskom by local municipalities, 2016–2026⁵⁹

Since 2016, the outstanding debt⁶⁰ owed to Eskom by local municipalities ballooned by almost a factor of ten (Figure 2.4-1). Low collection rates are among the key reasons which have led to this crisis. In 2024 the National Treasury reported the rate to be as low as 61.5%⁶¹. A 2024 report by Meridian Economics⁶² further highlighted that municipalities have also been chronically underspending in maintenance and refurbishment which has contributed to deteriorating performance of the municipal distribution grid, which in turn increases energy losses and increases debt levels. Importantly a significant portion of the equipment used in distribution grids, particularly in transformers, cabling and other sub-sectors in the electrical equipment value chain, are produced by domestic suppliers so municipal payment issues compound throughout the local economy.

Parallel to the growth of the tremendous municipal debt levels to Eskom is the reality that Eskom's bulk electricity costs have also increased significantly. This has been primarily driven by increased coal input costs, poor coal generation performance leading to high diesel open cycle gas turbine plant usage, and significant payments to independent power producers. A 2023 Special Bulletin of the South African Reserve Bank reported that cumulative Eskom price increases from 2007 to 2022 went up by 450%.⁶³

Electricity prices are regulated annually by the National Energy Regulator of South Africa (NERSA),

⁵⁸ Statistics South Africa 2023

⁵⁹ Eskom 2026a

⁶⁰ National Treasury 2026

⁶¹ National Treasury 2024

⁶² van Doesburgh and Steyn 2024

⁶³ Ismail and Wood 2023

which is mandated to balance the tensions around affordability and industrial development to, support a financially viable electricity system, in theory. The South African government, through NER-SA, has made the political decision to restrict electricity price increases to below the actual cost of production and delivery.

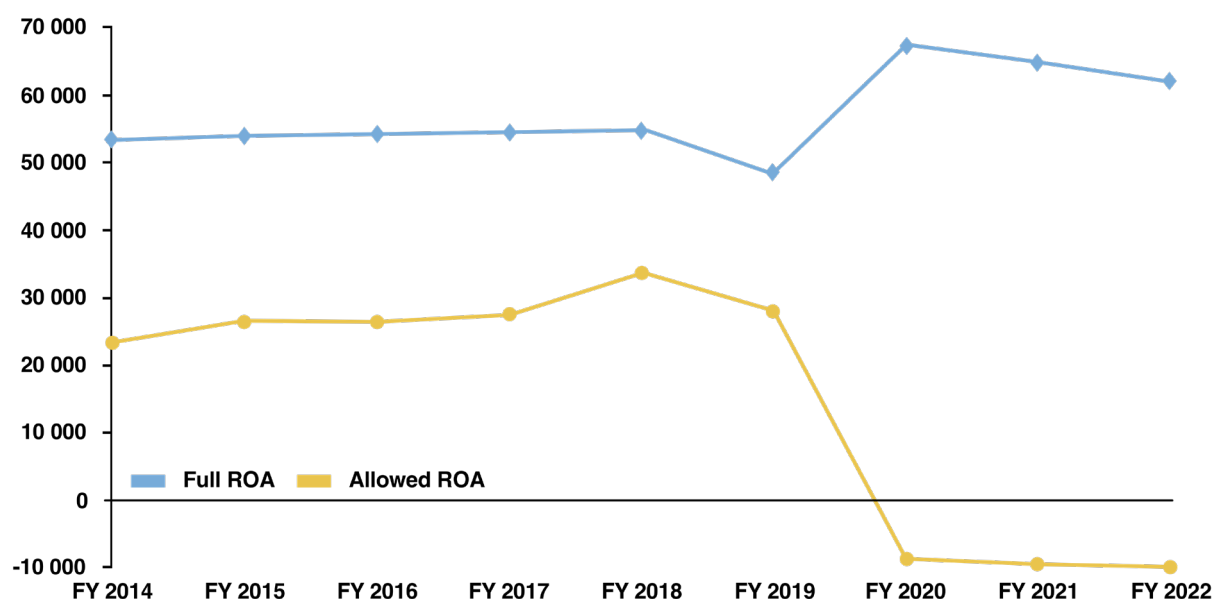


Figure 2.4-2: The extent of under-recovery for the return on assets (ROA), FY2014–FY2022⁶⁴

The destructive cycle created by this policy failure is typically regarded as a utility death spiral: As tariffs rise faster than incomes, wealthier customers defect to rooftop solar while poorer households simply stop paying, leaving municipalities with a shrinking, non-paying base against a fixed bulk purchase bill from Eskom. The lost margin becomes arrears to Eskom, which are then recovered through further tariff increases, accelerating both forms of exit at the next cycle. The current decision by the South African government to embrace electricity sector liberalisation, to unbundle Eskom, and to move further towards a pricing regime that is cost-reflective, will effectively require a short- to medium-term process of increasing prices to levels closer to the full ROA, as seen in the previous figure, applying even more pressure on struggling households. It is also important to acknowledge that rate increases are a significant contributor to household inflation. In Ismail's 2015 study,⁶⁵ supported by NERSA itself, South Africans experiencing energy poverty have to make difficult choices between food, transport costs and electricity. These choices have also contributed to the burning of dangerous fuels for lighting and heating homes.

2.5 From Electricity Bill to the Wage Demand

The dynamics outlined in the previous section have explosive implications for communities in South Africa's coal belt. The brief case study below demonstrates how the impact of a de-risking policy regime, supported by the IDS 2026, is impacting workers and communities.

⁶⁴ Ismail and Wood 2023; Eskom 2026a

⁶⁵ Ismail 2015

Case Study: Debt, Tariff and Industrial Policy Dynamics in eMalahleni

eMalahleni municipality currently hosts five of Eskom's coal fired power stations: Kusile, Kendal, Matla, Duvha and Kriel. With the exception of Kusile, the remaining four plants are due for closure between 2034 and 2040. This makes the municipality among the most critically impacted by fossil fuel phaseout policies.

eMalahleni also holds the record of the highest⁶⁶ outstanding debt to Eskom in the country, numbering at just over R10 billion. Distribution losses, due to aging infrastructure, came to an estimated⁶⁷ 30% in 2024–2025 which stands at over 300% the national transmission and distribution losses. Collection rates are well below average and eMalahleni is among the list of municipalities who have failed to honour the terms⁶⁸ of Eskom's Debt Relief programme in 2024.

At the same time, heavy manufacturers within municipal limits have been at the centre of a controversial industrial policy incentive issued in May 2026. Samancor Chrome's ferrometals smelter and Glencore-Merafe secured a special tariff agreement with Eskom at a price of R0.62/kWh against the standard industrial rate of R1.36/kWh over the next five years to support the facilities in avoiding closure and mass retrenchments. The offer does not apply to many other energy intensive industries in the area as incentives are being negotiated bilaterally. By way of example, ArcelorMittal's long steel business, which received an IDC facility of R1.7 billion,⁶⁹ does not currently have a direct avenue for tariff relief.

Electricity and Energy Minister Kgosisentsho Ramokgopa highlighted⁷⁰ that the intervention from Eskom saw retrenchment notices affecting 1,200 to 1,500 workers were withdrawn on 1 March 2026. Ramokgopa went on to suggest that the intervention will lead to more revived ferrochrome smelters in the country, by increasing the number in active use from the 11 to 45 out of 66 by the end of 2026.

The relief provided to the smelter carries no published employment condition, no beneficiation threshold, no reporting obligation, and no forfeiture mechanism. The conditionality of the transaction, namely, Eskom's ring-fencing undertaking and the reported profit-sharing clause, was constructed by the parties to the deal rather than being required by any policy instrument. This suggests that despite the shift to liberalise the electricity sector, Eskom remains an important agent shaping South Africa's industrial development strategy.

2.6 The Unacknowledged Pragmatism of the Moment

In June 2026, Eskom celebrated⁷¹ 400 days without loadshedding despite onset of winter, a feat achieved by operational and governance improvements within Eskom, supported by headroom provided by the renewable energy and battery storage capacity added to the distribution network over the last five years. The reality is that this improvement, while arresting very costly diesel purchases, is also now part of a stalemate regarding South Africa's decarbonisation strategy.

