

Industrial Policy Action Plan

**Economic Sectors &
Employment Cluster**

IPAP 2013/14 – 2015/16



the dti

THE DEPARTMENT
OF TRADE AND INDUSTRY
SOUTH AFRICA



CORE OBJECTIVES OF THE IPAP

- **IPAP 2013/14–2015/16 is the fifth iteration of the dti’s three year rolling action plan. It is aligned with the MTEF and covers the last full financial year in the term of the present administration.**
- **The IPAP is informed by the long term vision of the National Development Plan (NDP) and is both framed by and constitutes a key pillar of the programmatic perspectives set out in a series of ‘drivers’ and ‘packages’ contained in the New Growth Path (NGP).**
- **Government policy set out in these and other documents seeks to ensure a restructuring of the economy to set it on a more value-adding, labour-intensive and environmentally sustainable growth path.**

Diversify the economy: provide strong support for value added manufacturing, especially in globally competitive non-traditional tradable goods & services

Promote a labour-absorbing industrialisation path with systematic employment-creating linkages

Industrialisation model focussed on inclusion of historically disadvantaged people and regions

Contribute towards industrial development in Africa, focussed on infrastructure, productive capacity and regional integration

Long term intensification of South Africa’s industrialisation process and movement towards a knowledge economy

CONTEXT ISSUES

Consumption-driven growth path

- SA's growth path has hitherto been characterised by consumption-driven sectors growing at twice the rate of its productive sectors.

Financialisation & import intensity

- The economy has experienced extensive financialisation, but the financial sector has not supported productive sector investment; growth has been import-intensive rather than based on growth in the domestic production sector.

Structural unemployment

- High structural unemployment has remained a constant, oscillating between 22,5% and 25% on the narrow definition.

UNDERLYING PRINCIPLES OF IPAP

Driving structural change in the economy

- IPAP's goal is to bring about significant structural change in the economy, reverse the threat of deindustrialisation and strengthen and diversify SA's manufacturing base, especially in value-adding, labour-intensive strategic sectors.

Defending & promoting industrial development

- IPAP is predicated on the state supporting, nurturing & defending industrial development; it seeks to assert state leadership in a context where the state largely 'steers but does not row'.

Refining conditionalities & obligations

- IPAP seeks to implement stronger developmental conditionalities and extract stronger reciprocal obligations from beneficiaries of state support in areas such as competitiveness upgrading, employment retention and creation, investment etc.

PRINCIPLES INTO PRACTICE

State coordination

- IPAP is a product of the Economic Sectors and Employment Cluster: successive iterations set out transversal & sector-specific Programmes and Action Plans with time-bound milestones assigning lead and supporting responsibilities to departments and institutions.

Research, learning and dialogue

- IPAP bases itself on sound research, intensive stakeholder engagement, identification of market failures, 'self-discovery' and learning-by-doing. This methodology has proven to be an important tool for planning, management, monitoring & evaluation, oversight, stakeholder engagement and intra-government integration and co-ordination.

Overcoming adversity

- Significant, demonstrable progress has been achieved in the face of extremely unfavourable global and domestic economic conditions.
- Continuously widening acceptance and support for IPAP objectives has been achieved through principled engagement with both business and labour stakeholders; new platforms have been created and solid foundations laid for the deepening and extension of industrial policy to achieve broader industrial and economic development objectives.

IPAP ACHIEVEMENT HIGHLIGHTS

- **We have selected a range of achievement highlights over the past year.**
- **These highlights do not represent an exhaustive list of all the outcomes and progress platforms built in the course of the previous year.**
- **They serve as a snapshot of a much more substantive body of work which underpins these achievements, based on a set of critical and indispensable principles for industrial policy and industrial development. These are as follows:**

The interventions rested on sound economic research and analysis, identifying market failures and designing the most appropriate measures required to address these

Programmes and specific interventions have been the subject of significant stakeholder engagement and benefit from a critical mass of support from stakeholders

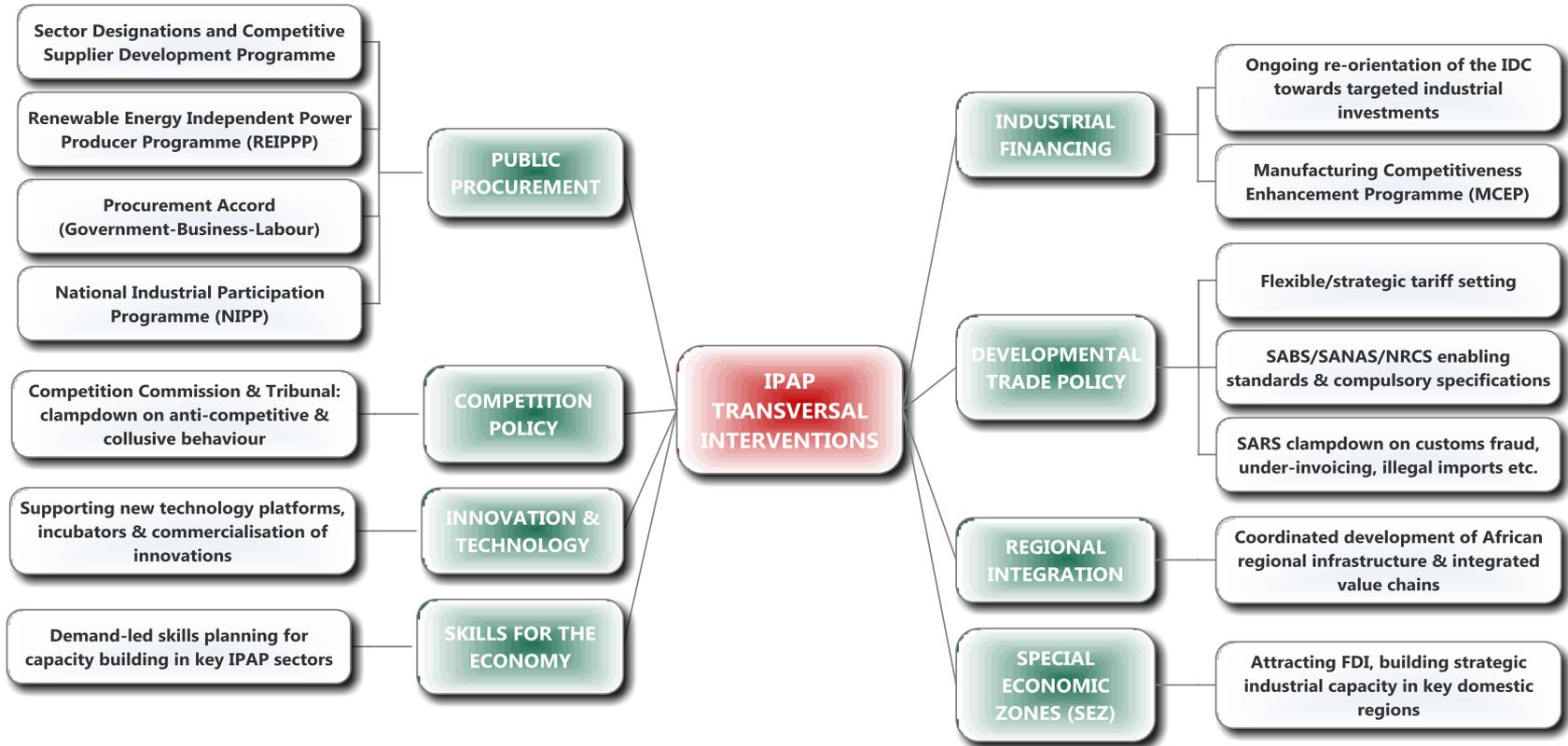
Appropriate funding and human resources existed to take the interventions forward

The programmes and interventions had the necessary intra-governmental co-ordination and cooperation critical to their success

IPAP: FITTING IT ALL TOGETHER

- **IPAP is built around a set of interlocking transversal and sector-specific interventions**

IPAP TRANSVERSAL INTERVENTIONS



Achievement Highlights: Transversal

Public procurement 1

dti/Treasury finalised the regulatory framework & verification process to be used by SABS in designations for public procurement

• Progress on first round sector designations:

- In Dec 2012 PRASA awarded a 10-year contract to build 3 600 coaches to Gibela Rail Consortium - committed to achieve 69% local content over the duration of the contract
- Transnet Freight Rail issued an RFP for procurement of 1064 locomotives as part of its R300 billion, 7-year capital investment programme. The RFP incorporated 55% (diesel) and 60% (electric) local content requirement
- Eskom amorphous transformers tender issued: contract awarded to local manufacturers with 80% local content requirement

• Progress on second round sector designations:

- R2.55 bn Oral Solids Tender awarded, with SA firms (Aspen Pharmacare & Adcock Ingram winning ±R1bn of the tender
- School & office furniture designated for state procurement

Public procurement 2

3rd wave" of designations to include:

