Debate on Vote 39: Trade, Industry and Competition (GHC)

24 May 2023

Hon. Z Majozi

GHC, 17H15

Hon. Chairperson,

This government has proven time and again that it is not capable of creating the kind of stability required for a stable and attractive trade and industry environment in South Africa.

Across the board whether it be mining, food, health care, and most other industries, business is extremely concerned that failed statehood is now fast becoming a foregone conclusion. Grid collapse being the straw that is set to break the camel’s back. It is reported that last year power cuts cost between 7-8% of gross domestic product.

The South African rand plummeted to its lowest levels against the British pound in three years last week, nearing R25 to 1GBP.

Private enterprise is throwing its hands up in exasperation as the situation worsens daily leaving private enterprise to find solutions and alternatives to growing government incompetency and ineptitude.

The challenges are many and varied, but the main ones remain that of power, crime and transport logistics. These are all key to current and future business growth and foreign investment.

If we add South Africa’s ‘grey’ and unclear stance on certain international issues such as the situation in the Ukraine, Israel/Palestine, and the continued membership of the International Criminal Court, matters only become bleaker with South African business and its citizens becoming the net losers.

Agreements such as the**United African** Growth and Opportunity Act (AGOA) swings precariously in the balance due to the above and is placing billions of Rand worth of preferential trade between the US and SA at risk. Is this the time domestically to be fence-sitting internationally Hon. Chairperson? Diplomatic disagreements will definitely hurt more than help our domestic trade situation at this juncture and government should be doing all it can to restore good relations with all international partners.

Global investors did not respond well to the Presidents possible stepping down in December 2022, and this still worries business as it could happen again. What is being done to assure foreign investment that it wont?

This crisis has given rise to impact investing which are cross sectoral initiatives aimed at the deployment of capital that optimises financial, social and environmental returns.

As with many great initiatives in South Africa, we are met by a government that consistently shows its slow and disinterested approach to seeing through the success of programmes. The African Free Trade agreement, we hope will not be one of these but we won’t hold our breath. The African Free Trade Agreement is something that is supposed to unite and get Africa working, yet South Africa is struggling to get working. According to a 2014 World Bank report, approximately 80 percent of poverty reduction is due to a nation’s economic growth through free trade and free markets. Free trade and free markets are also what halved global poverty between 1981 and 2005.

The weak commitment from government in brining those to book over fraud, bribery, corruption and state capture leaves us wit little hope that we have the institutions strong enough to stave off the opportunistic criminals from other continental countries. We are concerned with how SARS will be capacitated to manage illicit financial flows and monitor monies owed to the revenue collector from foreigners who conducted business in South Africa.

The budget of this department does not sufficiently address these concerns which we fear is but another missed opportunity for South Africa to rebuild, reclaim and extend its economic development. For example, there is no dedicated funds to address the lack of infrastructure support for industrial zones of South Africa so that once free trade opens up between fellow African countries. We must be in a position to capitalise on the benefits of opening up borders to other African countries for trade so that our people are the ones to benefit.

The IFP supports the budget.

Points to talk on if time allows:

* Will Eskom be able to service increased economic activity from free trade
* Whether we have sufficient police / judicial services to deal with foreign criminals – do we have agreements from other countries for prosecution?