⁶⁶ Ministry of Electricity and Energy 2025

⁶⁷ Mudzanani 2026

⁶⁸ Mpumalanga Provincial Treasury 2024

⁶⁹ Khumalo 2025

⁷⁰ SAnews 2026a

⁷¹ SAnews 2026b

The stalemate rests on three constraints which interlock rather than operating separately. Prices are high and rising. A tariff regime moving towards cost-reflectivity under unbundling requires them to rise further, which feeds directly into household inflation and into the municipal debt spiral traced above. Demand has flatlined⁷² with electricity consumption falling 6.2% year on year in January 2026, a contraction which reflects weak economic growth. Low demand growth and pressures on local municipalities to recover their debt obligations altogether reduce the likelihood that price signals required in a liberalised electricity market will trigger a boom in new generation investment. Similarly, while grid capacity constrains any large-scale renewable rollout, and a grid development programme, via the Transmission Development Programme⁷³, cannot be financed with prices already at the limit of what households and industry will bear as well as demand falling.

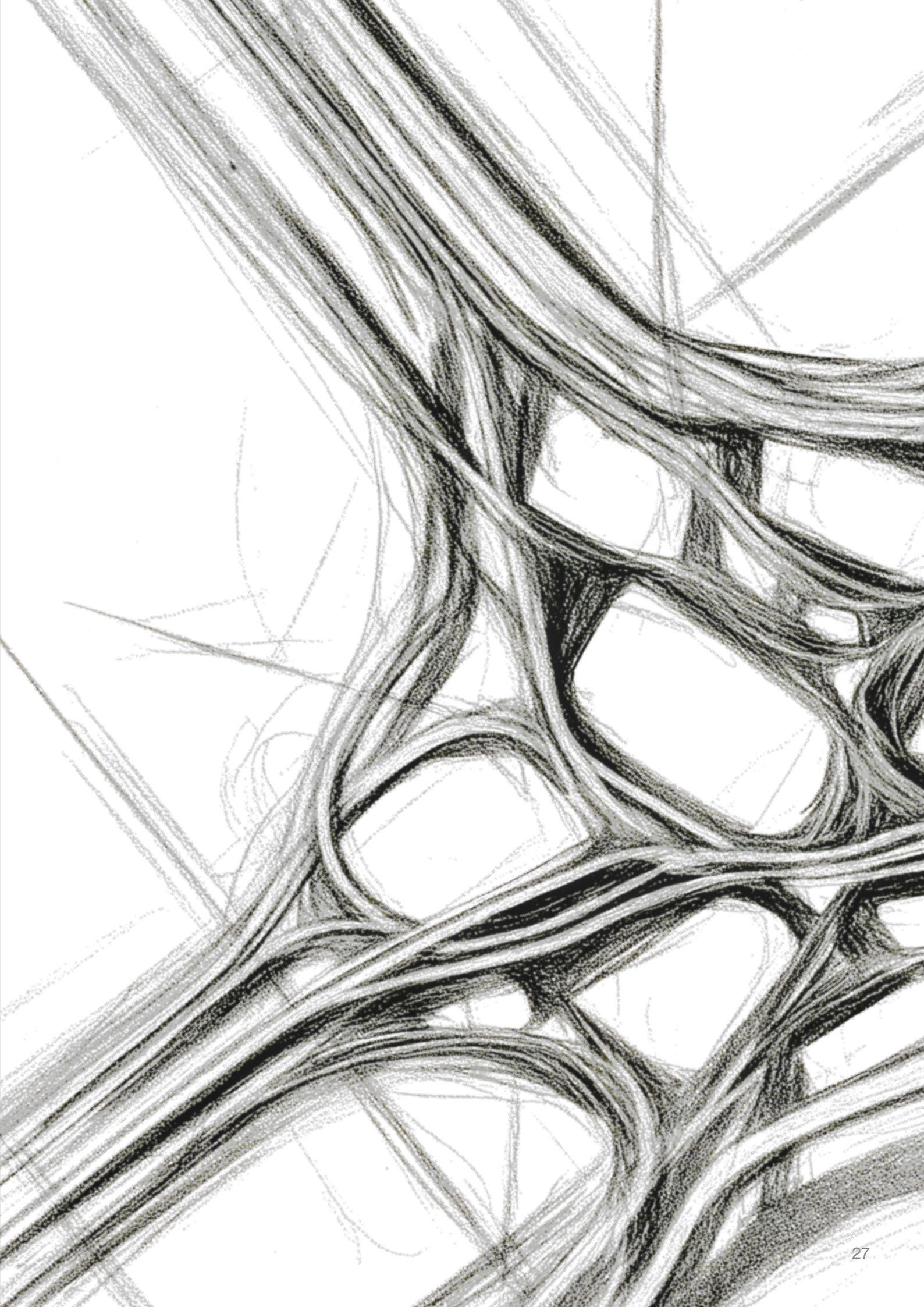
Within the policy regime the country is moving into through the IDS 2026 and the Operation Vulindlela initiative, labour must insist that policy-makers consider the distributional impact of the big electricity price shocks that are coming. If demand does not grow in the short term and prices continue to climb, then absent a court-forced closure, the government will be compelled to keep coal running until more favourable economic conditions arrive. The minimum emission standard exemptions⁷⁴ already granted to 2030 and 2034 are the first instalment of exactly that logic, and nothing in the IDS 2026 signals a new wave of renewable investment capable of displacing it while the structural problems remain in place.

If this reading is correct, the question for labour is not only whether to defend a faster decarbonisation timetable that the economics will not deliver. Another immediate, and complicated, question at hand is whether to contest the quality of what is built in the interval. A higher quality renewable strategy on a slower decarbonisation path could carry substantially higher local content requirements enforced through designation and procurement. This would require a larger coalition that will need to champion a redesign of the municipal financing model, force a reconsidered role for public ownership through a revival of Eskom, and support efforts to re-capacitate DTIC so it is able to monitor and enforce what it designates.