- Valves, manual and pneumatic actuators; electrical and telecommunications cables; solar water heater components
- **NIPP: National Industrial Participation Programme**
 - Adopted by Cabinet and fully aligned with the Competitive Supplier Development Programme (CSDP), which governs localisation requirements in SOC procurement practices
- **REIPPP: Renewable Energy Independent Power Producer Procurement Programme**
 - 47 bids awarded, with minimum levels of local content ranging from 25%-45%; set to rise to max. 65% in solar, wind & solar CSP
 - A hotline and email address have been set up at both at the dti and SABS to deal with reports on non-compliance with local content regulations
- **Set-top boxes:** The soft launch for digital migration was undertaken by the DOC in September 2012 in the N. Cape; manufacturing and digital migration to begin in 2013

Achievement Highlights: Transversal

Industrial financing 1

Continuing re-orientation of the Industrial Development Corporation (IDC) to finance IPAP / NGP sectors:

- IDC calculates that 111,349 jobs were saved or created through funding approvals 2009-2012
- R12.9bn worth of approvals, expected to create/save \pm 14,500 jobs
- R5.5bn committed for investment in the Green Economy
- R1.1bn committed for investment in agriculture & forestry value-chains
- R501m approved for the clothing and textiles sector - expected to save 2,400 jobs
- R5bn private 'green bond' concluded with the Public Investment Corporation to facilitate funding for businesses looking to invest in clean-energy infrastructure developments
- IDC to further lower costs by sourcing R2bn from the UIF, specifically for labour-intensive industries
- Government's Green Fund, administered by the DBSA,, has processed 590 applications for sustainable development projects worth R10.9 bn

Industrial financing 2

R&D Tax Allowance: Since inception (2005/06-2009/10) tax breaks under the scheme are estimated to total around R2bn

- The 12(i) Tax Incentive has supported large manufacturing investments worth R6.8bn; 1,115 jobs expected to be created
- By June 2012, R632m of the available R1bn rebate to the auto sector for containers and wheels for export had been paid out
- **MCEP: Manufacturing Competitiveness Enhancement Programme**
 - Launched in May 2012, with a budget allocation of R5.8bn over the current 3-year MTEF period
 - To date, 110 applications have been approved for grants valued at R512.5m (under the Production Incentive and the Working Capital Loan Facility). Sectoral distribution as follows:
 - Agro-processing: R384m; metals: R111m; the remainder spread across the chemicals, plastics, electro-technical, printing and film sectors; 98% for capital investments
 - 16,107 jobs will be retained as a result of MCEP grants

Achievement Highlights: Transversal

Administered prices & Developmental Trade

REDUCTIONS IN ADMINISTERED PRICES

- The Transnet National Ports Authority has committed to changing its pricing model in favour of the export of manufactured goods by lowering tariffs on tradable exports by 40% from 1 April 2013
- DTI influential in NERSA approving only a 8% increase in electricity tariffs versus the 16% proposed by Eskom.

FRAUD, ILLEGAL IMPORTS, SUB-STANDARD GOODS

- Roll out of the Customs Modernisation Programme and launch of the SARS-dti-Industry Forum to integrate anti-fraud measures
- SARS/Customs-led technical capacity upgrading programme under implementation at ports of entry - including real-time electronic systems, risk engine and reference price monitor
- An electronic case management & inspection process is being rolled out to the SACU region, superseding the current manual stop-and-inspect process
- Illegal imports of clothing and textile sectors being tackled under the Reference Price System; SARS to extend the system to other sectors
- An additional 1,500 personnel have been added to Customs Operations
- SARS has awarded "Preferred Trader Status" to strictly compliant importers, in order to reduce their regulatory burdens

Competition Policy

FUEL

- Competition Commission referred a case of collusion against a group of oil companies to the Competition Tribunal

STEEL

- Continuing and deepening investigation into excessive pricing

CEMENT

- Settlement of R148.7m reached with Lafarge

TELECOMMUNICATIONS

- Telkom fined R449m for market abuse

FOOD

- R88.5m settlement with FoodCorp on price-fixing in the wheat flour and maize-meal sub-sector
- Competition Commission settled a R16.7m price-fixing case in the poultry sub-sector against Astral Operations
- Oceana fined R35m for price-fixing

Achievement Highlights: **Transversal**

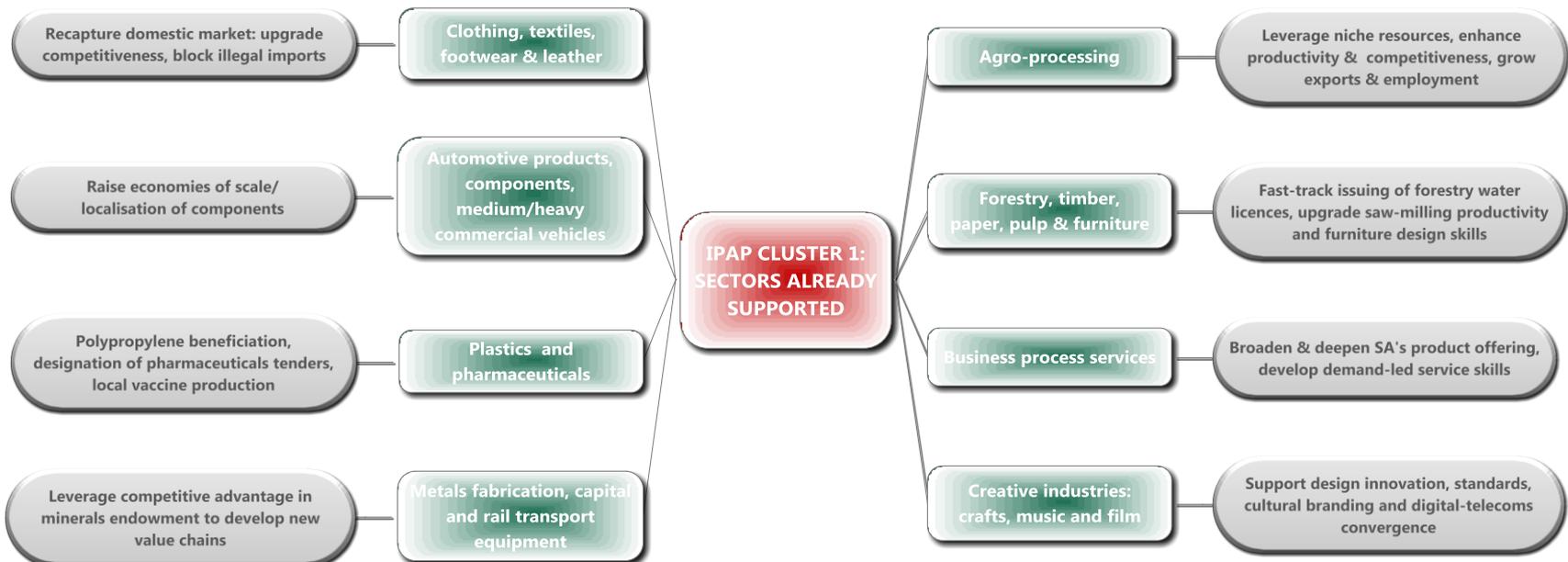
Iron and steel value-chain

Cabinet signed off on proposals of the Inter-Departmental Task Team (IDTT) on iron and steel. Work in progress includes:

- Finalisation –after public consultation - of the Regulations to limit the unencumbered export of scrap metal and to support domestic producers, under the provisions of the International Trade Administration Act and Second Hand Goods Act. (Export of scrap closely associated with highly deleterious cable and metal theft and masking of illegal export of precious metals). Work led by EDD.
- Amendments to the Competition Act, to limit the abuse of dominant market position in key value chains - especially iron and steel and plastics and polymers - and to lower the cost of strategic inputs into manufacturing. Work led by EDD.
- Build competition in the iron and steel sector through the introduction of at least one more steel producer. Work led by the IDC to include a foreign investor is well advanced; new technology and strong conditionalities to ensure that developmental ore prices are passed through as a competitive advantage to the manufacturing sector

IPAP SECTORAL INTERVENTIONS 1

Sectors supported since 2007: scale up and broaden interventions



Achievement Highlights: Sectoral 1

Automotives

the dti created a "People Carrier" automotive incentive scheme for mini- and midi-bus taxis, to grow local assembly and production

- Chinese automotive company First Automobile Works (FAW) commenced with the construction of a truck plant in Coega
- Beijing Automotive Works (BAW) invested R196m in a taxi assembly plant for the SA/sub-Saharan markets
- Toyota SA opened its new Ses'fikile taxi assembly line in Durban, and a new R363m parts distribution warehouse (Africa's largest)
- Friedrich Boysen gmbh invested R180m in a new 10,000m² plant, due to open in mid-2013; to supply 90,000 exhaust systems annually to Mercedes Benz SA
- Mercedes Benz SA has begun a recruitment drive for 600 new positions in preparation for production of the new C-class in 2014
- 128 projects approved under the Automotive Investment Scheme (AIS); investments of R12bn; incentives of R3.4bn; currently sustaining 56,197 jobs
- In 2012 the dti-sponsored 3-yr Supplier Development Programme came to an end, with 65 companies having benefitted from improvement interventions
- End 2012: BMW South Africa introduced a 3rd shift at its Rosslyn plant

