

Department of Trade, Industry and Competition

Fourth Quarter Performance Report 2020/21

Presentation to the Portfolio Committee on Trade and Industry



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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PRESENTATION OUTLINE

- ❑ ECONOMIC OVERVIEW
- ❑ STRATEGIC IMPERATIVES
- ❑ SUMMARY OF FOURTH QUARTER PERFORMANCE
- ❑ FINANCIAL PERFORMANCE



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ECONOMIC OVERVIEW



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THE GLOBAL ECONOMY CONTINUES TO RECOVER

Global Economic Outlook

- Global economy contracted by **3.2%** in 2020, reflecting a stronger-than-expected recovery across regions in the second half of 2020.
- The global economy is projected to grow by 6% in 2021 with an improved forecast of 4.9% for 2022.
- Almost all advanced economies look forward to further normalisation of activity later this year as vaccines become more accessible.

Risks to the Outlook

- However, risks remain due to:
 - A slower-than-anticipated pace of vaccination in emerging market and developing economies,
 - Spread of new variants of the virus as a result of delays in vaccine procurement and distribution, and
 - Financial conditions tightening abruptly.



Source: IMF, World Economic Outlook, July 2021.

CONTINUED POLICY SUPPORT REQUIRED FOR SUSTAINABLE AND INCLUSIVE RECOVERY

- Most countries deployed a raft of measures to mitigate economic damage of Covid-19.
- This has led to the re-emergence of concerns about debt sustainability especially, for emerging market countries’.
- Governments need to be careful not to withdraw stimulus measures too soon.
- Monetary policy should remain accommodative, accompanied by well-targeted fiscal policy that continues to support demand.
- Governments should also prioritise the acceleration of vaccine production and deployment.



The Organisation for Economic Co-operation and Development (OECD) has upgraded its global economic growth forecasts.

“Prospects have improved over recent months with signs of a rebound in goods trade and industrial production becoming clear by the end of 2020,” the OECD said in a statement (<https://www.oecd-ilibrary.org/docserver/34bfd999-en.pdf>).

“Sizeable risks remain. Faster progress in vaccine deployment in all countries would enable restrictions to be lifted more quickly and enhance confidence and spending. Slow progress in vaccine rollout and the emergence of new virus mutations resistant to existing vaccines would result in a weaker recovery, larger job losses and more business failures.”

— **More jabs, more jobs**

Speeding up vaccine production and rollout is the best economic policy available today to boost growth and job creation.

SA ECONOMIC OUTLOOK

Domestic Economic Outlook

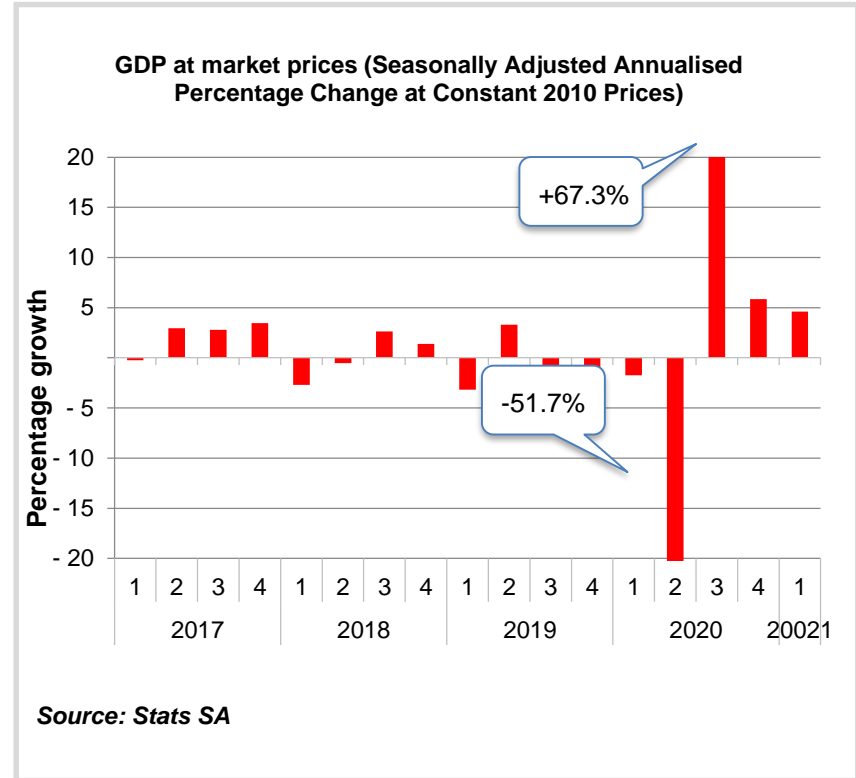
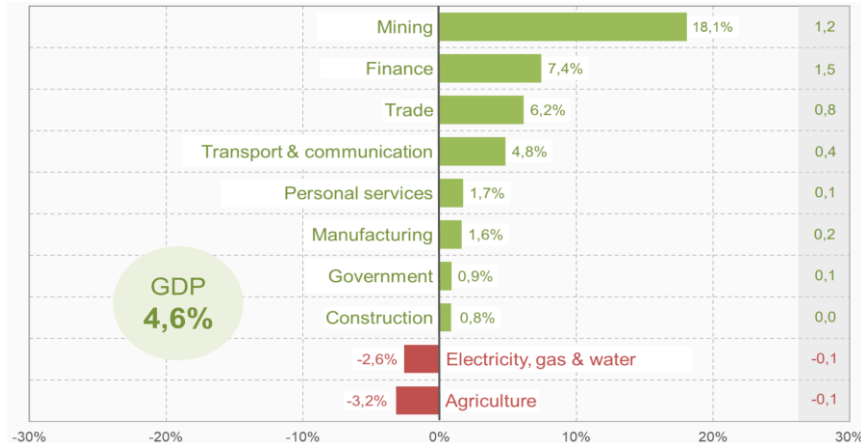
- The South African economy is expected to rebound following a recession in 2020, primarily due to the Covid-19 pandemic.
- The SARB, in its statement of the Monetary Policy Committee of July 2021, has kept its forecast growth to a strong 4.2% in 2021 and 2.3% in 2022, followed by 2.4% in 2023.
- This follows a similar assessment by the IMF which also upgraded its forecast in July from 3.1% to 4.0% for 2021.
- The IMF forecasts a more modest growth rate of 2.2% in 2022.