⁷² Preuss 2026

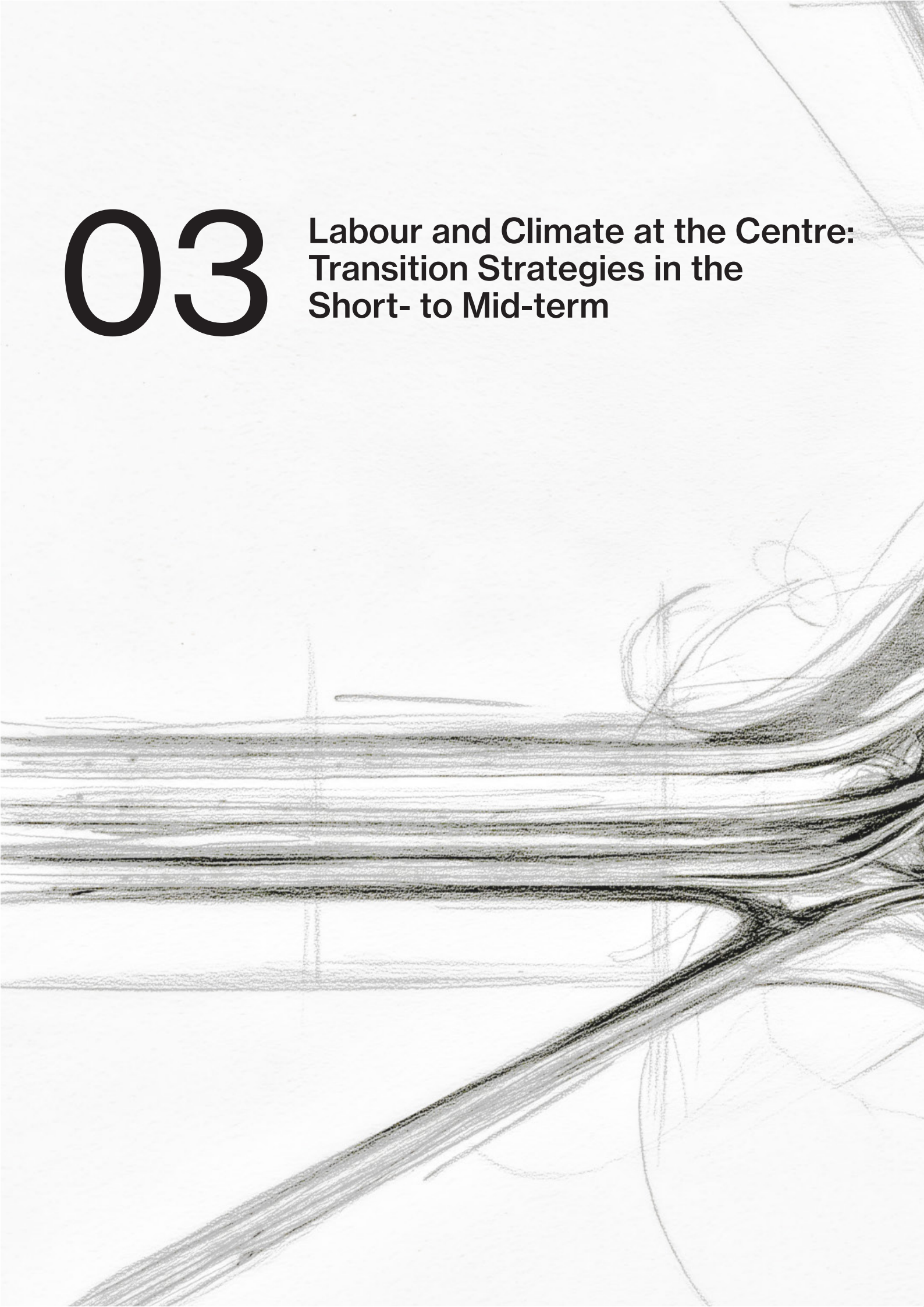
⁷³ NTCSA 2026

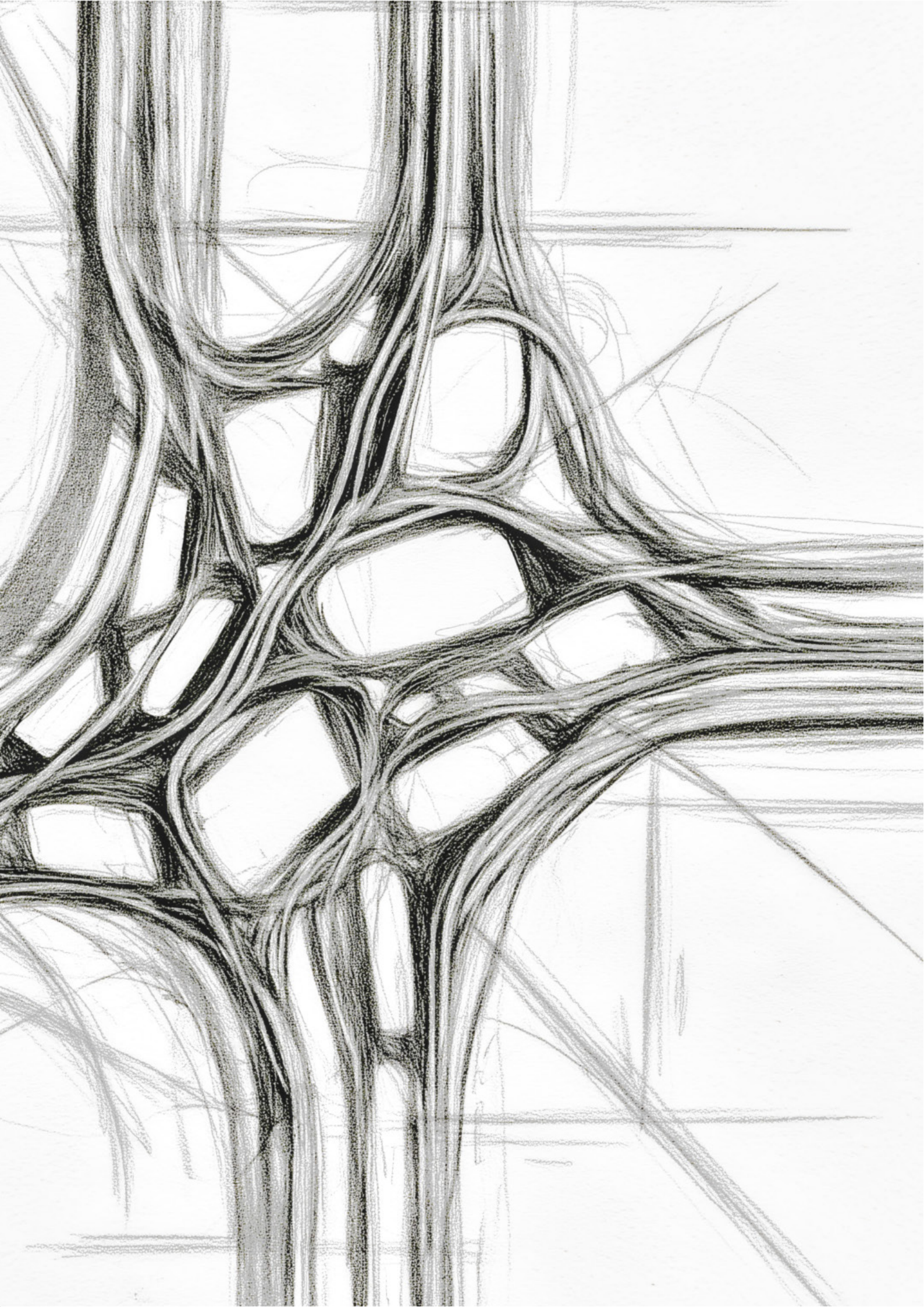
⁷⁴ Eskom 2026b



03

Labour and Climate at the Centre: Transition Strategies in the Short- to Mid-term





3.1 Public Ownership of Generation and Transmission: The Eskom Green Case

In South Africa, the question of reliable power transmission, generation, and distribution, including improved access to the grid for new projects, is a central concern for green industrial policy and democratic control of resources and infrastructure.

South Africa's Industrial Development Strategy 2026 states the importance of

“...the role of state-owned companies in strengthening R&D, industrialisation, and technological performance, and promotes public-private research partnerships to accelerate innovation and increase private sector R&D investment. Drawing lessons from East Asian industrialisation models such as South Korea, Taiwan, and Japan, sustained R&D investment, strong public institutions, and close government-industry-university collaboration are shown to enable technological upgrading and movement up global value chains.”⁷⁵

However, initiatives like the unbundling of Eskom into separate units takes a market design approach to what is in fact a developmental state and infrastructure problem, an approach that departs from the lessons that can be drawn from the successful industrial story of nations like South Korea.

South Korea pursued a strategy of industrial upgrading through sectoral targeting via the chaebol system, strict capital and consumption controls, and favourable credit policy for domestic industry.⁷⁶ This was accomplished by developing domestic capacity in state-identified strategic sectors and controlling entry to ensure economies of scale would be achieved.⁷⁷ While South Korea did indeed engage market mechanisms, including through its prominent export industry, it played a more disciplining role in comparison to the South African government's approach.

Though the South Korean government allocation of preferential financing, industry inducing credit policy, and capital controls was key to its industrial strategy development, equally key was a system of carrots and sticks to discipline capital and the domestic capitalist class to advance the strategic economic interests of the state.⁷⁸ Protectionist measures were crucial to support nascent industry⁷⁹ and fiscal incentives came with strict conditions and penalties. Firms that received state support, like chaebols, had to meet demanding benchmarks. Specifically, they needed to narrow the gap between their prices and quality compared to international competitors, invest in technological improvements, and achieve specified export volumes.⁸⁰ To prevent these subsidised companies from exploiting their advantages and monopolising markets, authorities also imposed restrictions like price caps.⁸¹ To mitigate the risk of capital flight from wealth generated from public subsidies, the South Korean government regulated capital outflows and applied heavy penalties for violations.⁸²

As discussed in section 2 of this primer, if South Africa had the political will and state capacity⁸³ to avoid “...a full-fledged institutional convergence with neoliberalism...”⁸⁴ – as seen in the historical

⁷⁵ DTIC 2026

⁷⁶ Di John 2020; Chang 1993

⁷⁷ Amsden 1992; Chibber 1999

⁷⁸ Chang 1993

⁷⁹ Ibid

⁸⁰ Chang 1993; Chang 1998

⁸¹ Wade 2018; Gabor and Sylla 2023; Chang 1998

⁸² Amsden 1992

⁸³ Mkandawire 2001

⁸⁴ Weber 2021, p. 2

case of South Korea and the contemporary case of China – then perhaps a strategic unbundling of Eskom could advance industrial policy goals while either maintaining public ownership or ensuring that private interests remain subordinate to the objectives of the state.