CTLF Sector

Clothing & Textiles Competitiveness Programme (CTCP) has stabilised sectoral production and employment

- Since the introduction of the CTCP, the employment decline has been halted and more than 12,205 new decent permanent jobs have been created
- A number of local retailers are now committed to local procurement and are participating in the dti's CIP Cluster programmes. Foschini have even taken over CMT operations like Prestige Clothing in order to ensure that they grow their local procurement base
- A combined approval to date of more than R 1.5 bn has been achieved and already over R800 million disbursed to the participating enterprises.
- The CTCP is now supporting 49,888 jobs out of a total of 101,511 in the sector
- The footwear sector projects an increase in shoes produced from 52 million to 100 million in next three years
- ±32,000 employed in the footwear & leather value chain
- Over 469 companies assisted under the CTCP Programme

Achievement Highlights: Sectoral 1

Metals fabrication, capital & rail transport equipment

the dti was instrumental in the opening of a R1 bn metals coating facility (Safal Steel) in KZN

- R200m was allocated from the National Skills Fund to train 970 new apprentices under the National Tooling Initiative
- 345 workers were trained under the National Foundry Technology Network
- Under the guidance of a mediation process facilitated by the **dti** sector desk, Sishen Iron Ore Company and Arcelor Mittal South Africa concluded an iron ore interim supply agreement in December 2012
- The Minerals and Petroleum Resource Development Act (MPRDA) Draft Amendment Bill 2012 was published for public comment in Dec 2012; aimed at strengthening provisions to support beneficiation
- Policy Paper and Amended Regulations were gazetted in January 2013 for public consultation; aimed at strengthening export control measures on scrap metals
- Continuous **dti**-SOC engagement on supplier development and localisation has led to significant institutional restructuring at Eskom and Transnet, with new units created at executive level

Pharmaceuticals

the dti was instrumental in securing the application of Regulation 9.3 ("Promotion of Local Contents and Production") of the new Preferential Procurement Regulations to the Large Volume Parenterals (LVP - tender code HP-11) and blood fractions tenders which were not designated.

- Almost 100% of the two tenders - 100% of the blood fractions tender (worth R294m) and 99.4% of the Large Volume Parenterals tender (worth over R750 million) - were awarded to SA manufacturers Adcock-Ingram, Fresenius-Kabi and the National Bio-Products Institute
- 65% of the ARV tender (code HP-13, value R 5.8bn) awarded to SA manufacturers
- **PROJECT KETLAPHELA**
- **the dti** provided the necessary financial support for the commencement of the R 1.5 billion ARV API project, due to start with the construction of a R105m pilot plant in Pelindaba. The entire project is scheduled for commissioning in Q3 of 2016 and will create approx. 350 hi-tech jobs

Achievement Highlights: Sectoral 1

Agro-processing 1

Progress under the Agro-Competitiveness Investment Fund

- Since the launch of the **Agro-Competitiveness Investment Fund**, the following progress markers may be noted:
 - 16 approvals have been made, to a total value of R76 million - R52.7m of which has already been disbursed; 11 towards investment in the business process (totalling R74.7 million) and 5 under the Business Support Grant (totalling R1.3 million)
 - The average investment size is R5.7 million; 409 new jobs will be created
- **dti** intervention saved 2,000 jobs in SAPPI and FoodCorp
- **the dti** developed 12 new products for the fruit canning sector
- **the dti** has developed joint Action Plans with a number of major companies in the sector including:
 - Astral (construction of a new feed mill in Standerton began in October 2012); Tiger Brands (new investments worth R1bn); ClemenGold, Iglaas Foods and the Wellington Group
- **Biofuels:** Broad agreement has been reached by the Inter-Departmental Team on the design of a fiscal incentive for the biofuels industry. The following key benefits are expected:
 - R8.9bn annual savings on the balance of payments
 - The creation of 55,000 new jobs
 - Reduction of 498,000 tonnes p/a in CO₂ emissions

Agro-processing 2

the dti and FABCOS launched agro-processing investments worth R1.2 billion to assist in growing sustainable HDI owned/controlled SMMEs and support the retailer/supplier development model; the investments are in small-scale milling, malt plants, snack plants, blended foods and incubator farms

- **the dti** launched the Emerging Organic Farmer/Retailer Programme with Pick 'n Pay, Shoprite and Spar; providing shelf space and support to emerging organic farmers' cooperatives
- **the dti** and DAFF approved the Aquaculture Development and Enhancement Programme (ADEP) - an incentive scheme to increase investments in the sector, enhance competitiveness and grow employment
- **Rooibos and Honeybush products**
 - Through its facilitation work with Rooibos products, **the dti** was instrumental in Coetzee & Coetzee Tea winning an order for 800,000 boxes of Rooibos for the Chinese market
- **Soya Bean Strategy**
 - RusselStone Pty (Ltd.) has invested R150m in a new soybean processing facility which has been approved under the Manufacturing Investment Programme (MIP)

Achievement Highlights: Sectoral 1

Film industry

South Africa's film industry contributed R8bn to the economy between 2008 and 2012

- The movie **Mad Max 4 - Fury Road** - one of the biggest (\$125m) feature films ever brought by Warner Bros to SA - was approved and is currently being filmed in SA and Namibia.
- On the basis of sustained **dti** support, South Africa has already attracted an impressive roster of locally shot blockbuster films, including **Chronicle** and **Safe House**, starring Denzel Washington and Ryan Reynolds, the 3D comic-book adventure "Dredd," and the TV drama "Mary and Martha," starring Hilary Swank
- 23 films approved by the dti were premiered at the Durban International Film Festival (DIFF) in July 2012
- **The Adventures of Zambezia**, a locally-produced animated feature film, was selected as the closing film and received outstanding nominations. The film performed excellently at the box office, out-performing *Judge Dredd*; and is said to be doing extraordinarily well in Russia

