**MEDIA STATEMENT**

**TRADE AND INDUSTRY COMMITTEE HEARS PANDEMIC CREATES OPPORTUNITY TO DEVELOP A VALUE CHAIN**

**Parliament, Friday, 19 June 2020**– The Portfolio Committee on Trade and Industry today heard that the Covid-19 pandemic has created an opportunity for South Africa to develop supply/value chain processes.

The Department of Trade, Industry and Competition told the committee that the country was learning good practices during the current process of procuring critical medical and safety supplies. The committee noted that South Africa has to import most of its raw materials for pharmaceuticals, as it is a net importer of these products.

During presentations on beneficiation and localisation, the committee was told that South Africa has the largest share of the world’s platinum and manganese reserves, and large shares of chrome and vanadium reserves (currently estimated at around US$2.5 trillion). It further has a comparative advantage because of a national resource endowment. However, this has not been fully leveraged to build a dynamic, industrial economy with backward, forward and side stream linkages to extract additional economic benefit from this endowment.

The committee was told value addition/beneficiation is not a new phenomenon in South Africa. The mineral-energy complex involving, for example, the establishment of Iscor, Sasol, and aluminium and ferrochrome smelters as a key evolution of South Africa’s industrial development was historically backed by certain policy choices.

Some of the concerns raised with the committee includes the fact that mining production was 1,3% lower in 2019 than 2018, which was 2,1% lower than 2017, and only contributed 8% to gross domestic product (down from 15% in 1990). This has led to an employment decline from 70 000 people to about 464 000 currently. South Africa accounted for 1% of total global exploration expenditure (14% for Canada and Australia, 13% for the rest of Africa), which is disproportionate to its reserves.

In terms of the local procurement of personal protection equipment (PPE), critical areas affecting this include the availability of raw material in South Africa; testing, certification and standards; expansion of production; matching demand to supply; visibility of tenders and awards, especially from provincial and local governments; adhering to procurement regulations; the issuing of timely orders by the state; and reporting on contract awards and expenditure.

The committee was assured that local manufacturing work streams exist so that manufacturers close the gap between supply and demand for Covid-19-related products. These include the supply of textiles for PPE, masks, sanitisers, face shields, gloves and testing.

Committee Chairperson Mr Duma Nkosi said this is just one of several engagements on the matter and the committee will continue to monitor localisation and beneficiation in order to benefit the economy.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY, MR DUMA NKOSI.**