



ASSIGNMENT MEMORANDUM

SUBJECT : INTERNATIONAL ECONOMICS (IE)

ASSIGNMENT : 1st SEMESTER 2010

Study note references:

Introduction to the Study Notes, Study Unit 1, and Study Unit 6, set the background of the structure of the South African economy and South Africa's foreign trade. As this assignment requires research, there are no specific study references to climate change.

There is good coverage on several websites, and information should be presented within the framework suggested and correctly referenced. Two examples of sources available on the Internet are:

Turpie, J., Winkler, H., Spalding-Fecher, R., & Midgley, G. *Economic Impacts of Climate Change in South Africa: A Preliminary Analysis of Unmitigated Damage Costs*.

Southern Waters Ecological Research & Consulting & Energy & Development Research Centre. University of Cape Town. [Online] Available:

<http://www.fitzpatrick.uct.ac.za/pdf/turpie02.pdf> [February 2002]

A National Climate Change Response Strategy for South Africa. Department of Environmental Affairs and Tourism. [Online] Available:

http://unfccc.int/files/meetings/seminar/application/pdf/sem_sup3_south_africa.pdf

[September 2004].

ASSIGNMENT [90]

This assignment gives students considerable freedom to conduct their own research and present their own explanation and assessment of their findings.

Students were guided to focus their assignment on the economic impact on South Africa of likely climate change and examine the implications for economic resources such as agriculture, mining, industry and tourism, as well as energy and water.

Assignments should therefore be broadly structured as follows:

1. Climate change
 - 1.1. What it is, what is influencing it?
 - 1.2. What the effects on South Africa are forecast to be.
 - 1.3. Students should comment on changes in specific regions – which ones are

likely to have less rainfall, which ones might have more, where temperatures are likely to rise significantly, and so forth.

2. Agriculture

- 2.1. The most obvious direct effects of climate change, including water availability, are on agriculture.
- 2.2. Students should look at South Africa's major crops – those that are consumed locally and exported e.g. maize, wheat, fruit. The impact of possible changes on South Africa's agricultural exports should be considered.
- 2.3. They should also look at the crops that are grown mostly for local consumption.
- 2.4. Livestock production will also be affected because of changes in available grazing. This has implications for meat and dairy production.
- 2.5. To what extent might South Africa's food security be compromised?
- 2.6. What agricultural activities are likely to move where?
- 2.7. What will be the effect on provincial economies?

3. Mining

- 3.1. Climate change will not have an immediate direct effect on mining.
- 3.2. However, environmental restrictions could have serious implications for energy, which in turn would affect mining activities.
- 3.3. There might be increasing pressure from developed countries for more processing of minerals to be done at source, even though this would be a short-sighted response.
- 3.4. The impact of the above considerations on South Africa's exports and, where relevant (e.g. oil), imports should be considered.

4. Industry

- 4.1. The energy and water argument will affect industry as well as mining.
- 4.2. However, it would boost the development and growth of labour-intensive industry, so might have a positive impact on South Africa's job creation.
- 4.3. There should be some evaluation of industries that are dependent on agricultural or mining activities – the wine industry is one, and the steel industry is another.

- 4.4. Most South African companies in the manufacturing industry contribute to exports. Some contribute quite substantially, and the impact on industrial exports should be considered.
 - 4.5. Effects of climate change on the South African economy could also have an impact on what and how much South Africa imports: students should take this into account.
5. Tourism
- 5.1. Students may not have the breadth of vision for this sector.
 - 5.2. If climate change, though inevitable and disruptive, is handled well, the country could still remain a prime destination for tourists – assuming that energy problems will allow them to travel here!
 - 5.3. In fact, as other sectors may become restricted, tourism might become even more of an income earner.
 - 5.4. The job creation potential of tourism is important.
 - 5.5. Students may, however, put forward arguments that suggest tourism will suffer along with other economic sectors.
6. Students should take into account possible international restrictions on emissions even though there is little sign at this stage of unanimity on this issue.

PRESENTATION

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