In view of South Africa's proven inability to effectively discipline capital or its capitalist class, in part due to the hallowing out of state capacity, the unbundling of Eskom does not serve the strategic interests of South African labour. In the contemporary South African economic landscape, a single public utility can more easily be steered towards social goals such as universal access, low prices, and green industrial policy centred on workers. The position advanced at the National Union of Mineworkers march in April 2026 coherently makes this point:

“The fragmentation of Eskom opens the door to profit-driven interests at the expense of developmental objectives. It risks escalating electricity costs, undermining coordinated planning, and weakening the state's ability to ensure reliable and affordable energy for all. Ultimately, it is the working class and the poor who will bear the brunt of these decisions.

We reject any attempt to commodify a strategic national asset such as electricity transmission. Energy must remain a public good, not a profit-making scheme for private entities. Run privately, the NTC [National Transmission Company] will undermine Eskom's ability to cross-subsidise and sustain equitable access to electricity, particularly for rural and working-class communities.”⁸⁵

The re-bundling of Eskom, in alignment with labour's position, is the most strategic path forward. Eskom should advance green growth and the decarbonisation of the South African economy through public investment and ownership and worker protection, not by carving off the profitable parts of Eskom for eventual privatisation. Therefore, the recommendations below which focus on Eskom Green are suggested as interim measures and should be understood as part of a broader process and effort of re-bundling Eskom.

The key pathways that labour could advocate for, to ensure that Eskom remains a productive green industrial arm of the public sector that lowers costs for households and protects energy access, include:

- I. Centralise public procurement: Keep generation public and use Eskom Green to build state-owned renewable capacity.
- II. Creation of an Eskom Green Worker's Planning Council: Labour should be given a formal decision-making role in planning projects, identifying staffing strategies, and developing skills pipelines.
- III. Incorporating Eskom Green as part of a just transitions strategy: In addition to energy generation and transmission, Eskom Green should retrain workers in carbon-intensive industries for jobs in solar, wind, grid and storage technologies.
- IV. Upgrading domestic industrial capacity: Eskom Green's infrastructure development should be linked to regulations for the domestic production of necessary components. Where external expertise is required, ensure that these firms act as contractors and not system owners by including knowledge transfer requirements in the contracts.

⁸⁵ COSATU Mpumalanga Provincial Office 2026

3.2 From B-BBEE Cartels to Worker Ownership

As outlined in the introduction to this policy primer, unemployment remains endemic in South Africa. When disaggregated by race (Figure 3.2-1), the data shows this is not an equal opportunity problem. Despite policies such as the Broad-Based Black Economic Empowerment (B-BBEE), Black people are much more impacted by economic policy failures that have prevented structural economic transformation.

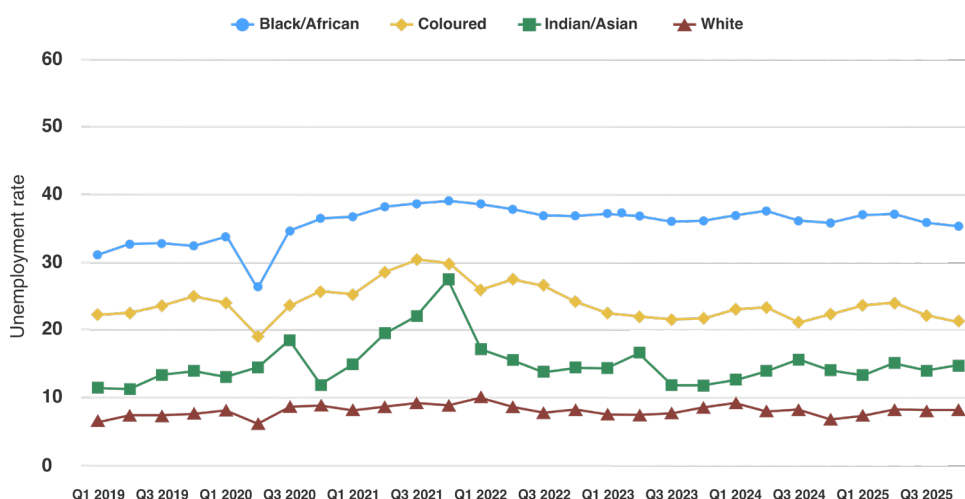


Figure 3.2-1: Unemployment rate in South Africa from Q1 2019–Q4 2025, by population group⁸⁶

According to the Broad-Based Black Economic Empowerment Commission, average Black ownership of companies on the Johannesburg Stock Exchange was approximately 30% in 2022;⁸⁷ however, alternative assessments put this at closer to 1%.⁸⁸ Regardless of which estimate is used, employment statistics continue to demonstrate the enduring legacy of apartheid and colonial rule. Black people experience unemployment at a rate four times higher than white people, and in 2022, white people occupied 65.9% of top private sector management-level posts. Meanwhile, Black workers occupied 82.8% of jobs classified as unskilled.⁸⁹ Importantly, the structural employment deficiencies are not contained to only the private sector. While there are higher proportions of Black people in managerial and professional roles in the public sector, they remain proportionately underrepresented in top management.

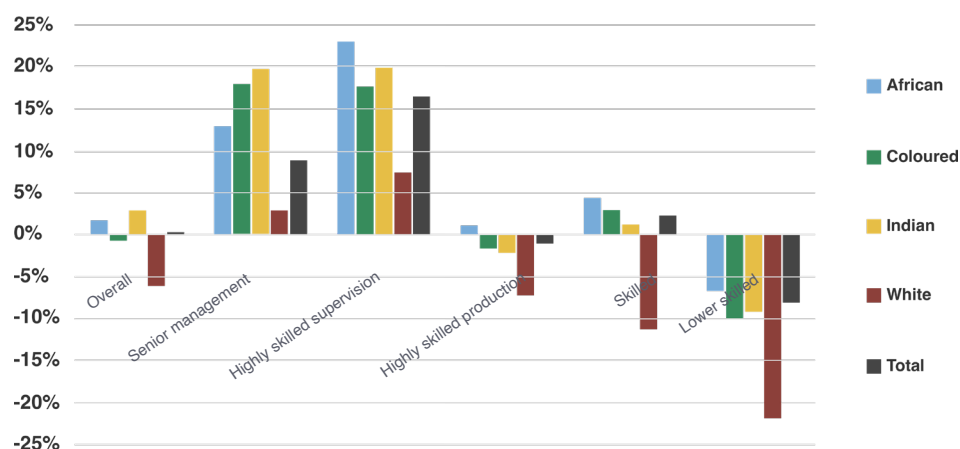


Figure 3.2-2: South Africa public services: average annual growth of employees, by occupation and skill level, and race, 1995–2010⁹⁰

⁸⁶ Statista Research Department 2026

⁸⁷ Peyton 2024

⁸⁸ Peyton and Kumwenda-Mtambo 2024

⁸⁹ Peyton 2024

⁹⁰ Francis and Valodia 2021

This disconnection between employment sector interventions and structural transformation was part of the design because B-BBEE. “...was never intended to be a structural intervention in the labour market. Rather its aim has been to alter the composition of the ownership of capital, and perhaps those at the top end of the labour market.”⁹¹

South Africa’s Industrial Development Strategy 2026 recognises some shortcomings when it states that:

“Driving inclusion in South Africa depends on enabling [B]lack-owned and smaller firms to participate as effective rivals, not simply increasing their numbers. Inclusion is closely tied to structural transformation because competition drives productivity, innovation, and investment, yet rivalry remains weak due to high concentration and significant entry barriers that disproportionately affect [B]lack-owned firms. Meaningful inclusion, therefore, requires addressing both structural barriers (such as scale economies and network effects) and strategic barriers arising from incumbent conduct, through a coordinated, multi-pronged policy approach.”⁹²

However, the IDS 2026 does not go far enough in its assessment of what needs to change. During this window for a green transition, labour has an opportunity to intervene strategically in the short-term by demanding a transformation of current B-BBEE policy to broaden ownership and increase accountability through the increase of tools like the Employee Share Ownership Programme (ESOPs), a mechanism for workers to own part of the company they work for. In the longer term it will be important to end policies like B-BBEE which are designed to create a Black elite and reinforce a white ruling class at the expense of most workers, and which fail to transform exploitative working conditions. Instead, labour should advocate for structural interventions that address the racialised legacies of apartheid and the need for redistribution, as well as prioritise workers’ agency and ownership as a route to pursue dignified and decent work.

