**THE NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**Question 1543**

**Mr G G Hill-Lewis (DA) to ask the Minister of Trade and Industry:**

(1) Whether the new R1 billion incentive programme for agri-processing, announced during the Debate on Vote 34 – Trade and Industry, Appropriation Bill in the National Assembly on 23 May 2017, is an entirely new budget allocation; if not, what is the position in this regard; if so, what are the relevant details;

(2) will the specified incentive programme be funded by a virement from other incentive programmes; if not, what are the relevant details; if so, (a) from which other incentive programmes, (b) what will be the total amount in each case and (c) why has a similar commitment to the continuation of the Manufacturing Competitiveness Enhancement Programme not been made? NW1744E

**Response:**

The MCEP is one of the key programmes of IPAP to encourage manufacturers to upgrade their production facilities in a manner that sustains employment and maximises value addition in the short to medium term. The Agro Processing sector was the highest beneficiary of the programme, resulting in a number of economic benefits including higher quality products, improved customer responsiveness, greater productivity and improved profitability. Most retained jobs and indirect jobs from the support emanated from this sector. Given the importance of Agro processing to revitalise rural economies, its relative low barrier to entry for new entrants, the need to provide post drought Agri input market access, **the dti** has prioritised competitiveness enhancement support for this sector. Unlike the previous MCEP which only catered for expansions, the support will enable both new and existing firms to invest in better technology and expand their facilities in a manner that retains and creates new job. Agro Processing Support Scheme will be funded from the additional 2017 MTEF allocation for manufacturing incentives.

The MCEP comprised of two sub-programmes namely production incentive and the Industrial Loan facility managed by **the dti** and IDC. The industrial loan facility was re-launched in September 2016 and continues to support qualifying manufacturing companies.