	WEO July 2021 Forecast			
	Projections			
	2019	2020	2021	2022
World Output	2.8	-3.2	6.0	4.9
Advanced Economies	1.6	-4.6	5.6	4.4
Emerging Market and Developing Economies	3.6	-2.1	6.3	5.2
Sub-Saharan Africa	3.2	-1.8	3.4	4.1
United States	2.2	-3.5	7.0	4.9
Euro Area	1.3	-6.5	4.6	4.3
Japan	0.3	-4.7	2.8	3.0
China	6.0	2.3	8.1	5.7
Brazil	1.4	-4.1	5.3	1.9
Nigeria	2.2	-1.8	2.5	2.6
South Africa	0.2	-7.0	4.0	2.2

Source: IMF, World Economic Outlook, July 2021.

RECOVERY IS UNDERPINNED BY MINING

- Real GDP increased by 4.6% in 2021Q1, following another positive growth of 5.8% in 2020Q4.
- However, on a year-on-year (y-on-y) basis, GDP contracted by **3.2%**.
- Eight sectors recorded positive growth.
- The largest positive contributors to growth in GDP were the finance & business services (1.5 pp), mining (1.2pp) and trade sectors (0.8pp).



GDP OUTLOOK IS STRENGTHENING

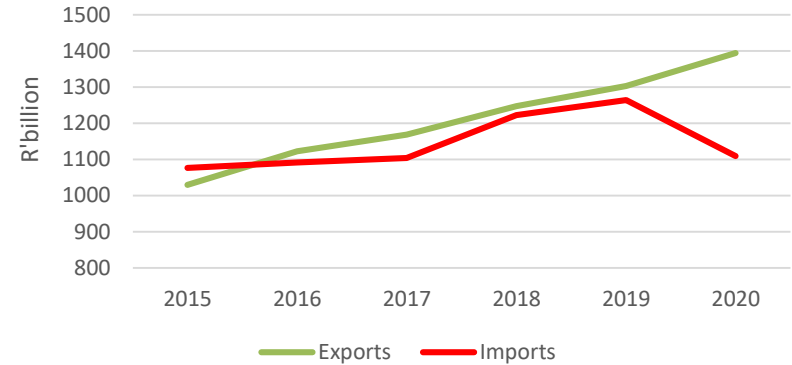
■ Risks to the outlook include:

- Slow rollout of the vaccine,
- Expected Covid-19 4th wave during the fourth quarter, and
- Domestic structural challenges including lack of reliable and cost effective electricity, low consumer confidence depressed by high unemployment, and cybersecurity breaches leading to disruptions in both the private and public sectors.

■ Some 'green shoots' have emerged:

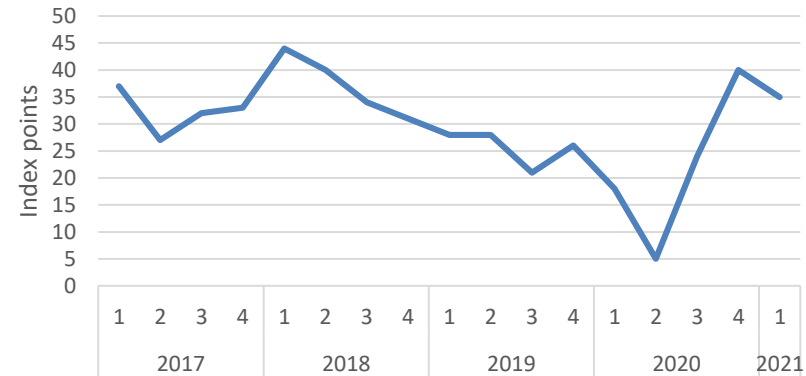
- Manufacturing and mining output is on an upward trajectory;
- Commodity prices have increased substantially supported by improved global demand;
- Household consumption expenditure is rising – by 4.7% in 2021Q1;
- Improved domestic demand to bolster tourism;
- The trade account has swung to a substantial surplus, which is expected to be sustained as key trading partners recover as well as higher commodity prices;
- Business confidence began falling in the first quarter which could just be attributed to seasonality but overall improvement is realised;
- Improved tax revenue collection;
- The repo rate remains unchanged at a low of 3.5% with low inflation environment.