Democratic ownership models can act as a critical pathway for addressing racialised and gendered historical exclusion. These models can be a critical step to building not only a green, but also a just, transition. The links between worker’s rights, energy transition, social policies, and sustainable development are even more relevant in this moment of economic renegotiation and contestation. As the push to phase out carbon-intensive sectors gains force, the focus should not just increase the labour participation of workers but also increase sustainable, dignified and decent work. Worker-owner structures are, increasingly, a promising tool to advance this aim. By making workers indispensable to decision-making processes, worker-owner models provide more equitable access to economic benefits, while providing dignified, productive, inclusive alternatives. They also ensure that the needs and rights of workers, communities and the environment are prioritised to more effectively address poverty and inequality.

Cooperatives, one form of worker-owner structures, are currently hampered by a lack of oversight, with some cooperatives existing only on paper to collect benefits in South Africa. In contrast, for verifiable cooperatives “[t]ax legislation does not adequately acknowledge the particular legal nature of cooperatives and this is a legal obstacle to their development.”⁹³ Cooperative verification and fiscal support are two areas of initial attention, that labour can reignite to strengthen the cooperative movement in South Africa, in conjunction with interventions from institutions like public

⁹¹ Ibid.

⁹² DTIC 2026, p. 12

⁹³ International Co-operative Alliance n.d.

banks who can address market failures in credit allocation. More broadly, the green transition provides an important opportunity for labour in South Africa to advocate for meaningful investments in sustainable worker-owner structures. Policies that create a more enabling environment for these structures could be catalytic for their uptake and normalisation.

3.3 Skills Reinvestment in the Precarious Majority Workforce

As pointed out in section 1, the economic importance of manufacturing has declined significantly over the past three decades in South Africa. Manufacturing dropped from 21% of GDP in 1994 to 13.6% in 2025.⁹⁴ This is partly due to a decline in productive investment resulting from financialization, subordinate development caused by global financial architecture,⁹⁵ and an absence of economic planning aimed at structural transformation.

South Africa's Industrial Development Strategy 2026 provides some valuable insights into the potential for alignment between heterodox industrial policy, a pro-worker approach, and its real-world application in South Africa.

“Structural transformation provides the theory of change: the reallocation of capital and labour toward[s] higher-productivity activities, alongside sectoral deepening into higher value-adding production, is a key driver of productivity growth, higher incomes, and sustained competitiveness. It strengthens growth and competitiveness by enabling firms to build productive capabilities, diversify production activities, and develop domestic supply chains, supporting upgrading within and across sectors and more effective participation in global value chains. In South Africa, where structural transformation has been uneven and constrained by low levels of investment, an explicit structural-transformation agenda is therefore central to accelerating growth and rebuilding a competitive industrial base.”⁹⁶

One area where the IDS 2026, sustainable development, and a pro-worker agenda could align is high-value skills development in sectors which have sustainable growth potential and also employment retention capacity. This includes reskilling workers moving out of carbon-intensive industries. However, while the IDS 2026 points in an optimistic direction, the numbers that are outlined in the South African government's Just Energy Transition Investment Plan (the roadmap for shifting the country into a low-carbon economy) tell a different story. There, only 0.18% of the R1,480 trillion budget is allocated for skills development,⁹⁷ a woefully insufficient number given the unemployment rates and manufacturing gaps in the country. As the green transition is being planned, workers should not only collaborate with the government to identify strategic sectors for productive development but also lead the process to advance industrial policy from below and to ensure South Africa's economic future is sustainable, equitable and includes the most marginalised workers.

“The fundamental distinction for us between mainstream industrial policy and our conception of industrial politics lies in their logic and subject: the former is a domain of the state – technocratic, hierarchical, and growth-oriented – while the latter is a field of political contestation, where the dispossessed challenge, negotiate, and redefine the direction of the economy according to collective needs. In this sense, industrial politics from below

⁹⁴ DTIC 2026

⁹⁵ Lapavistas 2026

⁹⁶ DTIC 2026, p. 12

⁹⁷ The Presidency, Republic of South Africa 2022

is not a new policy but a process of economic democratization – a rejection of industrialization as a purely top-down project dominated by ruling classes and led by capital.”⁹⁸

One immediate area in which labour could intervene to promote a more coordinated and impactful approach is the range of current skills training programmes. Currently, 100 such programmes are scattered among 20 uncoordinated institutions.⁹⁹ This fragmentation increases costs, restricts capacity, and reduces programme quality. Labour should continue to push for the reform of the Sector Education and Training Authorities, ensuring that they develop sector skills plans which address real sectoral gaps and incorporate green economy analysis into skills and reskilling programmes. As a part of this process, labour needs to pay adequate attention to not only supply-side interventions, like trainings for skills development in the green transition, but also to sufficient demand-side interventions through, for example, public procurement initiatives and fiscal and credit incentives to increase domestic productive capacity, so that there are actual pipelines from training to productive, decent and dignified employment.

3.4 Regional Solidarity Against the Market-Access Frame

In 2024, South Africa’s net export value to African countries totalled US\$23 billion, out of a total of US\$48 billion in net exports.¹⁰⁰ However, South Africa’s top three import origin countries were China (22.63%), Germany (9.73%), and India (8.37%).¹⁰¹ This suggests limited value chain integration with Africa and exposes South Africa to supply chain disruptions, tariffs, or currency fluctuations from those economies.

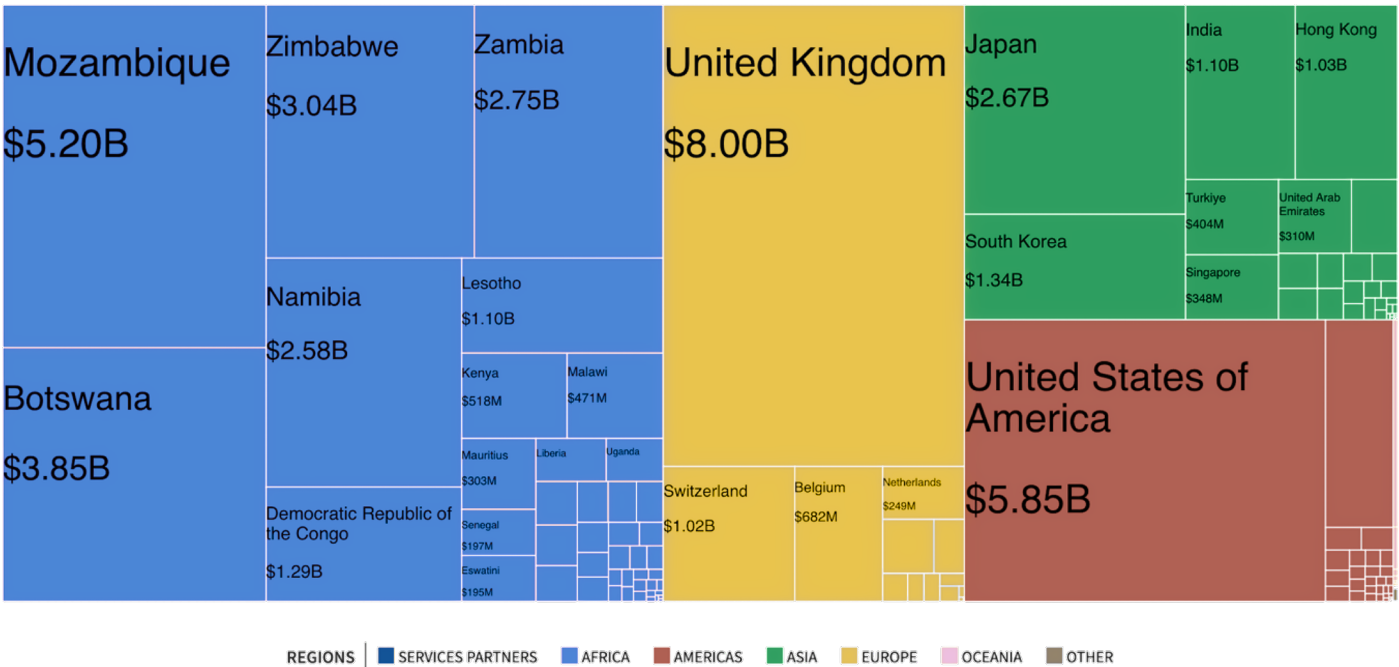


Figure 3.4–1: South Africa’s export destinations for all products, 2024¹⁰²

⁹⁸ Agung P et al. 2026
⁹⁹ Morriset and Baez 2024
¹⁰⁰ Atlas of Economic Complexity 2024
¹⁰¹ Ibid.
¹⁰² Ibid.