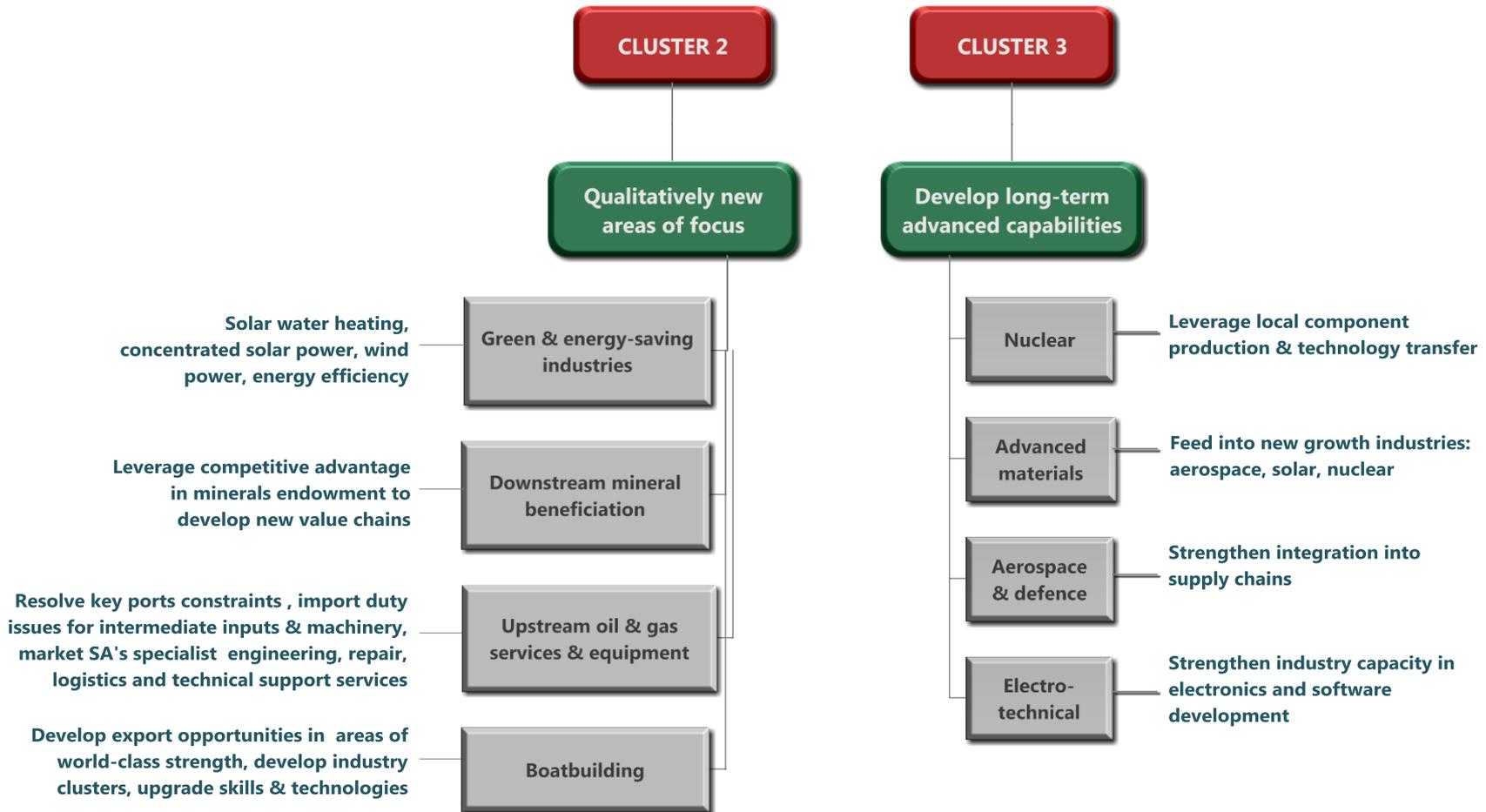
Business Process Services

Over the past five years, South Africa has emerged as a global competitor in BPS & Off-shoring, attracting many of the world's biggest service providers.

- Over the course of the past five years, South Africa has emerged as a global competitor on the BPS & Offshoring stage, attracting a number of the world's biggest outsourcers/service providers.
- These include Aegis, Capita, Genpact, Global Telesales, IBM, British Gas, Amazon, ASDA, Bloomberg, WNS, Serco, iiNet, Kleinwort Benson, Lufthansa, O2, Shell, Shop Direct, TalkTalk and T-Mobile.
- South Africa was named Off-Shoring Destination of the Year in the 2012 UK National Outsourcing Association Awards
- R1.1bn worth of investment secured from the BPS Incentive Programme; 4,500 jobs expected to be created over the next three years
- Growing impact of the industry demand-led Monyetla Work-Readiness Programme

IPAP SECTORAL INTERVENTIONS 2 & 3

2: Qualitatively new areas of intervention
3: Development of long term advanced capabilities



Achievement Highlights: Sectoral 2 & 3

Green Industries 1

ENERGY EFFICIENCY AND RENEWABLES

- An Energy Efficiency Training Centre has been established at the National Cleaner Production Centre; the first 600 students have been accepted for training
- A Radiation Training Facility has been established at the SA Nuclear Energy Corporation
- The IDC approved funding for two local manufacturers of solar water heaters; further investments to follow in wind tower production, solar PV structures, PV panel assembly
- 1st quarter 2013: DCD, an SA-owned OEM, will begin construction of a wind tower manufacturing facility in the Coega IDC; expected to create 628 construction jobs and 200 full-time operational jobs
- Global wind and solar power developer Mainstream Renewable Power turned the sod on a 138MW wind energy plant in Jeffrey's Bay, Eastern Cape in Feb 2013
- Sun Edison South Africa broke ground on its first SA project, a 28MW solar plant in Limpopo. This R1.2bn project will be followed by a 30MW, R1.4bn project at Witkop, near Polokwane

Advanced manufacturing

CENTRES OF EXCELLENCE

- The dti's** advanced manufacturing desk has been instrumental in developing sector competitiveness through its support for two Centres of Excellence, at Wits and University of the North-West
- In Jan 2013 **the dti** and North-West University opened a state-of-the-art super critical fluid extraction laboratory and pilot plant – designed to safely extract essential oils, flavourings and other compounds for the cosmetics, food & medicinal extracts industry
 - North West University is at the forefront of extrusion technology: in the agro-processing sector, SASKO and FeedPro have already placed orders for customer-specified extruders with the Advanced Manufacturing Centre at NWU; 3 further extruders are on the AMC's order book; and significant international interest has developed around NWU's Extru-Africa initiative
 - About 70 jobs have been created and new products introduced that were not previously available in the market.
 - The advanced manufacturing centre at NWU is supporting 19 postgraduates in the advanced manufacturing field
 - The National Aerospace Centre has supported 59 postgrad students in mechanical, electrical, electronic and aeronautical engineering

CONSTRAINTS & THREATS

Constraints

- Protracted recession and decreased demand for SA exports particularly in SA's traditional export markets in the US and Euro Zone; difficult process to re-align and build new trade patterns.
- Concern that the slowdown in public and private fixed investment expenditure growth will not pick up rapidly.
- Ongoing monopolistic provision and pricing of key inputs into manufacturing - steel, plastics and polymers.
- On-going inefficiencies at ports and high cost and inefficiencies in the road and rail freight and logistics systems.
- Continuing exchange rate/currency volatility.

CONSTRAINTS & THREATS

Threats

- Large current account deficits together with a huge manufacturing trade deficit; danger that the large infrastructure build could 'suck in' even greater imports.
- Continuing significantly above-inflation increases for administered prices; in particular, high electricity prices wiping out historical "competitive advantage" in this area.
- Industrial mineral "Super Cycle" past its peak. China's growth path over next decade likely to be less mineral intensive with consequent reduction in demand for primary commodity exports.
- A weak and mismatched skills system, which does not adequately respond to the needs of productive sectors.
- Labour relations volatility and service delivery tensions

IMMEDIATE OPPORTUNITIES I

Beneficiation

- SA's Resource endowment constitutes our single biggest opportunity for competitive advantage.
- **the dti** has launched a comprehensive research project that will develop a strategy to identify commercialisation opportunities in projects for forward beneficiation and backward supply chain development in key mineral value-chains; a key consideration will be alignment with amendments to Mineral Petroleum Resources Development Act (MPRDA) to secure developmental prices.

Infrastructure development

- Government is fully committed to a massive up-scaling of its own and regional infrastructure investment programmes under the Presidential Infrastructure Coordinating Committee (PICC).
- This provides a challenge and opportunity for the localisation of a wide range of manufactured inputs into the infrastructure build – especially in the construction, metals, capital and rail transport equipment and renewable energy sectors - if requisite institutional architecture and programmes can be achieved.

Regional economic development and industrial integration

- Regional growth is arguably the biggest stimulus to long-term growth in South Africa.
- A number of ongoing and scaled-up interventions are in the pipeline, from planning cross-border infrastructure to the effective realisation of up and downstream linkages in resource exploitation, to the realisation of massive construction opportunities.
- Requires strengthening of value chains, firm structure and strategies; export market research; market and product identification; and an export promotion strategy including strategic domestic manufacturers and retailers.

IMMEDIATE OPPORTUNITIES II

New export markets

- SA can seize the opportunity to grow its exports base, especially with respect to its value-added agricultural manufacturing exports to net food-importing countries in the near and far East and the Gulf states.

Local procurement and supplier development

- Lessons from the localisation through the CSDP in the Transnet and PRASA rail and rolling stock tenders plus those arising from the Designation process must be carried over to similar supplier development programmes involving other SOC and across the full gamut of state procurement at all three spheres of government.
- Significant unrealised and important opportunities to deepen localisation and supplier development in the private sector – retailers, mining and construction in a more structured way to ramp up localisation.

BRICS

- South Africa's participation in the BRICS provides important opportunities to build its domestic manufacturing base, enhance value-added exports, promote technology sharing, support small business development and expand trade and investment opportunities.
- Innovative proposals relating to the establishment of a BRICS-led Development Bank could contribute to enhanced financial support for domestic and sub-continental infrastructure and regional industrial integration.

THE LONGER ROAD AHEAD

A COMPREHENSIVE AND INTEGRATED RESPONSE TO SCALE UP INDUSTRIAL POLICY

Key components 1

- A stronger articulation between macro- and micro-economic policies, with a greater focus on macro-economic decisions biased in favour of the production sectors of the economy.
- The deployment of a range of integrated and aligned incentive programmes, including: the Manufacturing Competitiveness Enhancement Programme (MCEP); a faster roll-out of other incentives, especially the Special Economic Zones incentive.
- Further work to strengthen the alignment of the DFIs with national policy perspectives and meet the requirement to channel more competitive industrial financing to the real economy, IPAP and NGP sectors.
- The promotion of public procurement to raise domestic production and employment across a range of strategic sectors, without excluding the need for the alignment of BBBEE with broader industrial development objectives and the encouragement of private procurement processes to support localisation.