Merchandise exports and imports



Source: SARB

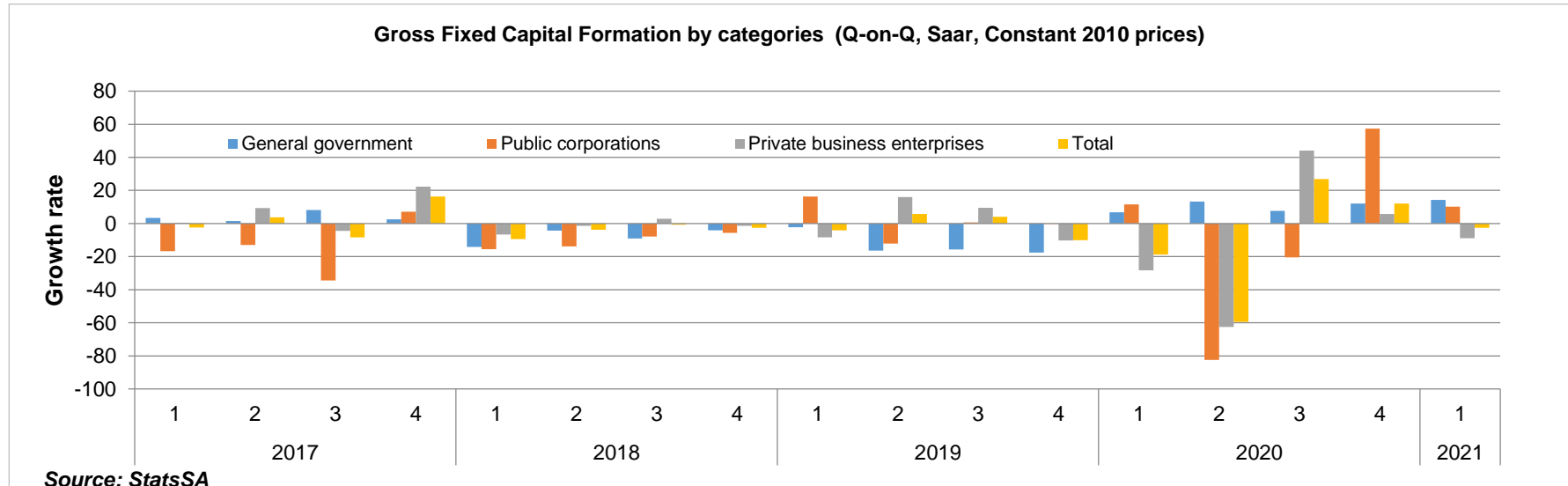
Composite Business Confidence



Source: BER

GROSS FIXED CAPITAL FORMATION DECLINED

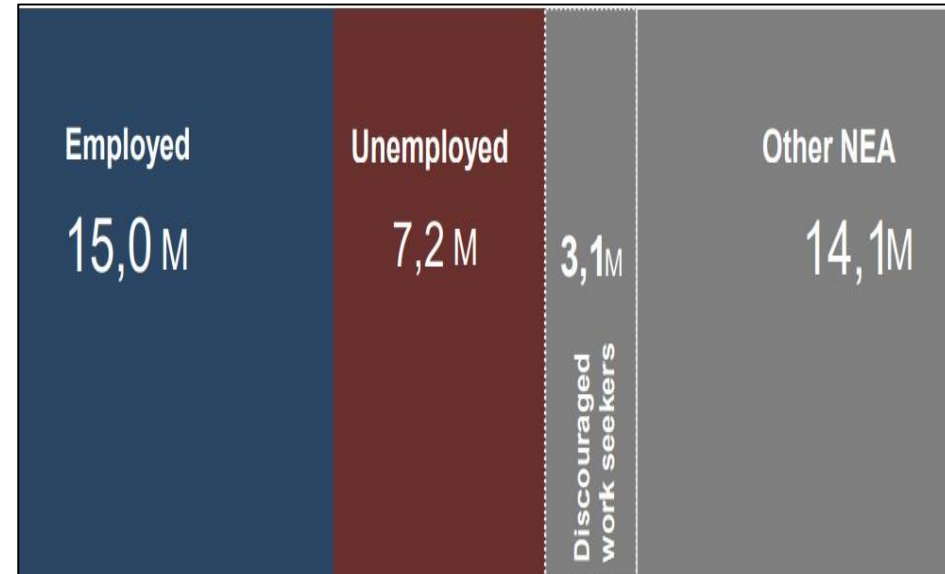
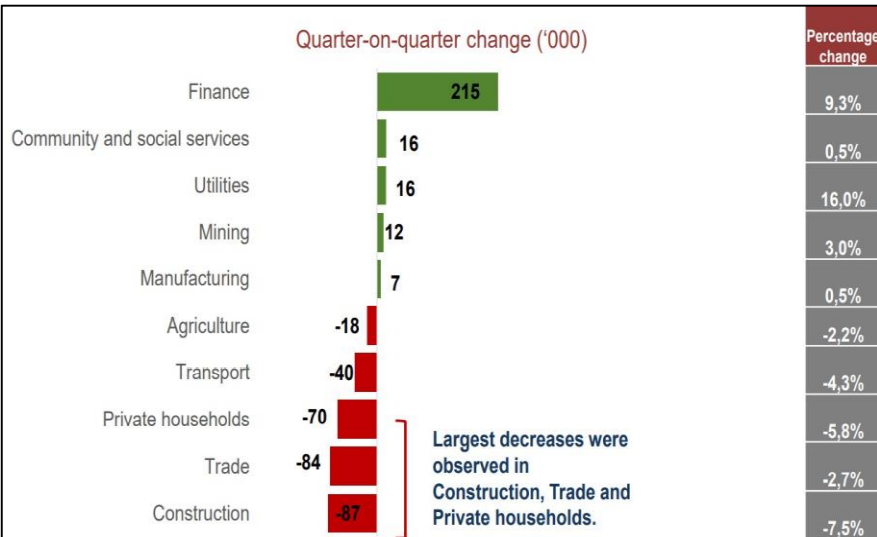
- Domestic investment decreased by 2.5% in 2021Q1, driven mainly by private-sector investment.
- Investment by private sector enterprises shrunk by 8.9%, as reflected by lower business confidence, moving from 40 to 35 index points.
- Positive growth in investment remains in both public corporations (10.3%) and in government (14.2%).
- The largest contributor to the decrease was machinery and other equipment (-3.8 pp), followed by transport equipment (-0.5 pp) and residential buildings (-0.1 pp).



EMPLOYMENT RECOVERY PLATEAUS

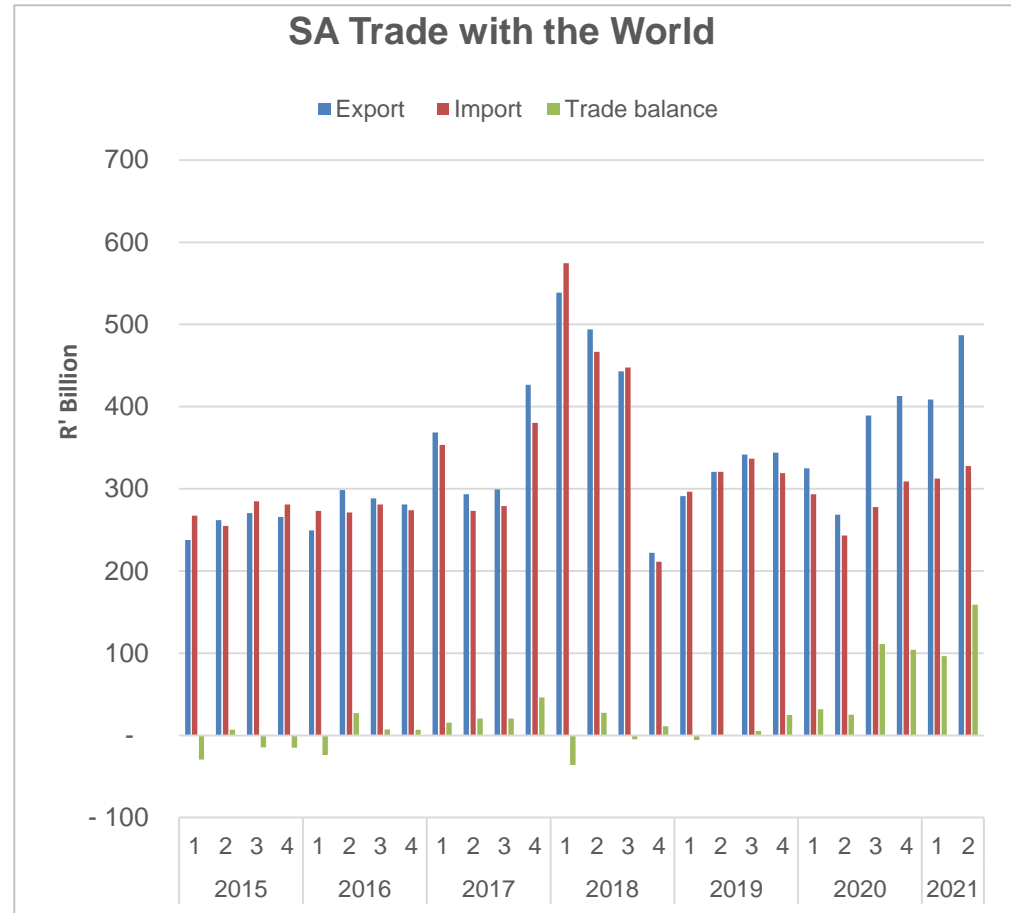
- Employment decreased in five sectors, with construction (-87, 000), trade (-84,000) and private households (-70, 000) experiencing the largest declines following the necessary tightening of COVID-19 lockdown restrictions in first two months of 2021.
- 28,000 less people were employed in 2021Q1 than in 2020Q4.