South Africa's economic vulnerabilities, including balance of payment constraints, dollar hegemony and its debt burden, have played a key role in shaping its trade profile and limiting its economic prospects. As set out in the IDS 2026, a main aim is to reduce reliance on natural resource-dependent industries and to strengthen regional cooperation.¹⁰³ Building on this the strategy outlines that "AfCFTA [African Continental Free Trade Area] presents significant opportunities as the world's largest free trade area, covering more than 1.3 billion people with a combined GDP exceeding US\$3.4 trillion, enabling South African firms to expand market access across the continent."¹⁰⁴ In addition, trade with BRICS countries now accounts for 21% of South Africa's total international trade.¹⁰⁵

This reorientation towards African and broader South-South trade networks represents a positive development in South Africa's industrial strategy. However, while in broader scope this should be welcomed, it will be important for labour to track which details need to be re-shaped as these trade agreements are developed and drafted.

The AfCFTA is interesting in theory, but its ability to encourage structural economic transformation and cooperation between African countries is limited by its free-market capitalist foundations. For example, there are provisions within it that, through the promotion of Special Economic Zones, reduce labour and environmental safeguards and as a result leaves workers vulnerable to exploitation through inadequate pay, poor workplace conditions, limited union activity, and community displacement.¹⁰⁶ Furthermore, it prioritises corporations over the interests of small-scale traders and does not necessarily protect or promote African investment.¹⁰⁷ The AfCFTA will possibly include investor-state dispute settlement (ISDS) mechanisms that will allow foreign investors to sue governments over regulations that affect expected profits, potentially shifting public policy and imposing large penalties.¹⁰⁸

Proposals advocating for regional procurement clubs in Latin America and the Caribbean, developed by i3T (Industry, Infrastructures, and Innovation for Strategic Transformation), have direct application to Southern Africa.¹⁰⁹ Estevez et al. (2025) argue that fragmentation leaves regional economies competing in a race to the bottom for entry into production networks led by incumbent global firms. This type of proposal, which calls for collective demand aggregation, joint procurement, and long-term public contracts directed at building local scientific and technological capacity, offers an alternative route to leverage.

South African trade unionists and progressive state policy-makers should open discussions with counterparts in Southern Africa Development Community (SADC) on a buyers' club for critical electrical equipment and technologies, covering a range equipment from solar PV modules, transformers, switchgear, conductors, protection systems and metering. The purpose is not the lower unit price alone. Aggregated regional demand, negotiated against the highly concentrated Chinese value chains that supply much of this equipment, creates the standing to attach conditions to the purchase which could significantly improve the leverage of smaller economies within SADC. The buyers' club could be well placed to propose regional skills development programmes, enforceable technology transfer agreements, and preferential trade terms tied to bulk purchases. South Africa's port capacity and its road and rail corridors can be its material contribution to such an arrangement, and they should be offered as shared regional infrastructure rather than held as a position from which South African firms extend their reach into neighbouring markets.

¹⁰³ DTIC 2026

¹⁰⁴ Ibid., p. 25

¹⁰⁵ DTIC 2026

¹⁰⁶ bilaterals.org and GRAIN 2023

¹⁰⁷ GRAIN and Coulibaly 2024

¹⁰⁸ bilaterals.org and GRAIN 2023

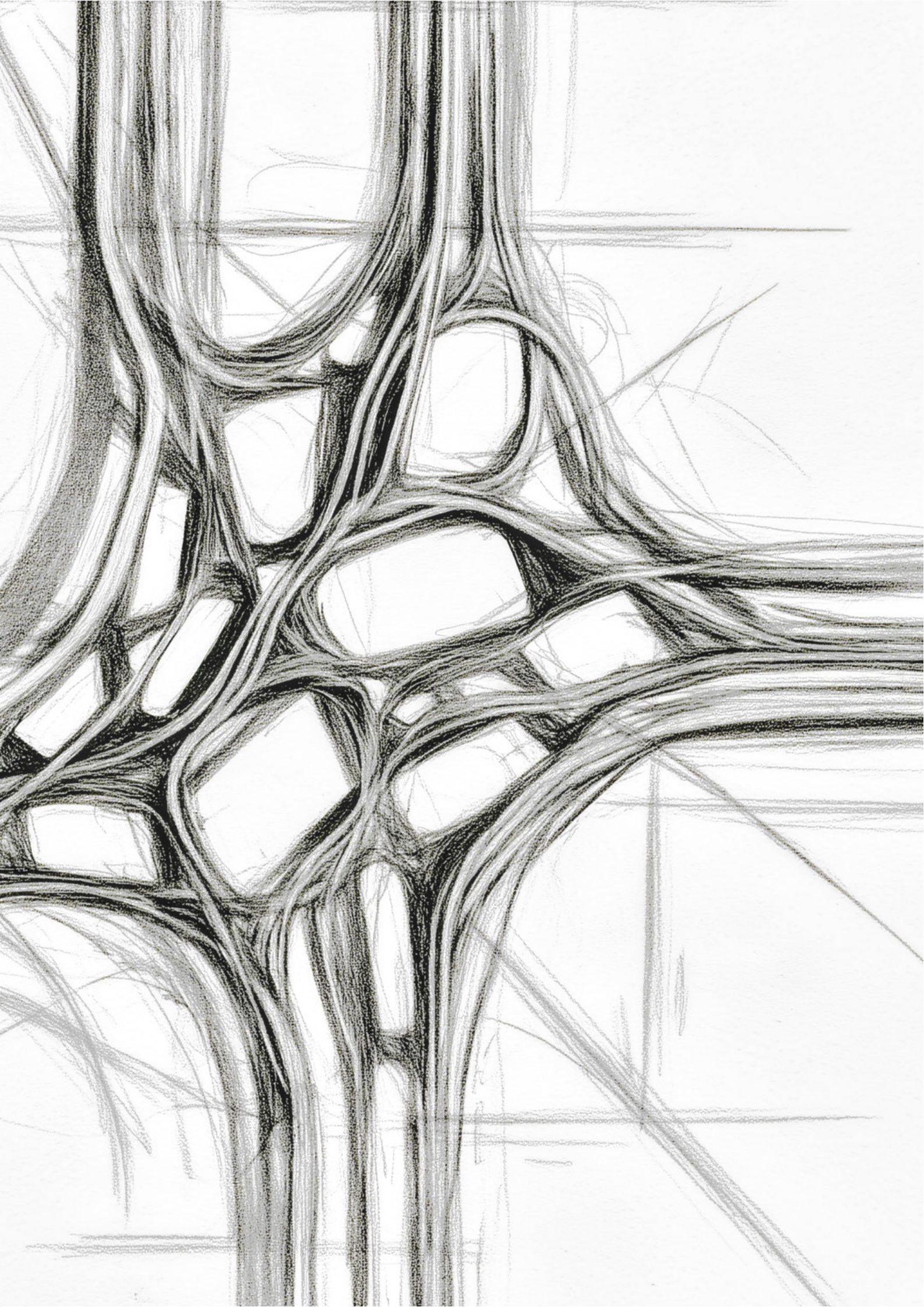
¹⁰⁹ Estevez et al. 2025

A mechanism for cooperation already exists: regional utilities could work together through the technical committees of the Southern African Power Pool, where planning, standards and operations are coordinated across interconnected member systems. Now is the moment to nurture political cooperation capable of carrying more ambitious industrial coordination. This layer of coordination must be constructed deliberately, and it must be anchored in publicly owned companies that are revitalised as procurement and planning authorities. This would also derail them from their current market-deepening and private capital mobilisation trajectory.

In the face of an evolving geopolitical landscape, trade relations are undergoing a profound transformation. South Africa's labour movement is well placed to engage in sustained dialogue and close coordination with trade unions in the region, across the continent, and in the Global South. This engagement is essential to ensure that trade unions play a key, coordinated role in negotiating trade agreements, safeguarding workers' interests, and upholding ecological sustainability.