THE LONGER ROAD AHEAD

A COMPREHENSIVE AND INTEGRATED RESPONSE TO SCALE UP INDUSTRIAL POLICY

Key components 2

- The further strengthening of developmental trade policies that deploy trade measures in a selected and strategic manner, including tariffs, enforcement and Standards, Quality Assurance, Accreditation and Metrology (SQAM) measures. The instruments should be deployed together with strengthened capacity and interventions to curtail illegal imports and customs fraud
- Competition and regulation policies that lower costs for productive investments and decrease inflation, particularly with regard to:
 - Inputs of critical goods and services into manufacturing and other productive activities
 - Goods and services that are consumed by poor and working class families
- Skills policies and programmes that are better aligned to industrial development imperatives and key sectoral priorities
- Stronger programmes to stimulate sub-regional growth and exports, especially in key sectors and value chains - particularly by using the SEZ programme to build fast growing, productive and job-creating export producers

THE LONGER ROAD AHEAD

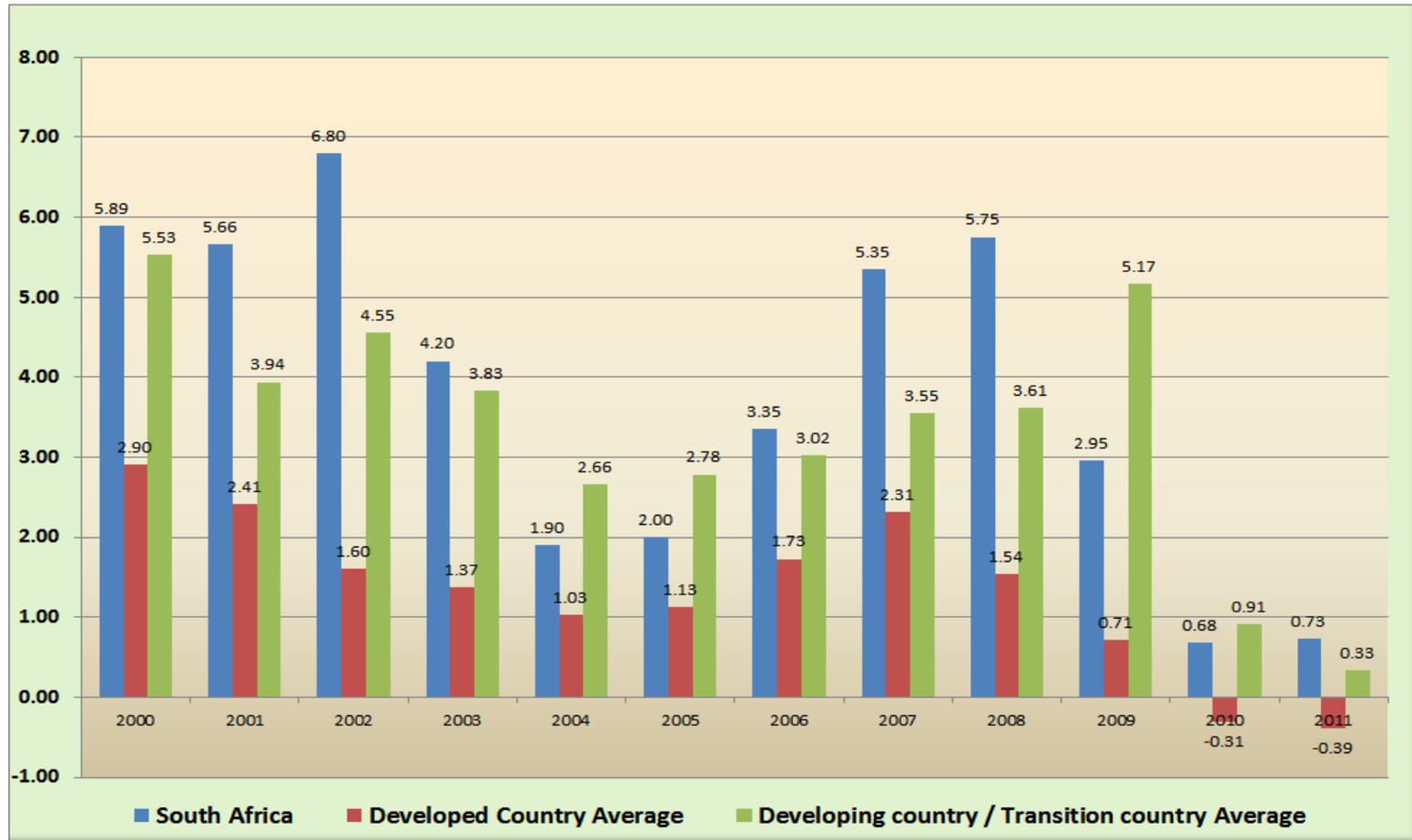
A COMPREHENSIVE AND INTEGRATED RESPONSE TO SCALE UP INDUSTRIAL POLICY

Key components 3

- Coordinated and integrated efforts to stimulate mutually beneficial regional economic development and integration amongst African countries - many of which have recently recorded some of the highest growth rates in the world
- The strengthening and alignment of innovation and technology development and the acquisition and commercialisation of new technologies
- A coordinated and integrated approach to releasing the infrastructure, transport and export bottlenecks and constraints which act as a barrier to economic and industrial growth
- The deployment of these policies in general and in relation to more ambitious sector strategies and building on the significant platforms that have been created

MACRO-ECONOMIC DATA

Figure 1: Short-term real interest rates in South Africa and major developed and developing economies – 2000 - 2011



Source: The Economist

MACRO-ECONOMIC DATA

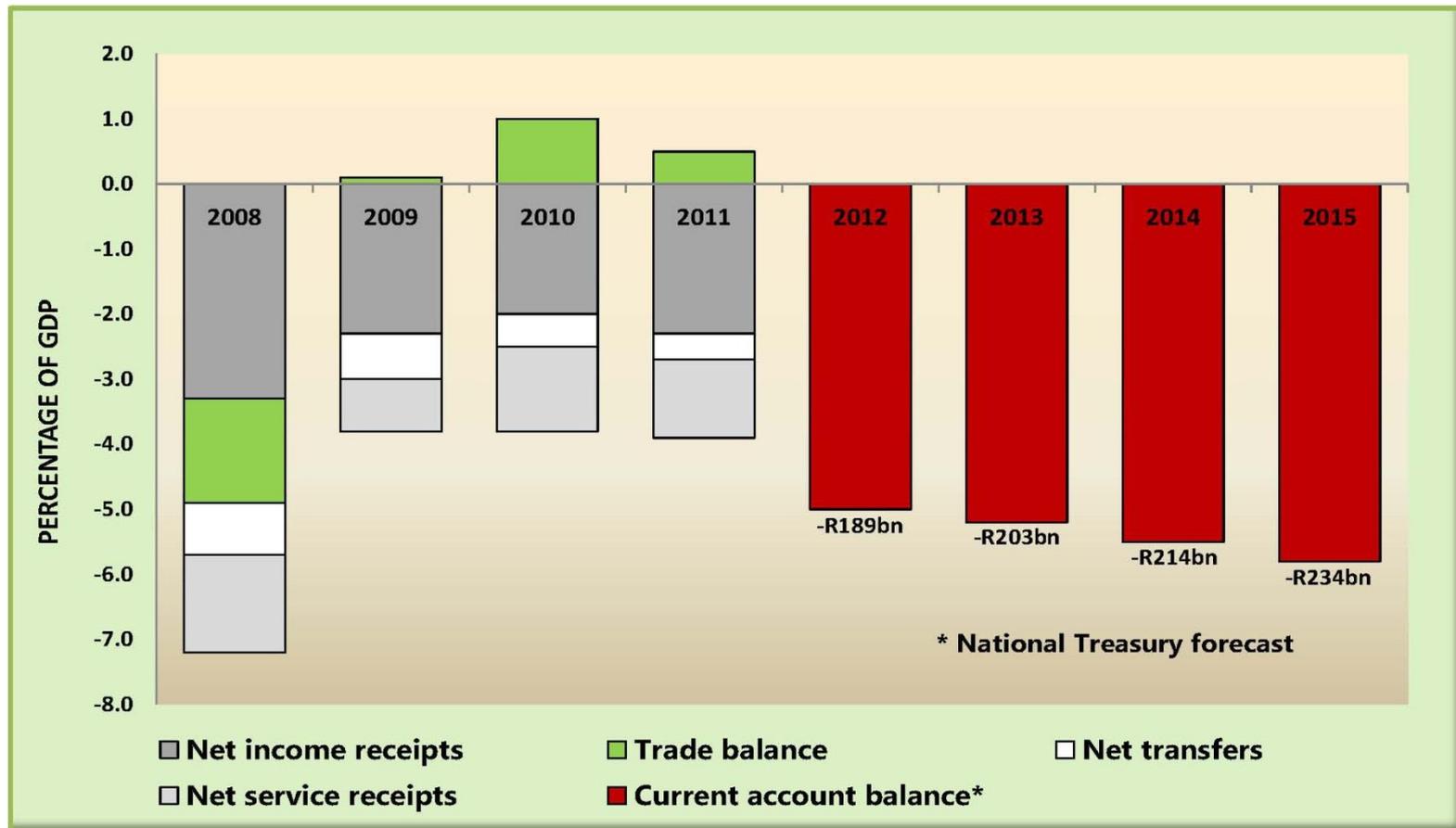
Figure 2: Balance on current account, financial account and real effective exchange rate (R million, Index 2000 = 100): Q1 2008 – Q4 2012