- Unemployment increased by 0.1% reaching 7.24 million in 2021Q1.
- As a result, South Africa's unemployment rate increased by 0.1 percentage points to 32.6% in 2021Q1 and is the highest unemployment rate since 2008.



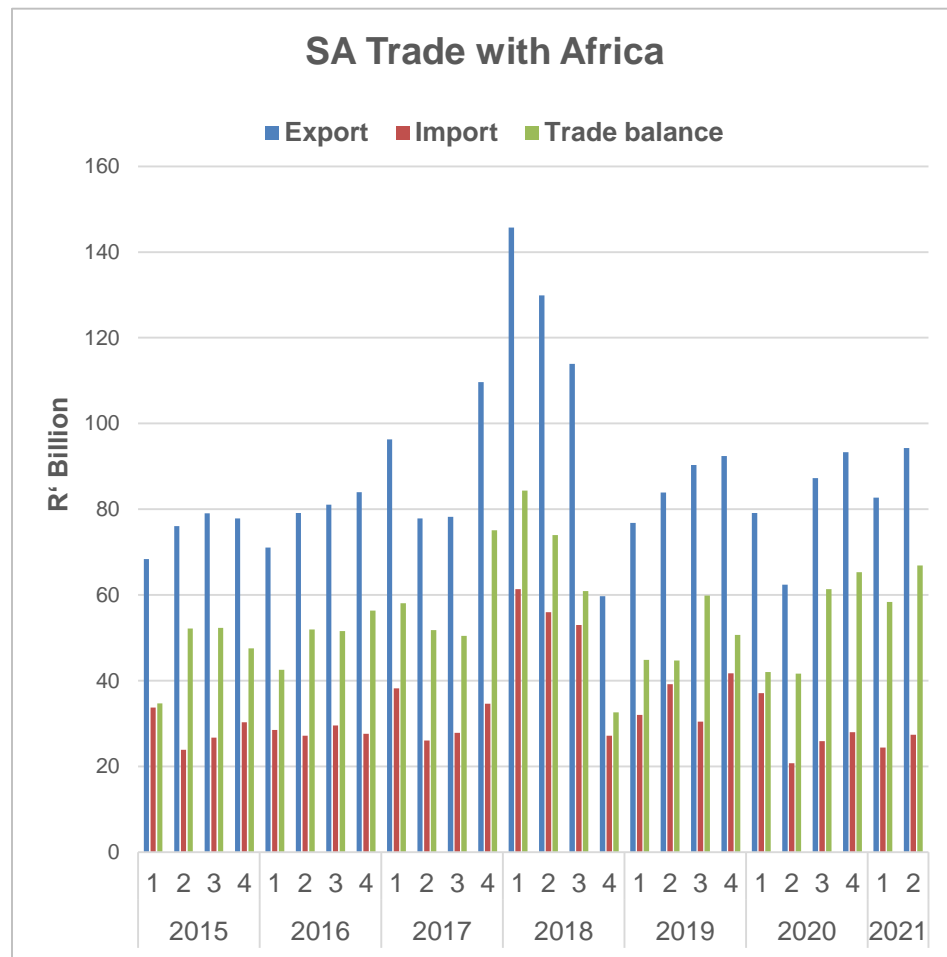
SA TRADE SURPLUS WITH THE WORLD WIDENS

- SA total imports from the rest of the world was R327 billion in 2021Q2, an increase from R312 billion in 2021Q1.
- South Africa's exports to the world increased to R487 billion in 2021Q2, from R406 billion in 2021Q1.
- SA's trade balance with the rest of the world remains in surplus, increasing to R156 billion in 2021Q2, from R96 billion 2021Q1 – a substantial increase of R60 billion.
- The value of exports in 2021Q2, was largely driven by SA exports of mining, manufacturing and agricultural goods, mainly to European and Asian countries.



SA TRADE SURPLUS WITH AFRICA WIDENS

- Exports to Africa increased to R94.2 billion in 2021Q2, from R83.2 billion in 2021Q1, while imports also increased to R27.4 billion, from R24.4 billion in the same period.
- Consequently, the trade surplus also increased by R8.5 billion in 2021Q2.
- SA exports to the continent were largely driven by preferential trade arrangements in the Southern African Region (SADC & SACU).
- With opening of markets in Africa, through the Africa Continental Free Trade Area (AfCFTA), higher export penetration to other sub-Saharan African economies is anticipated.
- In an effort to expand trade beyond the SADC region, the Masterplans will include a chapter on trade opportunities and actions to be undertaken to support AfCFTA trade.



SA TRADE DEFICIT WITH BRICS NARROWS

- In 2021Q2, total imports from BRICS was at R86.4 billion, a slight decline from R87 billion in 2021Q1.
- SA total exports increased to R73 billion in 2021Q2 from R72 billion in 2021Q1
- In 2021Q2, SA's trade deficit with BRICS countries marginally narrowed to R13.4 billion, from R14.9 billion in 2021Q1.
- SA trade with BRICS has been dominated by China (export: R52.8 billion; import: R62.9 billion), followed by India (exports: R16.9 billion; imports: R17.4 billion).
- Government will continue to use all available channels to improve the trade balance with its BRICS partners.