04 Conclusion





4 Conclusion

Green industrial policy alone is not inherently transformative.¹¹⁰ To depart from the institutional dependency which has shaped South Africa's economy to date, the green transition must spur policy which is simultaneously pro-worker and pro-environment. At its foundations, it must promote cooperation, not competition, and regenerative productive investment, not rent seeking.

The preceding analysis has not attempted a comprehensive review of South Africa's Industrial Development Strategy 2026, nor does it offer a complete alternative industrial strategy. Anchored in the discussion and debates formed in the COSATU and SAFTU study group process, a set of structural conditions that shape a pro-worker and pro-environment industrial policy has begun to take shape. The analysis in this primer focused primarily on electricity because the sector makes visible the interaction between public capacity, industrial coordination, infrastructure ownership, consumer prices, municipal finance and collective bargaining. Eskom is used as an illustrative case through which to develop a wider argument about the developmental role of state-owned companies.

Industrial policy is not only the terrain of the state. It's also a place for South African workers to contest ideas and to advance propositions through which context-specific, longer-term, and politically coordinated strategy that challenges neoclassical economic assumptions can successfully operationalise public, equitable, and sustainable development.

For labour, the task is not simply to secure a place within existing consultation processes. It is to contest the institutions through which industrial priorities are set and implemented. Collective bargaining must become an instrument of industrial policy, ensuring that access to public procurement, tariffs, trade protection, infrastructure, concessional finance and other forms of support is conditional on enforceable commitments to decent and dignified employment, wages, training, domestic production and worker participation. Public ownership must likewise be accompanied by democratic control, transparency and a clear and equitable developmental mandate.

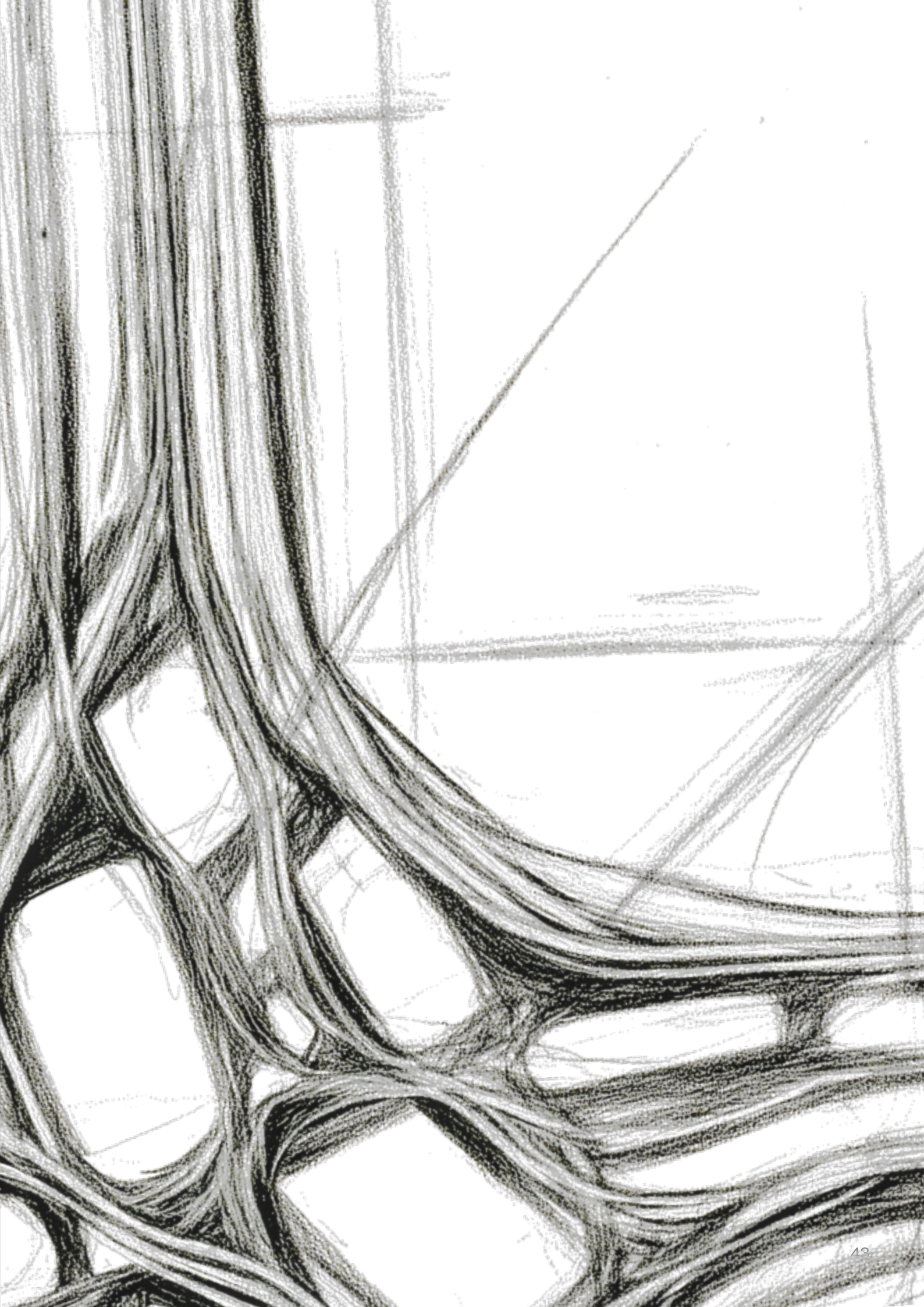
The following grid is a high-level index of the ideas within this primer, which also points to future areas of work. The propositions should be read as strategic orientations emerging from the collective study and debate of the TUED, ECLAT, COSATU, and SAFTU sessions.

Structural problem	Strategic principle	Illustrative application developed in this primer	Areas requiring further work
Fragmented institutions and limited state capacity to implement, monitor and enforce South African industrial policy	Rebuild and democratise public planning, implementation and enforcement capacity	Re-capacitate the DTIC with statutory audit powers and a published enforcement record; establish credible localisation monitoring with penalty and forfeiture provisions; publish capacity assessments; create formal roles for labour in Eskom Green planning and oversight	Institutional capacity in logistics, transport, water, local government and other industrial sectors