Source: Quantec

MACRO-ECONOMIC DATA

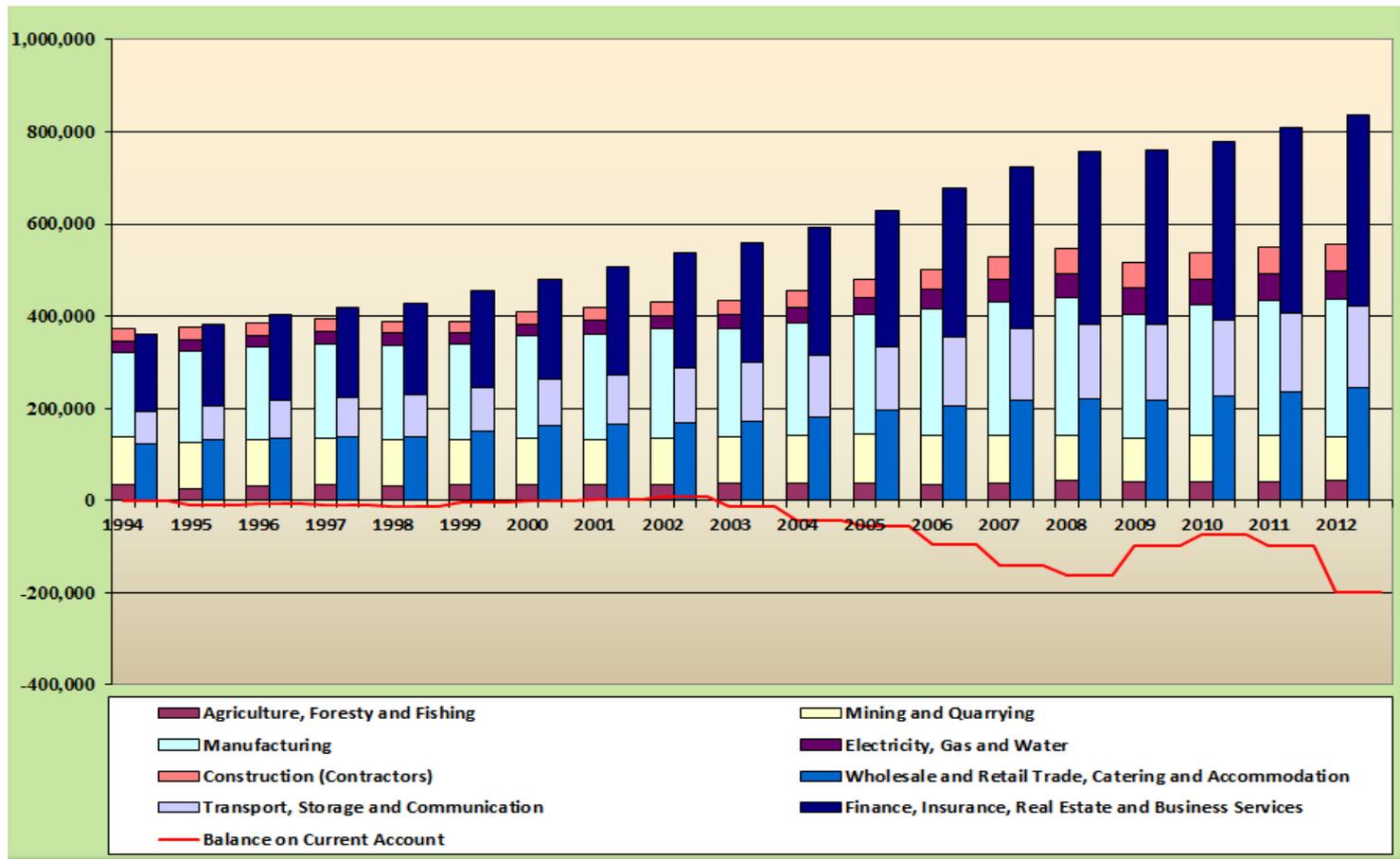
Figure 3: Current account deficit and projections 2008 -2015.



Source: Reserve Bank and National Treasury Forecasts

MACRO-ECONOMIC DATA

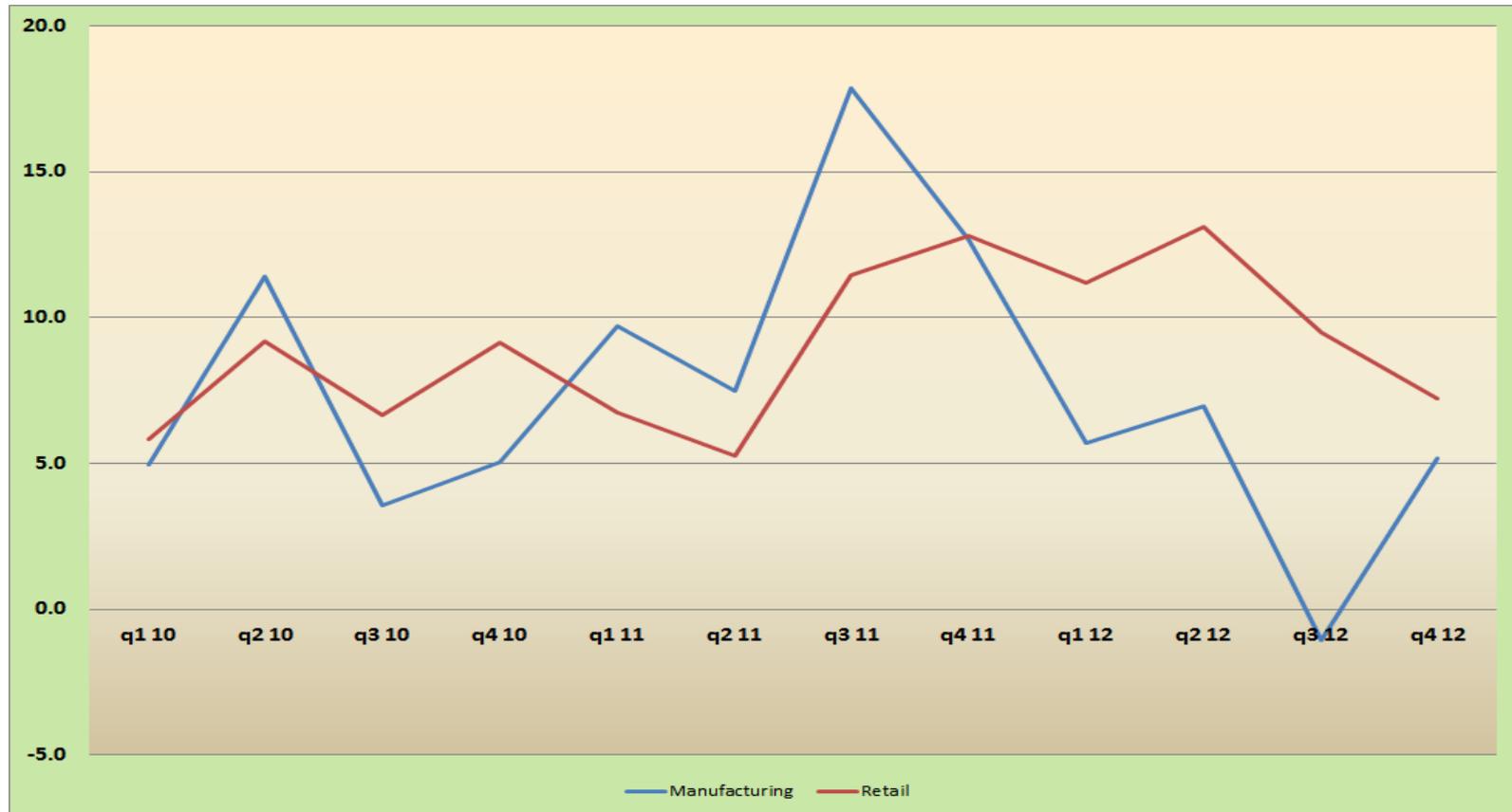
Figure 4: GDP by production and consumption sectors, 1994 – 2012 and Balance on Current Account (R million at 2005 prices)