SA Trade with BRICS



the dtic STRATEGIC IMPERATIVES

Vision

A dynamic industrial, globally competitive South African economy, characterised by meaningful economic transformation, inclusive growth and development, decent employment and equity, built on the full potential of all citizens.

Mission

- Promote structural transformation, towards a dynamic industrial and globally competitive economy;
- Provide a predictable, competitive, equitable and socially responsible environment, conducive to investment, trade and enterprise development;
- Broaden participation in the economy to strengthen economic development;
- Continually improve the skills and capabilities of the dtic to effectively deliver on its mandate and respond to the needs of South Africa's economic citizens;
- Co-ordinate the contributions of government departments, state entities and civil society to effect economic development; and
- Improve alignment between economic policies, plans of the state, its agencies, government's political and economic objectives and mandate.

Values

- Promotes the Constitution – with special reference to the chapters on human rights, cooperative governance and public administration;
- Promotes decent work outcomes (more jobs as well as better jobs), industrialisation, equitable and inclusive growth and social inclusion;
- Operational excellence – service delivery standards, international best practice, Batho Pele Principles, continuous improvement and ethical conduct;
- Intellectual excellence – continuous shared learning, innovation, relevant knowledge and skills improvement and knowledge management; and
- Quality relationships – improved and continuous communication, honesty, respect, integrity, transparency, professionalism, ownership, leadership and teamwork.

SUMMARY OF FOURTH QUARTER PERFORMANCE



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PROGRAMMES

**PROGRAMME 1:
Administration**

**PROGRAMME 2: Trade
Policy, Negotiations and
Cooperation**

**PROGRAMME 3: Spatial
Industrial Development and
Economic Transformation**

**PROGRAMME 4: Industrial
Competitiveness and Growth**

**PROGRAMME 5: Consumer
and Corporate Regulation**

**PROGRAMME 6:
Industrial Financing**

**PROGRAMME 7: Export
Development, Promotion
and Outward Investments**

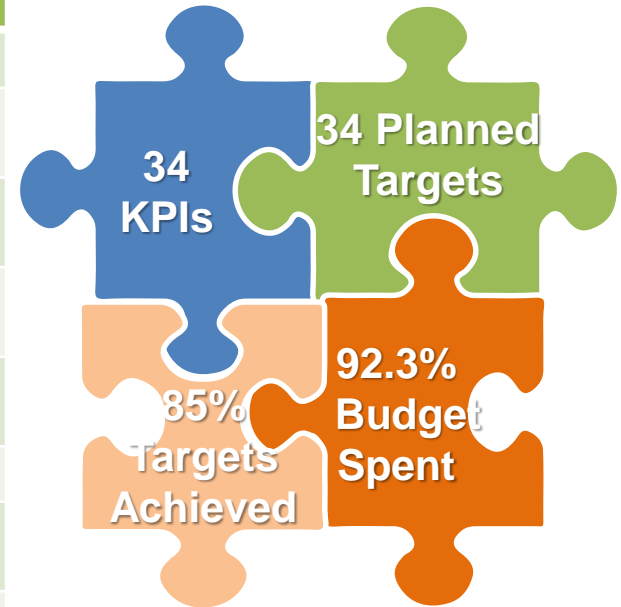
**PROGRAMME 8: Inward
Investment Attraction,
facilitation and Aftercare**

**PROGRAMME 9:
Competition Policy and
Economic Planning**

**PROGRAMME 10:
Economic Research and
Coordination**

FOURTH QUARTER PLANNED TARGETS

PROGRAMME	KPI	Q4 TARGET	ACHIEVED
Programme 1: Administration	7	7	6
Programme 2: Trade Policy, Negotiations and Cooperation	4	4	4
Programme 3: Spatial Industrial Development and Economic Transformation	3	3	3
Programme 4: Industrial Competitiveness and Growth	4	4	3
Programme 5: Consumer and Corporate Regulation	1	1	1
Programme 6: Industrial Financing	3	3	3
Programme 7: Export Development, Promotion and Outward Investments	4	4	1
Programme 8: Inward Investment Attraction, Facilitation and Aftercare	3	3	3
Programme 9: Competition Policy and Economic Planning	3	3	3
Programme 10: Economic Research and Coordination	2	2	2
Total	34	34	29



PROGRAMME 1: ADMINISTRATION

Purpose: Provide strategic leadership, management and support services to the department



Recorded 53% of women in Senior Management Services (SMS) against the quarterly target of 50%



Recorded 3.9% of people with disability against the quarterly target of 3.5%



100% of eligible creditors / supplier invoices within 30 days of receipt

PROGRAMME 2: TRADE POLICY, NEGOTIATIONS AND COOPERATION

Purpose: Build an equitable global trading system that facilitates development by strengthening trade and investment links with key economies and fostering African development, including regional and continental integration and development cooperation in line with the African Union Agenda 2063

- ❑ The conclusion of 2nd round negotiations on investment cooperation and facilitation framework between SA and UAE;
- ❑ Meeting with Chinese Ambassador to SA on 1 March 2021 to forge stronger cooperation on issues relating to customs clearance, mutual recognition of certificates and to address illegal imports;
- ❑ Hosted the SA-Germany Economic Working Group under the SA-Germany Binational Commission on 10 March 2021. Cooperation to improve bilateral trade and investment were discussed and agreed. SA outlined policies affecting German Investment in SA, collaboration on multilateral issues, including the AfCFTA, SADC-EU EPA and WTO;



PROGRAMME 2: TRADE POLICY, NEGOTIATIONS AND COOPERATION

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- ❑ SA participated and chaired a series of AfCFTA engagements, including the Council of Ministers meeting in January and subsequent engagements under the AfCFTA;
- ❑ Represented SA at the Davos WTO mini-ministerial in January 2021;
- ❑ Participated in the G20 TWIG in February 2021;
- ❑ Led bilateral engagements with US Department of Commerce and EU head of unit on Africa;
- ❑ Re-started discussions with UAE on investment framework;
- ❑ Coordinated with DIRCO for the AU decision to support the TRIPS waiver at the WTO



WORLD TRADE
ORGANIZATION

PROGRAMME 3:SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

Purpose: Drive economic transformation and increase participation in industrialisation.