¹¹⁰ Hickel and Kallis 2020

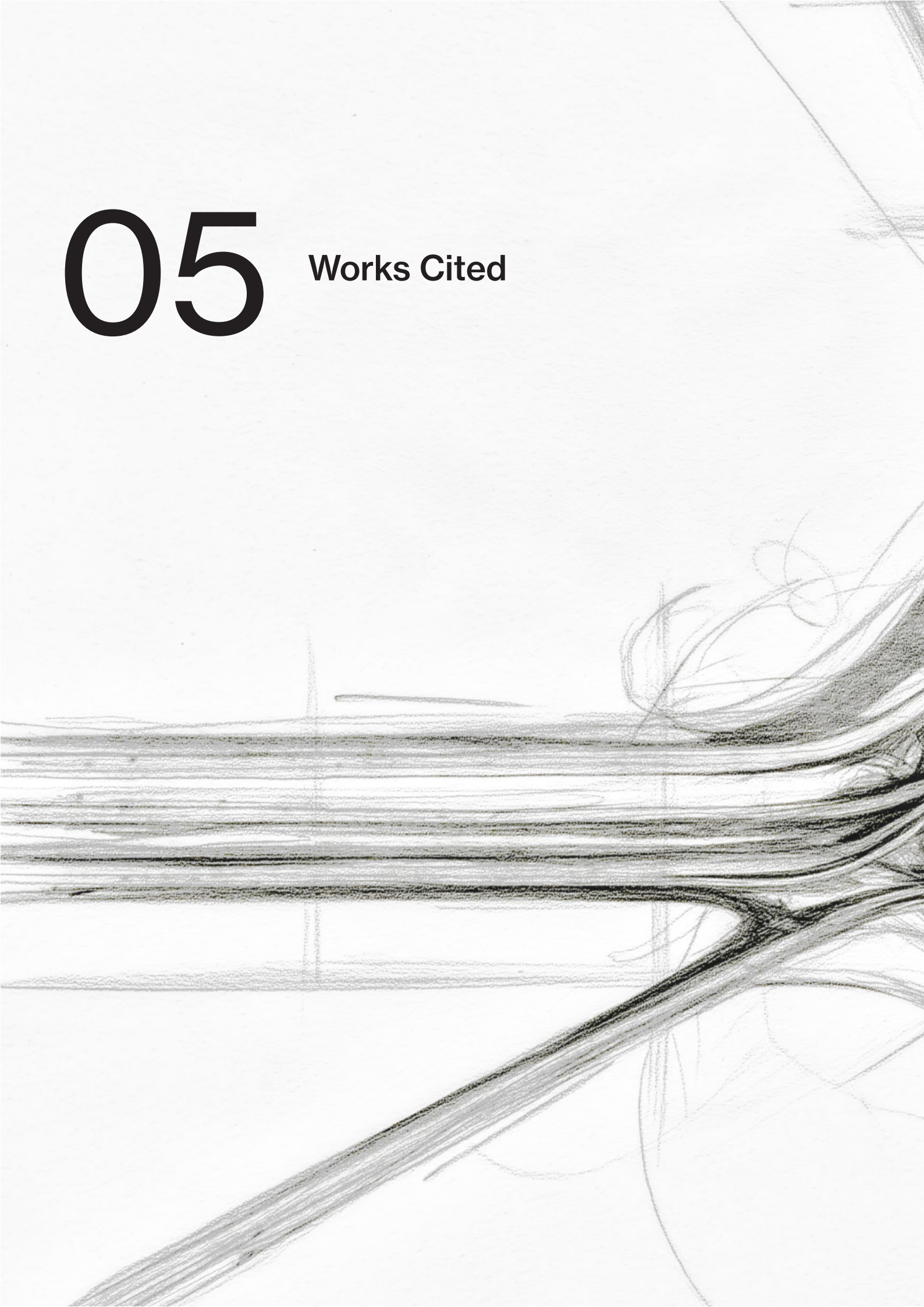
Structural problem	Strategic principle	Illustrative application developed in this primer	Areas requiring further work
State-owned companies oriented away from their role as developmental institutions	Restore state-owned companies as public builders, operators, planners and price-stabilising institutions, and expand social ownership to include worker-owner structures where appropriate	Re-bundle Eskom and retain transmission in full public ownership; establish Eskom Green as a publicly financed build programme; create an Eskom Green Workers' Planning Council; tie infrastructure spending to domestic production and knowledge transfer; use integrated planning and cross-subsidies to support universal and affordable access	The developmental mandates of Transnet, PRASA, municipal utilities and other state-owned companies; cross-sector infrastructure coordination; governance models combining public ownership with worker and community control; the conditions under which ESOPs and cooperatives deliver real control rather than nominal shareholding
Disconnected demand-, supply- and industrial-policy interventions	Coordinate procurement, trade policy, finance, skills programmes, infrastructure and production through sectoral planning	Sequence renewable-energy procurement against audited domestic capacity; use Eskom Green and public procurement as demand anchors; support the ITAC value chain determination; align localisation rules, development finance and skills pipelines with a scheduled build programme	Public transport, ports, rail, water systems, housing, communications and other strategic value chains where public or regulated demand can support productive capacity; how demand that sits outside public procurement is handled in different sectors
Social dialogue and consultation are uneven and often ceremonial	Make collective bargaining and reciprocal social conditionality integral to industrial policy	Attach employment, wage, training, domestic production, reporting and re-trenchment conditions to negotiated electricity tariffs, public procurement, trade protection and manufacturer incentives; as part of this, require a recognised union to co-sign; establish sanctions and forfeiture provisions; publish the criteria and register of all bilaterally negotiated relief	Sectoral bargaining arrangements, union capacity, standard social clauses, monitoring systems and enforcement mechanisms across industries; the legal form through which masterplan commitments can be made binding
Financialization and dependence on private-capital mobilisation	Mobilise long-term public finance and discipline recipients of state support	Use concessional public finance and development-bank lending for strategic infrastructure rather than private offtake and to support and incentivise green worker-owner structures; redesign the municipal financing model; require a published distributional impact assessment with labour input and response period before each tariff determination	Interest-rate policy, capital controls, exchange-rate exposure, development banking, fiscal constraints, public debt and the international financial architecture

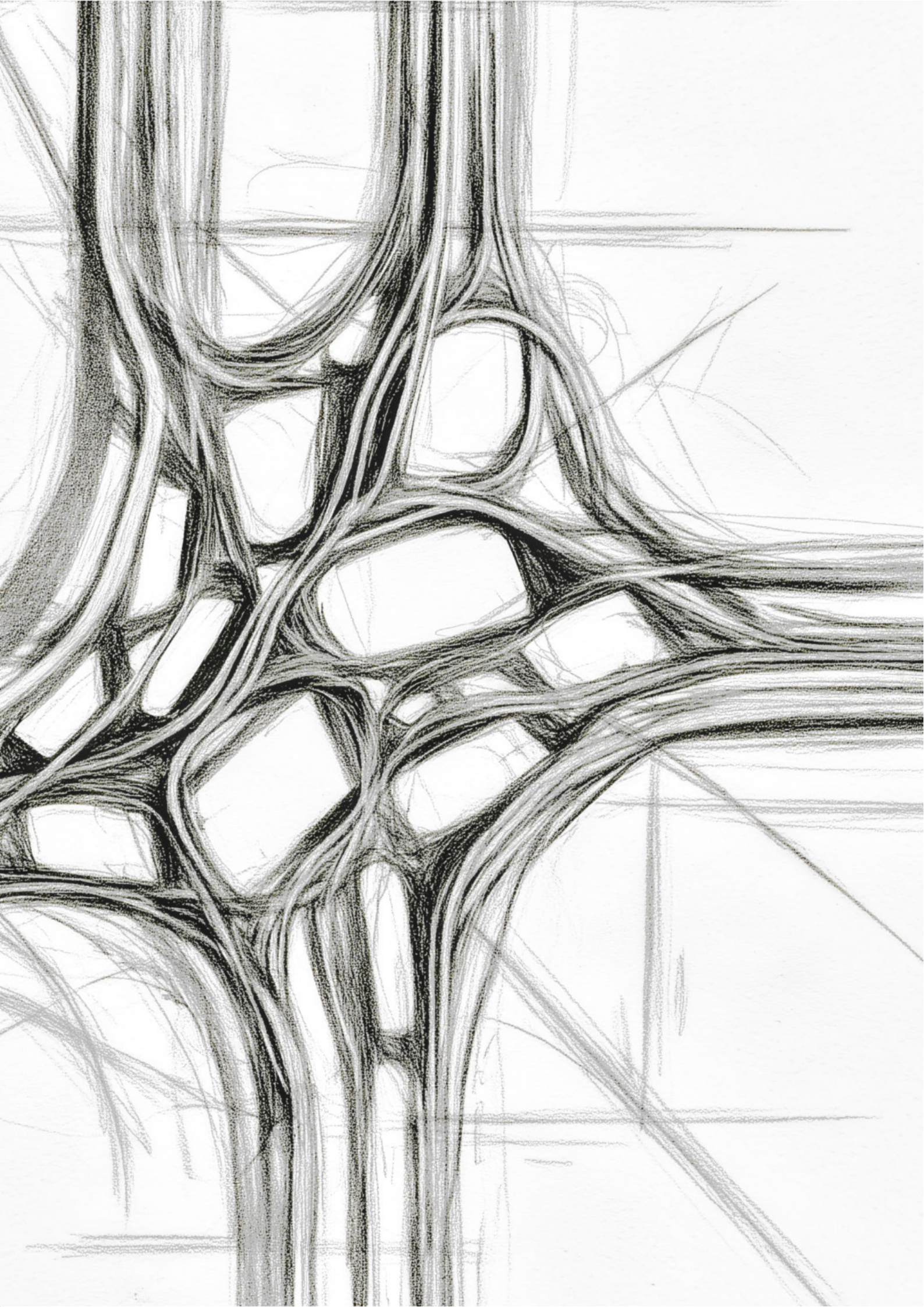
Structural problem	Strategic principle	Illustrative application developed in this primer	Areas requiring further work
Competitive and fragmented regional production strategies	Build regional public-public coordination and aggregate demand	Develop SADC buyers' clubs and public-public procurement arrangements for electrical equipment, linked to shared standards, skills development and enforceable technology-transfer requirements; offer South African port, road and rail capacity as shared regional infrastructure	Regional allocation of production, financing, governance, infrastructure sharing, labour standards, trade rules and mechanisms to prevent South African industrial dominance; the SADC-level instrument for cross-border climate adaptation



05

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