Source: SARB

MANUFACTURING PERFORMANCE DATA

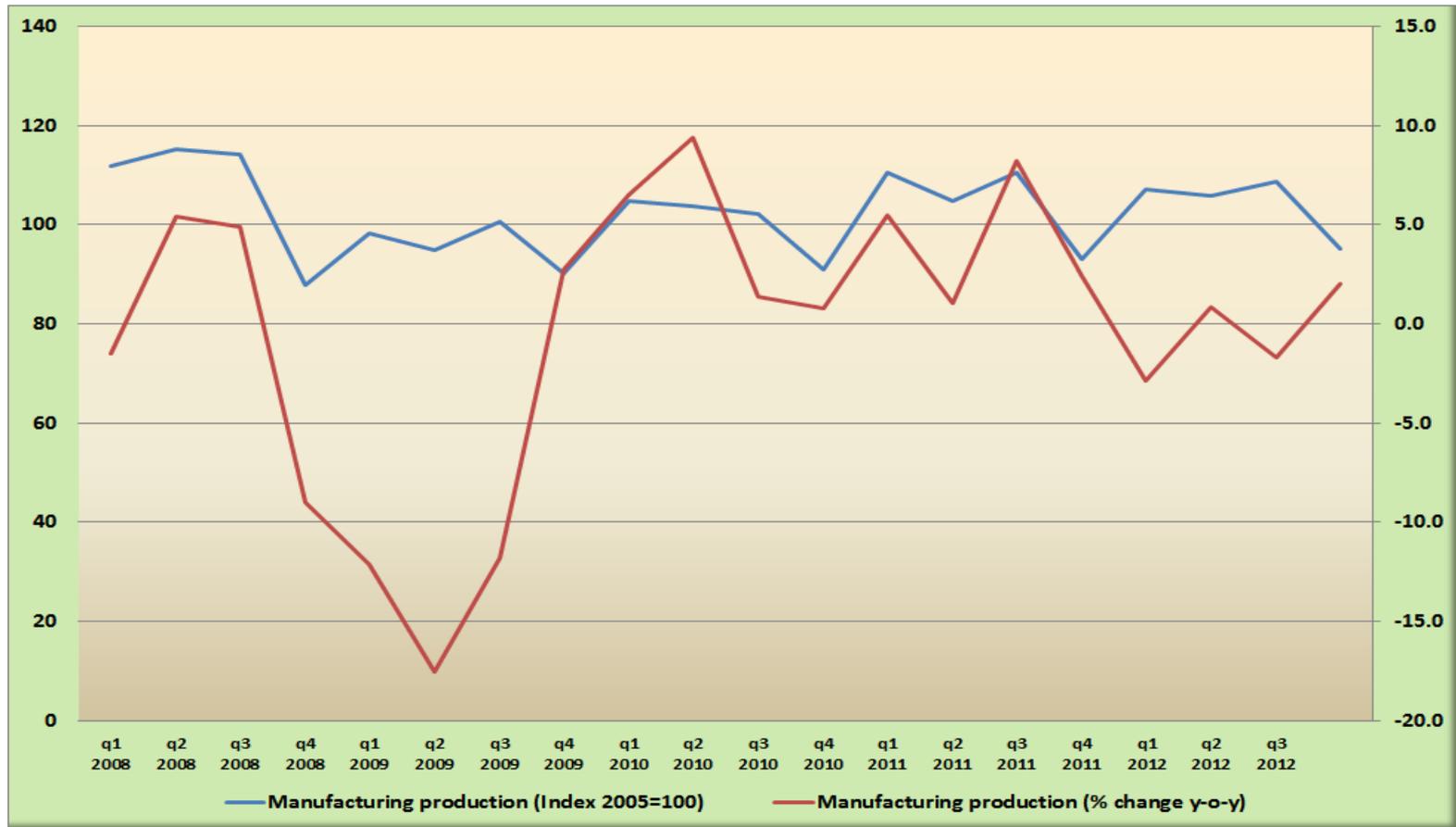
Figure 5: Percentage growth year-on-year: manufacturing sales and retail sales
Q1 2010 – Q4 2012



Source: Quantec

MANUFACTURING PERFORMANCE DATA

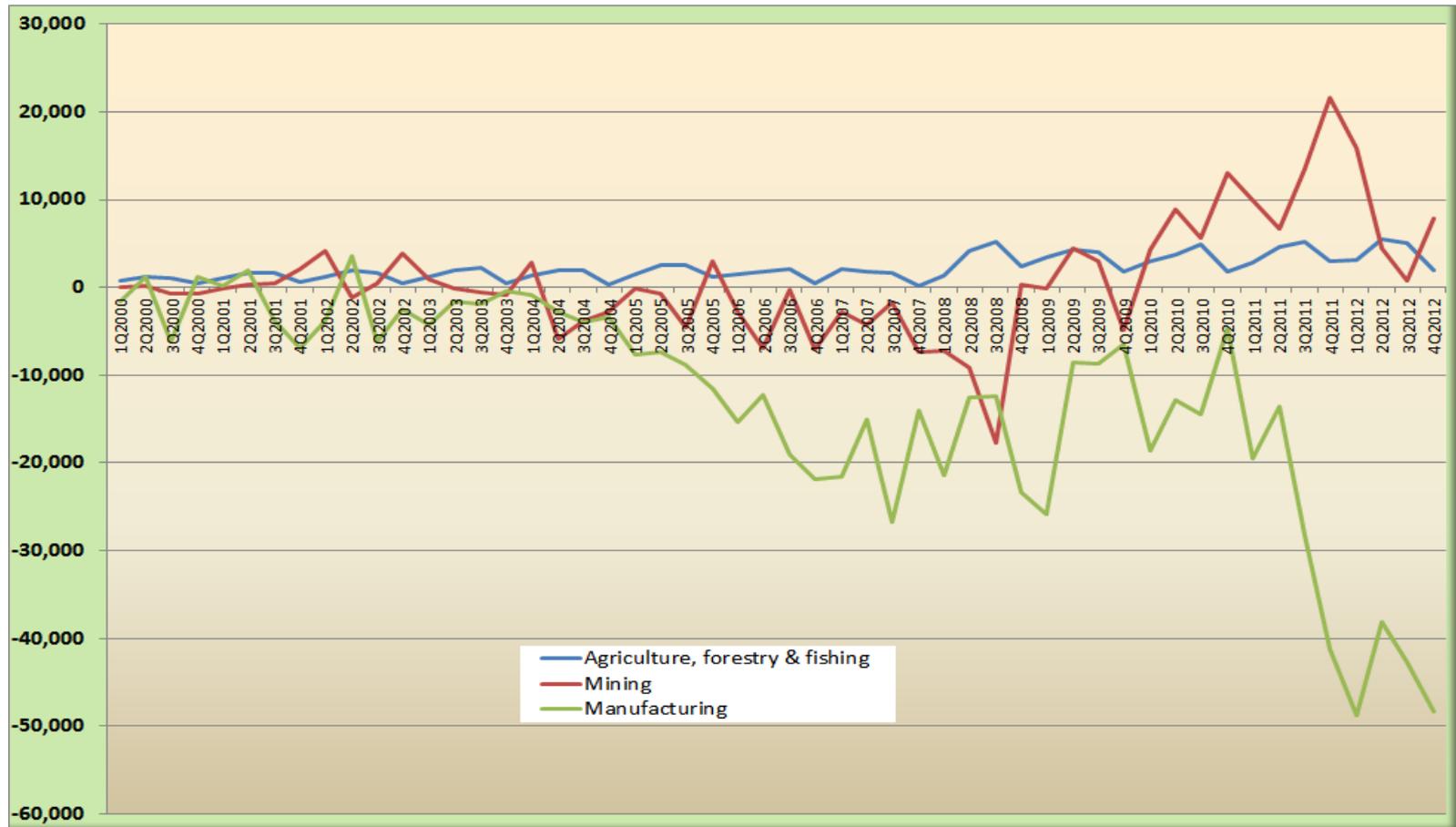
Figure 6: Manufacturing Production and Growth (seasonally adjusted):
Q1 2008 – Q4 2012