- ❑ Ford Motor Company's global leadership unveiled their broad automotive plan through a \$1billion investment injection into the South African economy. The event was attended by the President of the Republic of South Africa;
- ❑ As part of the SIYAHLOLA Programme, the Deputy Ministers visited Saldanha Bay and Atlantis SEZs in February and March 2021;
- ❑ Eco Industrial Parks Programme
 - 5th EIP Roundtable held 25th February 2021
 - UNIDO GEIPP workshops held in February and March 2021
 - UNIDO GEIPP Implementation in progress for Ekandustria and Phuthaditjhaba Industrial Parks through collaboration with NCPC, MEGA and FDC
 - GIZ-the dtic Working Committee finalizing ToR



PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

Purpose: Drive economic transformation and increase participation in industrialisation.

- ❑ Final approval of all the 7 automotive Original Equipment Manufacturers (OEMs). Systems have already been put in place to implement the R 6 billion investment contribution in cash and market access by the OEMs;
- ❑ Through partnership with Samsung under the EEIP, the **dtic** was involved in the process to select and award two Black Industrialists companies in the E- waste and Recycling sectors. The awarded companies are Matongoni General Trading and iLanga Waste, a small black women owned company in the recycling sector.



PROGRAMME 3:SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

Purpose: Drive economic transformation and increase participation in industrialisation.

- ❑ Granted exemptions from the B-BBEE legislation applications during the quarter. The exemptions were from Department of Mineral and Energy Resources on the Risk Mitigation Independent Power Producer Procurement Programme (“RMIPPPP”), and from the Department of Tourism on the Tourism Equity Fund (“TEF”).

PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

Purpose: Design and implement policies, strategies and programmes for the development of manufacturing and related economic sectors, and contribute to the direct and indirect creation of decent jobs, value addition and competitiveness, in both domestic and export markets

Agro Processing and Resource Based Industries

- ❑ The Poultry Industry (i.e. South African Poultry Association) pledged to invest R1.5 billion towards expansion and improvement of productive capacity, in which R1.155 billion investment have been completed to grow production capacity by 5% and 980 new jobs were created.



SOUTH AFRICAN POULTRY ASSOCIATION
SUID-AFRIKAANSE PLUIMVEEVERENIGING

Founded 1904 / Gestig 1904

- ❑ The sugar Master Plan yielded the following achievements:
 - Total sales into the market have increased by 14% in 2020 FY. This exceeds the Sugarcane Value Chain Master Plan target of 150 000 tons in the 1st year;
 - In 2020, the Industrial Sector demand for South African-produced sugar increased by 9% in line with global trends;
 - The demand from Soft Drink manufacturers increased by 7% year-on-year. The implication of the performance is the that the retention of the Health Promotions Levy at current levels slowed or halted plans to reformulate drinks away from sugar to chemical sweeteners

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Agro Processing and Resource Based Industries

- ❑ The IDC in partnership with DALRRD established the Agri-Industrial Fund to support a wide range of economically viable activities in agro-processing sector;
- ❑ The Furniture Masterplan was approved and signed off by all Stakeholders in March 2021;

Agri Industrial Fund



Industrial Development Corporation

Your partner in development finance

Industrial Procurement

- ❑ Through the NFTN Competitiveness Improvement interventions, Prevail Engineering Foundry based in Vereeniging secured 7-year supply contract for automotive components with four OEMs (Mercedes Benz SA, Ford SA, and Nissan & Isuzu/Bosch);
- ❑ The contract resulted in the preservation of 55 jobs after a recent round of retrenchments where 22 jobs were lost. There is a potential to take back some of the retrenched employees when the Ford SA contract commences in Q1/2022. The quantum invested in the intervention by the NFTN at Prevail Engineering is R684000; and
- ❑ The Steel and Metal Fabrication Masterplan and Implementation Plan endorsed by the social partners in February 2021 and implementation has commenced.

PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

Purpose: Design and implement policies, strategies and programmes for the development of manufacturing and related economic sectors, and contribute to the direct and indirect creation of decent jobs, value addition and competitiveness, in both domestic and export markets

Industrial Policy: Localisation

- ❑ Marine Manufacturing and Repairs, a Supplier Development Programme was established to assist SMMEs obtain marine standards, accreditation and technology enhancement to improve local sourcing of components;
- ❑ Since the awarding of the tender worth R 2.4 billion to Damen, significant progress in the built process of the Inshore Patrol Vessels (IPV) has been made and local SMME companies were used to feed into their supply chain. By using these companies it allows them in future to be able to supply into other Damen built projects locally and internationally and also to other projects because they will have a reputable company as a client and their products and services were used for a big navy project. This automatically translate into expanding their international foot print and creation of jobs. Some of the companies used just to name a few:
 - Africa Projects (Damen assisted them with obtaining a pipe bending machine the first of its kind in Southern Africa), SIGMA, Reutech; and
 - Safwater, Kwakwa living quarters, Imvusa, Mvano Marine, Legend HVAC, Barlow world, Dredging Africa.

PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

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Industrial Policy: Localisation

- ❑ Veecraft Marine a local South African ship builder that is a subcontractor for Sandock Astral Shipyards who won the Project Hotel Tender (R1.75 billion) launched the 3rd and final survey motor boat for the South African Navy's Project Hotel hydrographic survey vessel. The vessel was launched in Cape Town in January 2021.

Automotives

- ❑ Publication of the regulation of APDP 2 for implementation on 01 July 2021. This is set to provide policy certainty to the industry till 2035;
- ❑ Semi-Knocked Down (SKD) kits support through APDP granted by Minister to scale-up exports efforts in the identified markets. SARS implemented the inclusion of the SKD vehicle kits effective from 5th Feb 2021 and this means exports to the Continent can now benefit under the APDP programme; and
- ❑ FORD announced a R16 billion investment in South Africa in line with the Automotive Masterplan's objectives of positioning the industry towards improved efficiency leading to increased production volumes and employment creation. This investment will include construction at the Tshwane SEZ, upgrading the Ford Silverton plant with 1200 additional jobs created.

PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

Purpose: Design and implement policies, strategies and programmes for the development of manufacturing and related economic sectors, and contribute to the direct and indirect creation of decent jobs, value addition and competitiveness, in both domestic and export markets

Chemicals, Cosmetics, Plastics and Pharmaceuticals

- ❑ Lindiwe Pads sanitary pads passed SABS tests, the company received a tender of R2.5 million to supply sanitary pads from Eastern Cape.



