

Solar industry: ‘South Africa shouldn’t waste public money on local manufacturing’

By  Lindsey Schutters

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South Africa's push towards renewable energy presents a complex puzzle. While solar and wind power promise to curb costs and create jobs, establishing a domestic supply chain to support the transition faces significant challenges.



Solarworld Africa hosted a partner conference in Cape Town for its 40th anniversary

Industry insiders, like Gregor Küpper, managing director of SolarWorld Africa, acknowledge these hurdles. Global competition is fierce, with entrenched international players, particularly from China, boasting excess capacity and aggressive pricing. This makes it difficult for South African manufacturers to compete.

“I don't wanna sound too negative there but, in the light of the international manufacturing landscape; there's already such a high overcapacity that, we saw, for example, a price drop in modules. We can be very transparent. The price drop of modules within six months of nearly 50%,” says Küpper.

“I would highly doubt that a South African manufacturer would survive the fight because the largest non-Chinese manufacturer globally didn't survive.”



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He argues that public investments might be better directed towards skills development in areas like installation, maintenance, and engineering.

Focusing on building a local manufacturing base might not be the most efficient use of resources.

Cost savings

Another challenge is quantifying the economic benefits of the transition. While cost savings from renewables can stimulate other sectors as consumers spend their freed-up resources elsewhere, these benefits can be challenging to measure

precisely.

The shift to renewables could also exacerbate social inequalities. Those who cannot afford new solar systems risk being left behind, placing a further strain on already stretched government resources.

However, the long-term outlook remains positive. There is potential for job creation similar to the historical shift from horse-drawn carriages to automobiles.

As the renewable energy sector grows, it has the potential to create new opportunities across the economy.

Strategic partnership

To navigate these challenges, South Africa needs a well-defined strategy. Collaboration with technology providers like Huawei and Sungrow can be instrumental.

By working together, they can update training curriculums to ensure South Africa has the skilled workforce needed to thrive in the new energy landscape.

Furthermore, fostering research and development focused on locally-relevant renewable energy innovations could provide South Africa with a long-term competitive edge.

ABOUT LINDSEY SCHUTTERS

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