Source: Quantec

MANUFACTURING PERFORMANCE DATA

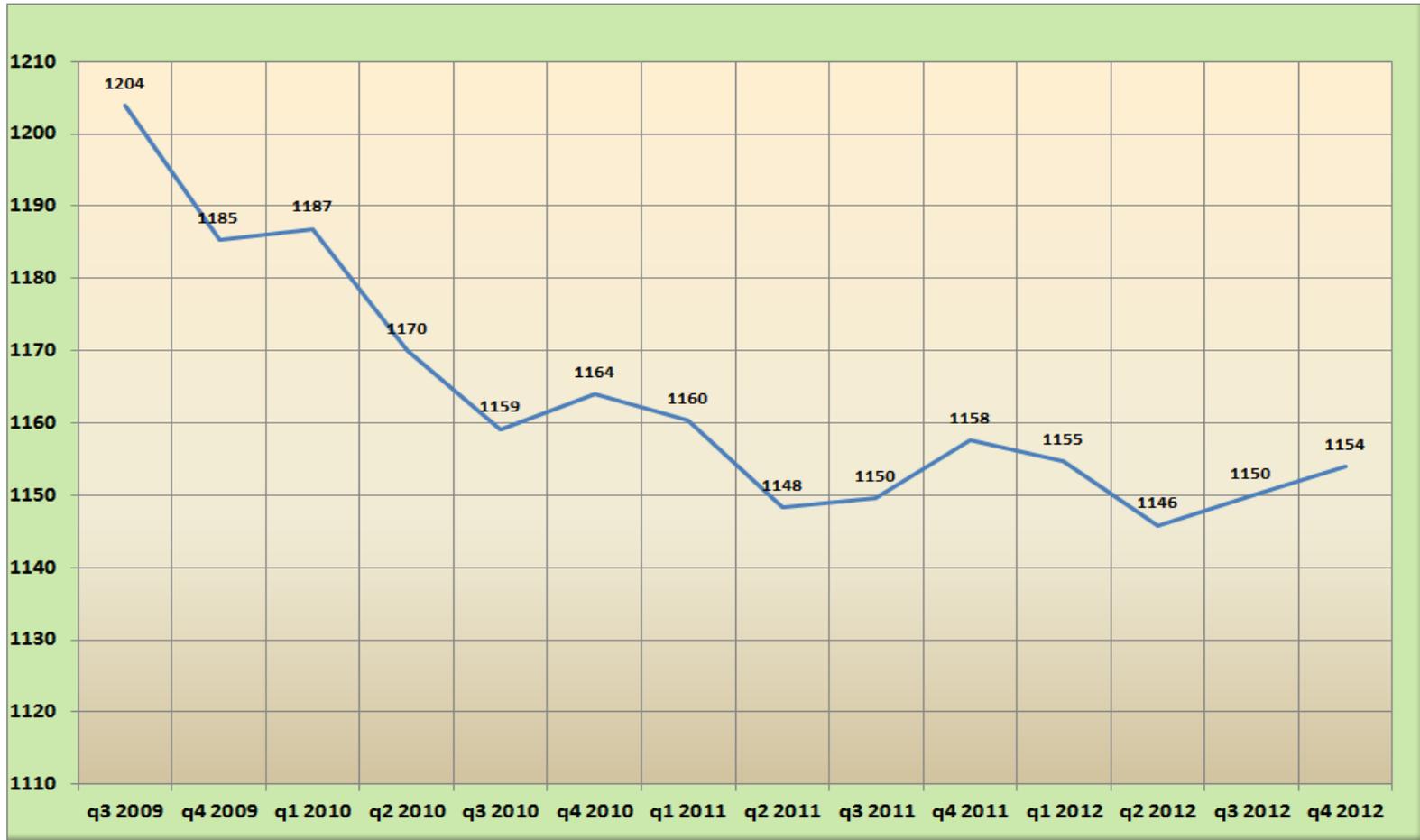
Figure 7: Trade balance by sector (R million) Q1 2000 – Q4 2012



Source: Quantec

MANUFACTURING PERFORMANCE DATA

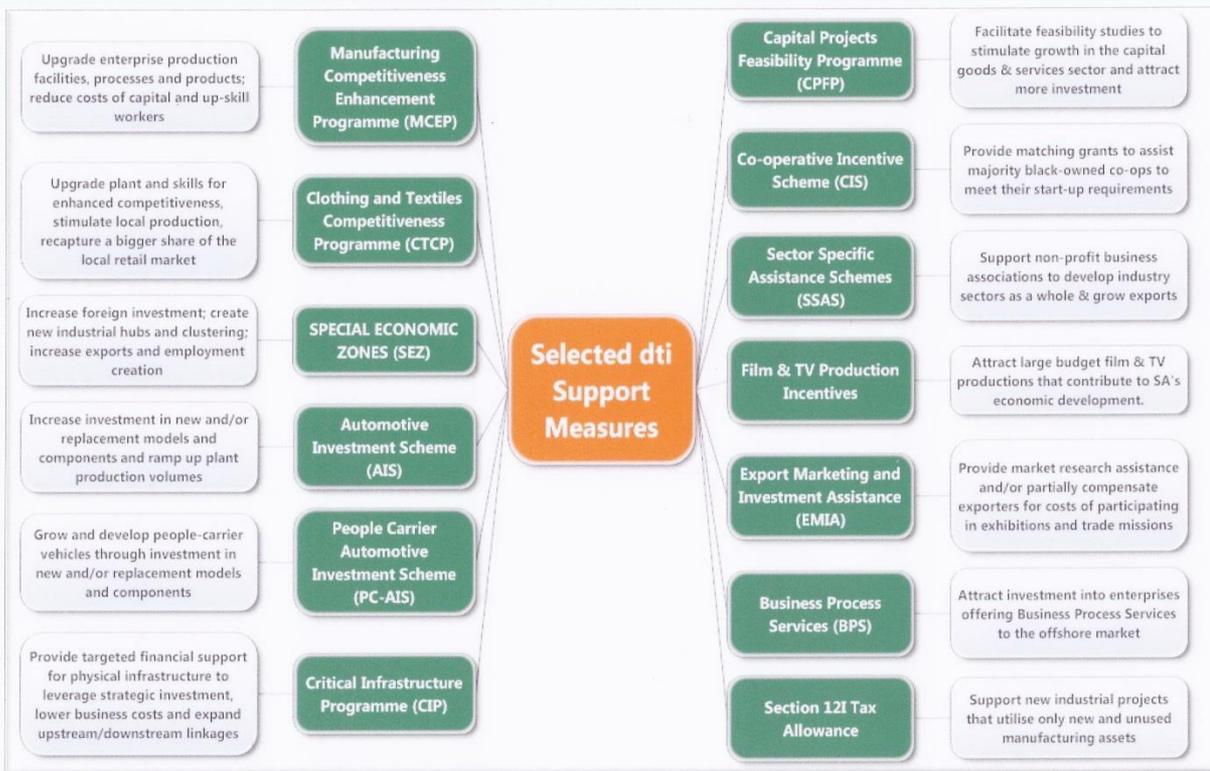
Figure 8: Manufacturing employment, Q3 2009 to Q4 2012 ('000)



Source: Stats SA



IPAP 2013/14 – 2015/16: Selected Support Measures Available



Contact the dti:

Call centre: +27 12 394 0000

www.thedti.gov.za

www.investmentincentives.co.za



Industrial Development Corporation

The IDC is a national development finance institution. Its core function is to provide industrial financing support, much of which flows to key IPAP/NGP sectors.

Head Office: +27 11 269 3000

Call Centre: +27 860 693 888

Email: callcentre@idc.co.za



National Empowerment Fund

The NEF's role is to support B-BBEE. It focusses on preferential procurement, broadening the reach of equity ownership, transformation of staffing and management and prevents the dilution of black shareholding.

Head Office: +27 11 305 8000

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IPAP 2013/14 –2015/16

Selected support institutions

Technical Infrastructure: Partner Institutions

INSTITUTION	PURPOSE	CONTACT DETAILS
National Metrology Institute of South Africa (NMISA)	Oversees and controls use of the measurement units of the International System of Units to maintain primary scientific standards of physical quantities in South Africa.	Dr Wynand Louw: Director Research and Technology Development Tel: +27 12 841 4227 Email: wlouw@nmisa.org
The National Regulator for Compulsory Specifications (NRCS)	Protects human health & safety and the environment: develops, administers and enforces compulsory minimum specifications for the safety and performance of products and services; supports fair trade practices.	Ms Mariana Marneweck, NRCS Regulatory & Research Department Tel: + 27 12 428 6629 Email: marnewm@nrcs.org.za
The South African Bureau of Standards (SABS)	Develops, promotes and maintains SA National Standards of quality in commodities, products and services; provides conformity assessment services (testing and certification).	Dr Sadvir Bissoon, Executive Standards Division Tel: +27 12 428 6130 Email: sadhvir.bissoon@sabs.co.za
South African National Accreditation System (SANAS)	Provides formal recognition of the competency of Laboratories, Certification & Inspection Bodies, Proficiency Testing Scheme Providers and Good Laboratory Practice (GLP) Test Facilities.	Dr Elsabe Steyn, Senior Manager: Strategy and Development Tel: +27 12 394 5024 Email: elsabes@sanas.co.za



Council for Scientific & Industrial Research

Undertakes and supports research across diverse areas of science and technological innovation to enhance industrial and scientific development.

Head Office: + 27 12 841 2911



Competition Commission

Investigates, controls and evaluates restrictive business practices, abuse of dominant positions and mergers in the SA economy.

Head Office: + 27 12 394 3200/3320



International Trade & Administration Commission

Works with the dti to create an enabling environment for fair trade through sound technical advice and effective administration of its trade instruments.

Head Office: + 27 12 394 3688



Confidential Hotline on Abuse of Public Procurement: **012 394 1435**

By email: localcontent@thedti.gov.za