Green Industries and Energy Efficiency

- ❑ The NCPC-SA has been selected, following a rigorous selection process, as the implementing agent for the UNEP/European Commission InTex Project;
- ❑ InTex is a three-year project to promote sustainable business practices and economic models in the textile value chain;
- ❑ The InTex project has five components. Two components have global reach and three components that will focus on national implementation in the selected countries;
- ❑ South Africa is one of the three countries selected to implement the InTex project, along with Tunisia and Kenya. The Value of the project is \$230 000 over 3 years.

PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

Purpose: Design and implement policies, strategies and programmes for the development of manufacturing and related economic sectors, and contribute to the direct and indirect creation of decent jobs, value addition and competitiveness, in both domestic and export markets

Technical Infrastructure

- ❑ Legal Metrology corrections were gazetted, March 2021. The intention of the Legal Metrology Act was to consolidate selected and critical measurements requirements, through a Government wide uniform approach in terms of the development and enforcement of legal requirements. The extension beyond the 31 March 2021, will allow the implicated government departments and their agencies the opportunity to continue to fulfil their respective mandates by enforcing their current prescribed regulations and requirements, until such time as these measurement instruments are covered by a NRCS Legal Metrology Technical Regulation.

Metals

- ❑ Through the NFTN Competitiveness Improvement interventions, Prevail Engineering Foundry based in Vereeniging secured a 7 year supply contract for automotive components with four OEMs (Mercedes Benz SA, Ford SA, Nissan & Isuzu/Bosch);

PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

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- ❑ The Steel and Metal Fabrication Masterplan and Implementation Plan endorsed by the social partners in February 2021 and implementation has commenced.

PROGRAMME 5:CONSUMER AND CORPORATE REGULATION

Purpose: Develop and implement coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens.



Companies Amendment Bill, ongoing engagement with constituencies at NEDLAC to address areas of disagreement in the NEDLAC report;



Liquor Amendment Regulations developed and legal opinion received, to be submitted for Ministerial approval;



Draft Timeshare Regulations finalized for National Consumer Commission comments;



Service provider appointment is underway for Regulatory Impact Assessment (for Lotteries Act; and



Education and Awareness session held in Tembisa in March 2021

PROGRAMME 6:INDUSTRIAL FINANCING

Purpose: Stimulate and facilitate the development of sustainable and competitive enterprises, through the efficient provision of effective and accessible incentive measures, that support national priorities



Over R5 billion projected investment leveraged to support over 13 000 jobs across all incentives;



Development of an Economic Distressed Facility Programme – interest make up scheme to support companies in distress in order to retain jobs and industrial capacity completed in this quarter; and



Consultation with various financial institutions including DFIs and banks is continuing to forge relationship and enhance industrial financing system.

PROGRAMME 7:

EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

Increase export capacity and support direct investment flows, through targeted strategies, and an effectively managed network of foreign trade offices.

Export Development

- ❑ Contributed to the expansion of the exporter base and the realization of the transformation agenda, prioritizing women and youth enterprises through export training and capacity building. To this end, 134 of 317 individuals trained were women, whilst youth constituted 31% of the trainees.

Export Promotion

- ❑ Continued to stimulate post Covid-19 demand for South African products, Market Access and Business internationalization to market and promote South African Products. As such jointly partnered with local and international partners to host several virtual trade seminars and Business Engagements, wherein South African companies participated in masses virtually

PROGRAMME 7:

EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

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Europe

- ❑ Joint implementation of the insourcing Initiative with the German Chambers concerning local sourcing within NIPP integration into German supply chains, enterprise development funding was launched targeting SA companies for improving export competitiveness and market access through trade fair participation and introduction to the German market;
- ❑ Collaborated with WESGRO and SIPPO as a Partner Organisation on the Cape Agriculture Week for an Online Inward Buying Mission and B-B. SA companies from several provinces led by industry association promoted their products to a significant number of international companies;
- ❑ Participated with WESGRO in collaboration with SIPPO to attend Biofach eSpecial (an organic virtual trade fair). Potential buyers in organic food, cosmetics and natural ingredients were identified during this virtual trade fair and about 10 SA exporters were selected to further engage with the identified buyers;
- ❑ Finalized the plan of action to implement the joint MoU with Business France following the Ministerial Visit in December 2020. This launches the technical assistance and capacity building of export development and promotion targeted at RSA SME;

PROGRAMME 7:

EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

Increase export capacity and support direct investment flows, through targeted strategies, and an effectively managed network of foreign trade offices.

Asia and Middle East

- ❑ Hosted a virtual trade and investment webinar focusing on the food and beverage market opportunities in the UAE. More than hundred South African companies including industry associations, business chambers and PIPA's participated at this event; and
- ❑ Successfully facilitated market access to South Korea for the following products which will be on sale at GS Retail Stores effective March 2021: Signal Hill Products to be imported by my wines, Devil's Peak LITE, Striped Horse Lager , Striped Horse Pilsner, Amarula Liqueurs.

Americas

- ❑ Led a Webinar with USAID for funding opportunities for PDI's, SMME and Women owned Enterprise; and
- ❑ Assisted with the Webinar on South Africa – United States Black Business Summit. Participants included, Black Industrialists and the Black Business Council. The Black Business Summit took place in March 2021.

PROGRAMME 8: INWARD INVESTMENT ATTRACTION, FACILITATION AND AFTERCARE

Purpose: Support foreign direct investment flows and promote domestic investment by providing a one- stop shop for investment promotion, investor facilitation and aftercare support for investors

- ☐ Assisted with 74 visa recommendations for technical experts of various companies.
- ☐ 14 Technical Working Group sessions conducted on the Ease of Doing Business;
- ☐ 5 Ease of Doing Business seminars conducted with key stakeholders.
- ☐ 58 Intra-company transfers, critical skills & permanent residency visas facilitated;
- ☐ Achieved investment pipeline of R11.143 billion;
- ☐ Participated in 573 intergovernmental and task team meeting;
- ☐ Conducted 6 investment presentations;
- ☐ Participated in 207 stakeholder engagements;
- ☐ Assisted with 74 visa recommendations for technical experts of various companies;
- ☐ Assisted 11 companies with unblocking of regulatory issues;
- ☐ 30 investment inquiries facilitated.



