

Media Release

Wednesday 06th October 2010

Eastern Cape Government welcomes Project Mthombo

The Eastern Cape Provincial Government says it is pleased with the confidence placed in the province by the Minister of Energy in choosing the Coega Industrial Development Zone (IDZ) as the preferred location of the multi-billion dollar crude oil refinery, called Project Mthombo. The refinery will produce diesel and petrol to meet domestic and regional supply shortfall for liquid fuels, and will ensure that our country is not over-relying on imported fuel products.

On Tuesday, The Minister of Energy Ms Dipuo Peters, said in response to a written question in Parliament that she "intends tabling the matter before cabinet in the near future." Peters said "the results of the pre-feasibility study and associated studies indicated that the project was technically feasible and commercially viable. The refinery location in Coega could provide much needed growth opportunities in the Eastern Cape Province."

Mr Mcebisi Jonas, MEC for Finance, Economic Development and Environmental Affairs, says Project Mthombo now forms an integral part of the Eastern Cape province's strategic economic plan.

"It will have a major positive impact on the socio-economic development in the Eastern Cape which traditionally has been one of the poorest provinces in South Africa," says Jonas. The Eastern Cape provincial GDP will rise by between 3.5% and 5.5% from the overall investment.

"In my view PetroSA as the state-owned enterprise with the expertise in petroleum refining is ideally placed to address socio economic issues like poverty alleviation, job creation and most importantly economic transformation in the region."

"There is no doubt that a project of this nature will also spur the development of major downstream opportunities and stimulate the establishment of associated industries," he said.

Project Mthombo, scheduled to be operational in 2016, has the potential to unlock the regional growth potential and strengthen forward and backward linkages between the various sectors of the economy, most notably the auto and petro-chemical industries.

"The proposed refinery will have a positive impact on impoverished communities. During the construction phase, about 27 500 jobs will be created and 18 500 permanent jobs once operational.

Jonas welcomed the establishment of a Centre of Excellence in Coega as part the plan for skills development and training. It will teach people the necessary skills required for constructing and operating the refinery. "A child growing up in the rural villages of the province now has the opportunity to become an engineer at the refinery in the near future," says Jonas.

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The Competitive Supplier Development Programme (CSDP) that PetroSA has put into place makes provision for the development and transfer of skills to local SMME's to enable them to compete on an equal footing with established local and international companies.

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The project will further channel economic activities to Broad-based Black Economic Empowerment contractors. Business opportunities will be created in the transport, engineering, accommodation, catering, entertainment, sport, security, construction and basic services sectors.

“Other key strategic projects to be implemented in the current term of Government by DEDEA are in the logistics, water and energy, telecommunications, renewable energy, forestry and agriculture and environmental sectors. These projects will contribute in addressing the challenges hindering economic activity in the province”, said MEC Jonas.

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Note to the editor:

Department of Economic Development and Environmental Affairs (DEDEA):

DEDEA strives for building a province where all her people share the benefits of sound environmental management, sustainable development and economic growth.

DEDEA’s mission is to provide strategic leadership in developing a people-centred, equitably shared, green economy through effective programmes, strategic partnerships and responsive services.

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