PROGRAMME 9: COMPETITION POLICY AND ECONOMIC PLANNING

Purpose: Develop and roll out policy interventions that promote competition issues, through effective economic planning, spatial implementation and aligned investment and development policy tools

- ❑ Large mergers were concluded with commitments to increase local procurement, saved over 1000 jobs and considered an employee share scheme.
- ❑ A key achievement was reached in the variation in the conditions in the Coca-Cola Beverages SA (CCBSA) merger where:
 - BBBEE ownership will increase to 20% with the variation and will benefit employees thus creating a wider spread of ownership;
 - CCBSA will work with government to create a localization platform and will contribute R80 million per year for three years to support the localization initiative that forms part of the national efforts to rebuild the economy; and
 - CCBSA will collaborate with its sugar suppliers in South Africa to increase the volume of sugar procured by CCBSA from black sugarcane farmers.



PROGRAMME 10 : ECONOMIC RESEARCH AND COORDINATION

Purpose: Develop and roll out legislative processes to facilitate an inclusive economy through interventions to increase competitiveness in the economy.

- ❑ A Technical MinMEC meeting was convened on 05 March 2021. The focus areas were monitoring the implementation of economic policies including:
 - Progress on SEZs and the revitalization of Industrial Parks; and
 - Social and Solidarity Economy Policy “Towards a White Paper”.
 - Consolidated a Report on the Alignment of APPs with the MTSF for Provincial Economic Development Departments for Northern Cape, Western Cape, KwaZulu-Natal, North West and Gauteng, to promote integrated planning between national and provincial government. Subsequent to that, the dtic had bilateral engagements with the Provinces to provide feedback on the alignment of the draft APPs with MTSF priorities.

FINANCIAL PERFORMANCE



the dtic

Department
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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the dtic Customer Contact Centre: 0861 843 384

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OVERVIEW OF THE FINANCIAL PERFORMANCE

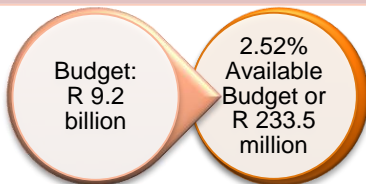
1 April 2020



31 March 2021

R'000

Adjusted budget	R9 273 272
Expenditure	R9 039 721
Spending as % of budget	97.5%
Variance against the adjusted budget 2.52% or R233 551	



As at 31 March 2021, the dtic had spent 97.5% or R9.04 billion of its allocated budget of R9.27 billion.

Of the R9 billion, R1.6 billion or 18% was transferred to the public entities, followed by R3.9 billion or 43% disbursed to the beneficiaries across the various incentive programmes.

R1.7 billion or 19% was disbursed to the external programmes, while non profit organisations as well as international organizations, which South Africa is a member, accounted for R165 million or 2%. Spending on operational costs was R1.6 billion or 17%.

FINANCIAL PERFORMANCE PER PROGRAMME AND ECONOMIC CLASSIFICATION

	Adjusted Budget	Actual expenditure 31 March 2021	Variance	Expenditure as % of budget	% variance
Description	R' 000	R' 000	R' 000		
Programme 1: Administration	820,518	814,097	6,421	99.2%	0.78%
Programme 2: Trade Policy, Negotiations and Cooperation	109,400	103,159	6,241	94.3%	5.70%
Programme 3: Spatial Industrial Development and Economic Transformation	110,551	105,387	5,164	95.3%	4.67%
Programme 4: Industrial Competitive and Growth	1,642,529	1,626,287	16,242	99.0%	0.99%
Programme 5: Consumer and Corporate Regulation Division	292,289	288,485	3,804	98.7%	1.30%
Programme 6: Industrial Financing	5,012,427	4,921,273	91,154	98.2%	1.82%
Programme 7: Export Development, Promotion and Outward Investments	400,457	377,812	22,645	94.3%	5.65%
Programme 8: Inward Investment Attraction, Facilitation and After-care	58,921	56,736	2,185	96.3%	3.71%
Programme 9: Competition Policy and Economic Planning	775,430	713,550	61,880	92.0%	7.98%
Programme 10: Economic Research and Coordination	50,750	32,935	17,815	64.9%	35.10%
Total	9,273,272	9,039,721	233,551	97.5%	2.52%
Economic classification					
Current payments	1,653,182	1,568,871	84,311	94.9%	5.10%
Compensation of employees	1,093,049	1,017,876	75,173	93.1%	6.88%
Goods and services	560,133	550,995	9,138	98.4%	1.63%
Transfers and subsidies	7,575,598	7,427,227	148,371	98.0%	1.96%
Incentive payments	3,949,712	3,866,421	83,291	97.9%	2.11%
Department entities	1,661,081	1,661,081	0	100.0%	0.00%
External Programmes	1,788,050	1,730,579	57,471	96.8%	3.21%
Non profit organisations (Partnerships with business associations, NEDLAC)	140,882	134,347	6,535	95.4%	4.64%
Membership fees (International organisations)	31,791	30,733	1,058	96.7%	3.33%
Households	4,082	4,066	16	99.6%	0.39%
Payments for capital assets	43,561	42,694	867	98.0%	1.99%
Payments for financial assets	931	929	2	99.8%	0.00%
Total	9,273,272	9,039,721	233,551	97.5%	2.52%

COMMENTS ON THE FINANCIAL PERFORMANCE

A lag in the projections of 2.5% is being reported in some of the programmes and economic classification items, namely, compensation of employees, goods and services, transfer payments as well as payments for capital assets. This is attributed to, amongst others:

- ❑ The global outbreak of COVID-19 which affected a number of **the dtic's** activities including trade export missions and pavilions; international events and foras in the areas of trade and investment; suspension of meetings/engagements such as (negotiations on the AfCFTA and WTO MC12).
- ❑ The National Macro Organisation of Government (NMOG), the mpsa directive not to fill posts on Deputy Director-General level as well as the COVID-19 lockdown resulted in delays and impacted on the filling of vacancies.
- ❑ Slow disbursement on the Tirisano Construction Fund as some of the construction companies were not able to make the annual financial contributions.
- ❑ Slow disbursement on some incentive programmes due to fewer claims received than was planned.
- ❑ Lower than planned disbursement to the OPCW and WIPO due to exchange rate fluctuations.
- ❑ Non-disbursement to the BBC due to outstanding compliance documentation.

THANK YOU

NGIYATHOKOZA

KE A LEBOHA

KE A LEBOGA

SIYABONGA

INKOMU

NDO LIVHUWA

ENKOSI

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DANKIE



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